

Network Changes: Local Transportation Optimization in the New Orleans Region

AUDIT REPORT

Report Number 25-057-R25 | September 9, 2025



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Highlights

Background

In October 2023, the U.S. Postal Service deployed a major change to operations when it began piloting its Local Transportation Optimization (LTO) initiative. The initiative was designed to reduce the number of transportation trips to and from select post offices and increase the amount of mail transported on each trip. In addition, mail collected at optimized post offices remained there until the next day, delaying its entry into sorting operations. As of January 2025, the Postal Service had implemented LTO across 17 regions, including 56 post offices in the New Orleans region. The Postal Service has since expanded the LTO pilot program to a nationwide initiative, renaming it to Regional Transportation Optimization, and adjusted service standards. Implementing potential cost saving initiatives that result in mail taking longer to reach customers increases the risk that customers find quicker and more reliable alternatives.

What We Did

Our objective was to determine the impacts associated with the Postal Service's LTO initiative in the New Orleans region. We analyzed service performance before and after LTO implementation, customer impacts, and regional transportation schedules and costs. We also judgmentally selected and conducted observations and interviews at 21 post offices and two processing facilities in March 2025.

What We Found

Consistent with our findings from previous reviews of LTO, implementation in the New Orleans region resulted in a decrease in service that disproportionately impacted rural communities. We also found that Postal Service staff did not complete the required scans to help customers track packages, and that some transportation trips were not feasible to complete or did not align with the documented schedule, which can impact the timely processing of mail. Finally, the Postal Service did not effectively track cost savings specific to the LTO initiative in the New Orleans region.

Recommendations and Management's Comments

We made five recommendations to address issues with processing, scanning, and transportation schedules identified in the report. Postal Service management agreed with four recommendations and disagreed with one. Management's comments and our evaluation are at the end of each finding and recommendation. The U.S. Postal Service Office of Inspector General considers management's comments responsive to recommendations 3, 4, and 5 as corrective actions should resolve the issues identified in the report. We will work with management on recommendations 1 and 2 through the audit resolution process. See [Appendix C](#) for management's comments in their entirety.

Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

September 9, 2025

MEMORANDUM FOR: JAMES TATE III
DISTRICT MANAGER, LOUISIANA REGION

BRADLEY J. LEDFORD
DIVISION LOGISTICS DIRECTOR,
GULF SOUTH DIVISION

SCOTT D. TOSCH
SENIOR DIRECTOR, PROCESSING OPERATIONS,
GULF SOUTH DIVISION

Mary K. Lloyd

FROM: Mary K. Lloyd
Deputy Assistant Inspector General
for Operations, Performance & Services

SUBJECT: Audit Report – (Network Changes: Local Transportation
Optimization in the New Orleans Region)
(Report Number 25-057-R25)

This report presents the results of our audit of Network Changes: Local Transportation Optimization in the New Orleans region.

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 Brandi Adder, Director, Strategic Initiatives & Performance, 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 the Network Changes: Local Transportation Optimization in the New Orleans Region (Project Number 25-057). Our objective was to determine the impacts associated with the Postal Service’s Local Transportation Optimization (LTO) initiative in the New Orleans Region. See [Appendix A](#) for additional information about this audit.

Background

As part of its Delivering for America plan, the Postal Service announced several initiatives to modernize its processing and delivery network, some of which impact costs and service performance. One of those strategies was to redesign its surface transportation network to create high performing, lower cost, efficient, and reliable surface transportation capable of moving more volume on fewer trips. To support this strategy, the Postal Service began piloting its LTO initiative, which was designed to reduce the number of transportation trips to and from select or “optimized” post offices. The LTO initiative was deployed in its first region around Richmond, VA, on October 28, 2023. The LTO initiative was implemented in 17 regions, including the New Orleans region on August 12, 2024, and officially concluded in January 2025, with the final implementation near the Little Rock, AR Processing and Distribution Center (P&DC).¹

“The Postal Service began piloting its LTO initiative, which was designed to reduce the number of transportation trips to and from select or “optimized” post offices.”

At the time of our audit, 56 post offices were optimized within the New Orleans region, impacting ZIP Codes starting with 700, 703, and 704 (see Table 1).

Table 1. Number of Post Offices Optimized by ZIP Code

3-Digit ZIP Code	Number of Post Offices Optimized	Number of Post Offices Exempted ²
700	2	0
703	28	0
704	26	4
Total	56	4

Source: Obtained from the Postal Service on September 23, 2024.

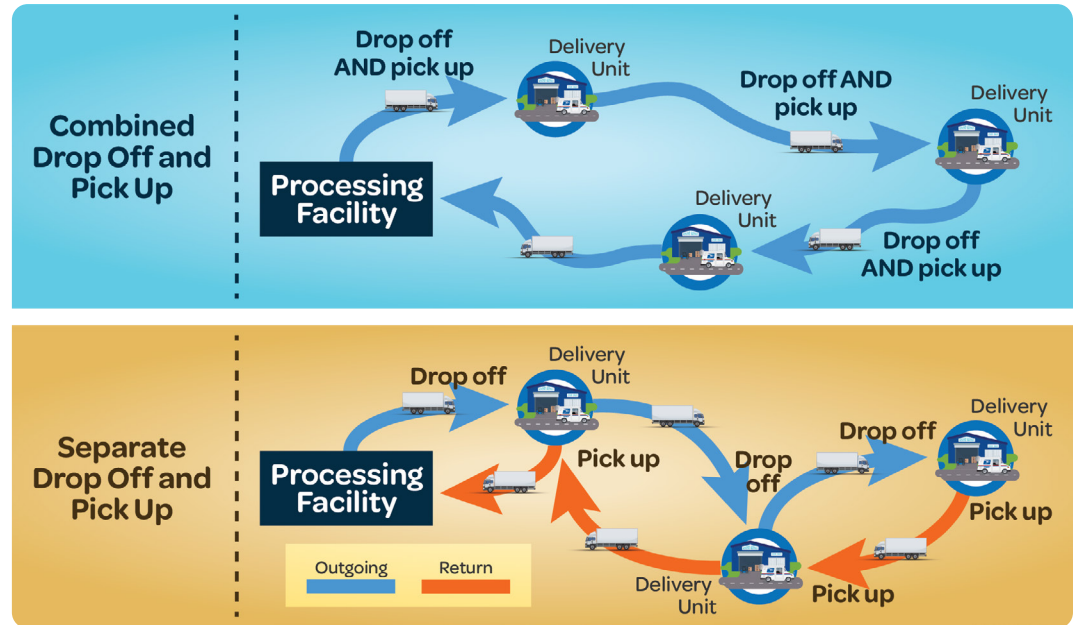
For LTO optimized offices, the Postal Service no longer transports originating mail³ collected at those offices to the processing facilities the same day it is collected. Rather, the mail remains at the post office until the next day, delaying its entry into sorting operations and extending the time to its destination. For example, if a scheduled collection trip occurs at 9:15 a.m., any mail collected after 9:15 a.m. stays at the post office overnight until the following morning.

The Postal Service implemented this change to post offices more than 50 miles⁴ away from the processing facility. These offices, unless exempted, became either a “combined drop off and pick up” or “separate drop off and pick up” unit (see [Figure 1](#)). A “combined drop off and pick up” post office has collection mail picked up at the same time the truck drops mail for delivery. A “separate drop off and pick up” post office has mail dropped off for delivery at all post offices on the route and the collection mail at these locations is subsequently picked up on the trucks’ return to the processing facility.

¹ The LTO pilot initiative was implemented in the following regions: Richmond (VA), Wisconsin, Phoenix (AZ), Atlanta (GA), Portland (OR), Alabama, Mid-Hudson (NY), Santa Clarita (CA), Columbus (GA), Boise (ID), Santa Barbara (CA), Tulsa (OK), New Orleans (LA), Palatine (IL), San Bernadino (CA), Bakersfield (CA), and Little Rock (AR).
² Exempted post offices received an exception from having its afternoon collection trips eliminated, generally based on the amount of mail volume at the post office.
³ Originating mail refers to where mail first enters the mailstream for processing and delivery.
⁴ Initially the Postal Service implemented this change to facilities greater than 25 miles away from a processing facility. However, on January 8, 2024, the Postal Service adjusted its methodology and increased the distance to greater than 50 miles away from a processing facility – impacting implementation in the New Orleans region.

Figure 1. LTO Route Optimization

Source: Postal Service presentation on October 25, 2023.



On October 4, 2024, the Postal Service requested an advisory opinion from the Postal Regulatory Commission⁵ on the impact of expanding the LTO pilot program to a nationwide initiative, renaming it to Regional Transportation Optimization (RTO),⁶ and the impact of service standard changes. Specifically, for the ZIP Codes impacted by RTO, the Postal Service would add an additional day of service to letter and package mail products.

On January 31, 2025, the Postal Regulatory Commission issued an advisory opinion finding that the Postal Service's proposal relied on defective modeling, overly optimistic financial and cost saving projections, and unclear timeframes for rollout of the changes. The Postal Service disagreed with these findings and began initial implementation of RTO in Bakersfield, CA, and Santa Clarita, CA, on February 24, 2025.⁷ The Postal Service is estimating—once RTO and regional processing and distribution center optimization initiatives are fully implemented—it will achieve significant annual cost savings of \$3.6 to \$3.7 billion.⁸

To evaluate LTO impacts within the New Orleans region, we analyzed data at optimized post offices from implementation to the end of April 2025, as compared to the same period last year (SPLY). Additionally, we judgmentally selected 21 LTO optimized post offices and two processing facilities to conduct observations and interview local Postal Service personnel. See [Appendix A](#) for additional information and the post offices observed.

“On October 4, 2024, the Postal Service requested an advisory opinion from the Postal Regulatory Commission on the impact of expanding the LTO pilot program to a nationwide initiative, renaming it to Regional Transportation Optimization (RTO), and the impact of service standard changes.”

⁵ The Postal Regulatory Commission is an independent agency that provides oversight of the U.S. Postal Service and ensures compliance with the applicable laws and regulations.

⁶ RTO would impact post offices greater than 50 miles away from a regional processing and distribution center.

⁷ Both locations were optimized under LTO and then transitioned to RTO.

⁸ The Postal Service plans to create a nationwide network of regional processing distribution centers and local processing centers that will consolidate operations and reduce transportation among facilities.

Findings Summary

The LTO implementation in the New Orleans region resulted in a decrease in service performance, with a larger proportion of the rural population being negatively impacted.

In addition, Postal Service staff did not complete departure scans (scans to help customers track packages) in coordination with the new LTO pickup times (i.e., elimination of afternoon transportation trips). Further, LTO created transportation challenges such as a transportation schedule that was not feasible to complete and transportation trips that did not align with what was scheduled. Lastly, the Postal Service did not effectively track cost savings specific to the LTO initiative in the New Orleans region.

Finding #1: Decreased Service Performance

The LTO implementation in the New Orleans region resulted in a decrease in service. While service performance can be impacted by many variables, a decrease in service performance occurred in multiple mail classes following LTO implementation.⁹ Specifically, the amount of mail delivered on time decreased compared to SPLY, for the following classes:

- Single Piece First-Class Mail¹⁰ service dropped about 13 percentage points compared to SPLY.¹¹
- Ground Advantage¹² service dropped about █ percentage points for all optimized post offices and associated ZIP Codes compared to SPLY.
- Priority Mail¹³ service dropped about █ percentage points for all optimized post offices and associated ZIP Codes compared to SPLY.

“Since LTO implementation through the end of April 2025, Single Piece First-Class Mail service performance decreased and remained below SPLY in 33 of the 37 weeks following the implementation.”

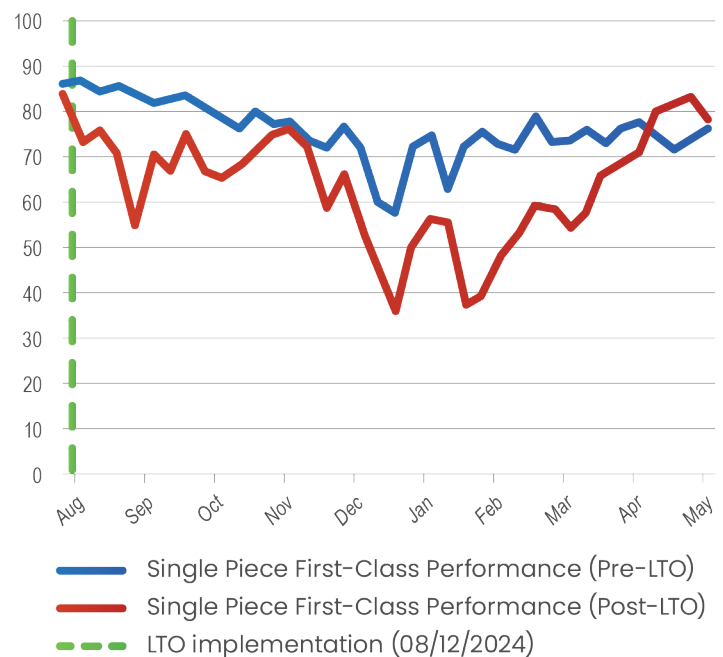
While service declined in multiple mail classes following implementation, Priority Mail Express (PME)¹⁴ service performance increased by about █ percentage points compared to SPLY. However, with the implementation of LTO, the Postal Service added an additional day to PME service standards, which likely caused the increase in on-time service

performance compared to SPLY. Specifically, prior to LTO, most post offices offered a one-to-two-day standard but since implementation, most optimized post offices would now offer a two-to-three-day PME standard.¹⁵

Letter Service Performance

Since LTO implementation through the end of April 2025, Single Piece First-Class Mail service performance decreased and remained below SPLY in 33 of the 37 weeks following the implementation (see Figure 2). On-time performance improved and performed better than SPLY in April 2025, after the Postal Service added an additional day to service standards.

Figure 2. Service Performance – Single Piece First-Class Mail



Source: Postal Service data and OIG analysis.
Note: Data was analyzed from implementation (August 2024) through the end of April 2025 and SPLY (August 2023 through April 2024).

⁹ We reviewed data from the first full week of LTO implementation starting August 17, 2024, to May 2, 2025, for all mail classes. On April 1, 2025, as part of a larger service standard refinement, the Postal Service added an additional day to service performance for Ground Advantage, First-Class Mail, and Priority Mail Express. Our analysis took into consideration any adjustments the Postal Service made to service standards during the period of our review.

¹⁰ Single Piece First-Class Mail is mostly used by households and small businesses for personal and business correspondence and transactions such as bill payments.

¹¹ First-Class Mail analysis included non-optimized post offices.

¹² USPS Ground Advantage® is an affordable way to send packages inside the United States within two to five days.

¹³ An expedited service for shipping mail within two to three business days.

¹⁴ An expedited service for shipping mail with a money-back guarantee within one to three days.

¹⁵ The Postal Service formally transitioned PME from a one-to-two-day service standard nationwide on April 1, 2025. The standard is determined based on the date the item is accepted by the Postal Service and the origin and destination 5-digit ZIP Codes.

In addition, since implementation through March 28, 2025, Single Piece First-Class Mail two-day service performance declined in all 32 weeks compared to SPLY. Single Piece First-Class Mail three-to-five-day service performance declined compared to SPLY in 22 of the 32 weeks following implementation.¹⁶

Package Service Performance

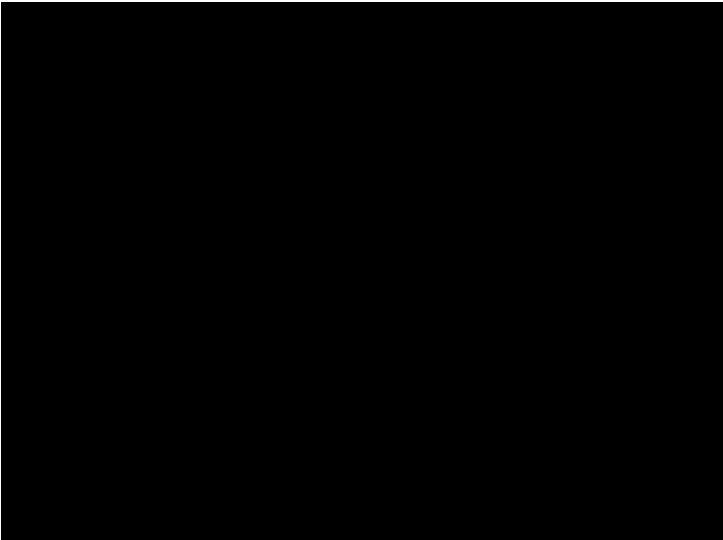
Since LTO implementation through end of April 2025, package service performance at optimized post offices and their associated ZIP Codes declined for multiple classes. Specifically, Ground Advantage service declined after LTO implementation in August 2024, and remained below SPLY in 36 of the 37 weeks following implementation. In addition, Priority Mail service declined and remained below SPLY in all 37 weeks following implementation. Although the Postal Service retroactively added an

“Since LTO implementation through end of April 2025, package service performance at optimized post offices and their associated ZIP Codes declined for multiple classes.”

additional day to Ground Advantage and Priority Mail service standards during November and December 2024, average on-time performance was still below SPLY.¹⁷ See Figure 3 for the package products on-time service performance. In addition, since implementation through March 28, 2025, Ground Advantage

two-day and three-to-five-day services both declined in 31 of the 32 weeks compared to SPLY, while Priority Mail one-to-two-day and three-day services both declined in all 32 weeks compared to SPLY.

Figure 3. Service Performance – Ground Advantage and Priority Mail



- Ground Advantage Performance (Pre-LTO)
- Ground Advantage Performance (Post-LTO)
- Priority Mail Performance (Pre-LTO)
- Priority Mail Performance (Post-LTO)
- LTO implementation (08/12/2024)

Source: Product Tracking and Reporting data and OIG analysis. Note: Data was analyzed from implementation (August 2024) through the end of April 2025 and SPLY (August 2023 through April 2024) for both Ground Advantage and Priority Mail. During January 20 to 22, 2025, a winter storm impacted processing and delivery operations within the New Orleans region.

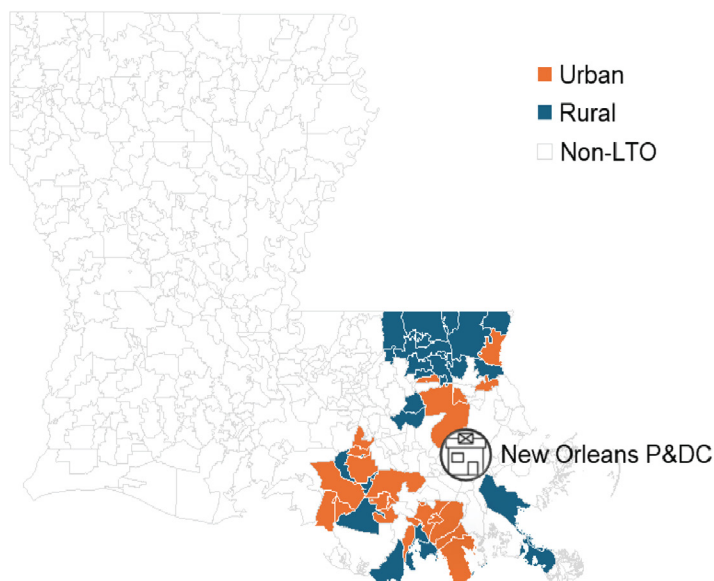
Customer Demographics Impacts

To determine the urban and rural demographics impacted by the LTO initiative in the New Orleans region, we analyzed the 2020 Census and the Postal Service’s active mailing addresses per ZIP Code.

Overall, LTO impacted 25 percent of the total population in the New Orleans region. We found that out of the roughly 433,996 people impacted by LTO in the New Orleans region, about 192,875 (or 44.4 percent) were rural, and about 241,121 (or 55.6 percent) were urban (see Figure 4).

¹⁶ Delivery performance goals for each mail class and product are measured by the number of days from drop off to delivery. Single Piece First-Class Mail is expected to be delivered between one to five days depending on the destination.
¹⁷ Priority Mail service standards continued to have an additional day for certain ZIP Codes until February 24, 2025.

Figure 4. Urban and Rural Populations Impacted by LTO



Source: OIG analysis of the Postal Service LTO optimization, service ZIP Codes, and 2020 Census data.
Note: ZIP Codes were determined by majority of urban or rural populations and include ZIP Codes impacted in New Orleans region.

To determine whether the rural population was disproportionately impacted, we analyzed the percentage of each population impacted compared to the total of each population type (e.g. rural population impacted by optimization to total rural population). Although more people were impacted in urban locations than rural locations, an individual living in a rural location was four times more likely to

“During our site visits, plant management stated the January 2025 snowstorm and Mardi Gras events caused a decline in employee availability and led to their inability to keep up with continued high volume.”

be impacted by LTO than an individual living in an urban location (see Table 2).

Table 2. Percent of Total Urban and Rural Populations Impacted by LTO

Optimization Level	Rural Population	Urban Population	Rural Impact
Optimized	192,875	241,121	
Total Population	283,100	1,425,140	
Percent Optimized	68.1%	16.9%	4.03

Source: OIG analysis of the Postal Service LTO optimization, service ZIP Codes, and 2020 Census data.

While the Postal Service originally stated it did not anticipate material impacts to First-Class Mail service performance from implementing this initiative, Postal Service management later stated that it launched the LTO initiative as a pilot and the processes and outcomes were still evolving. Postal Service management also added that it was continuously making improvements and refining the approach based on insights gained.

In addition to the network changes that occurred with LTO implementation, the Postal Service experienced significant delays in operations at the New Orleans P&DC and Saint Rose Annex that also impacted service performance.

During our site visits, plant management stated the January 2025 snowstorm¹⁸ and Mardi Gras¹⁹ events caused a decline in employee availability and led to their inability to keep up with continued high volume.²⁰ We analyzed data related to staffing and volume and found:

- **Staffing Profile:** We analyzed employee availability data from September 28, 2024, to June 14, 2025, and found the New Orleans P&DC had an average increase in employee availability of about 6 percent compared to SPLY. While employee availability improved compared to

¹⁸ During January 20 to 22, 2025, a winter storm impacted processing and delivery operations within the New Orleans region.

¹⁹ Mardi Gras season began on January 6, 2025, and concluded on Tuesday, March 4, 2025, with the main events occurring the week leading up to March 4, 2025. For analysis purposes, we reviewed the week including March 4, 2025.

²⁰ New Orleans P&DC management stated volume in January through March was comparable to peak mailing season — Thanksgiving through New Year's Eve.

SPLY, during the January snowstorm and Mardi Gras, employee availability dropped below the fiscal year (FY) 2025 average. Management acknowledged that historically employee availability has been an issue during Mardi Gras.²¹ In addition, from the end of November 2023 through the end of March 2025, complement assigned to mail processing duties decreased by an average of 4.5 employees per month. However, in April and May 2025, the New Orleans P&DC and Saint Rose Annex hired 60 new employees to help with mail processing (27 mail handler assistants and 33 mail processing clerks).

- **Volume Processed:** We analyzed processed volume data and found it had declined since peak season.²² Specifically, at the New Orleans P&DC, average weekly volume processed declined by about 10 percent in the post-peak season (December 31, 2024, to May 5, 2025) compared to peak season (November 19, 2024, to December 30, 2024). More specifically, during the January snowstorm and Mardi Gras, processed volume at the New Orleans P&DC was significantly below the post-peak weekly average. During the weeks of the snowstorm and Mardi Gras, about 9.1 and 17.0 million mailpieces were processed, respectively, compared to the post-peak weekly average of about 20.6 million mailpieces (or about 44 and 83 percent of the average).²³

In addition, although LTO collection mail arrived in the morning versus evening, the mail was not processed earlier nor did it reduce the time to complete operations as planned.²⁴ During our site

visit, the plant manager confirmed that LTO collection mail sits between 5 p.m. and 8 p.m. before being processed. However, we observed collection mail that had not started processing by 5 p.m. and was still on the loading dock the following morning, waiting to be processed. To determine the extent of this issue, we analyzed letter mail cancellation operations.²⁵ The data showed that although mail was arriving earlier, cancellation operations were not consistently started or completed earlier. For example, letter

cancellations started around noon right after implementation, but in February 2025 it started closer to 4 p.m., with end times still occurring around midnight in both cases. In April 2025, start times and completion times for cancellation operations at the New Orleans P&DC were adjusted, and are now in the morning versus the afternoon/evening. Because of letter mail cancellation operations changing to the morning when LTO mail has arrived, we will not have a recommendation on this issue.

Regardless, there were also broader operational challenges that resulted from insufficient management

oversight for ensuring timely processing. The New Orleans P&DC management stated there had been five plant managers in two years. Without permanent and stable supervision, the ability of the facility to function efficiently is hindered.

The Postal Service is required to fulfill its universal service obligation to provide service to all communities,²⁶ including rural communities who rely more on the Postal Service to mail letters and packages. By not meeting service performance standards, the Postal Service's revenue, costs, and brand as a trusted service provider is put at

“Regardless, there were also broader operational challenges that resulted from insufficient management oversight for ensuring timely processing.”

21 We analyzed employee availability data from the week starting January 18, 2025, to January 24, 2025, for the snowstorm and the week starting March 1, 2025, to March 7, 2025, for Mardi Gras and compared to the FY 2025 employee availability average.

22 Processed volume includes letters, flats, and packages.

23 We analyzed data from the week starting January 21, 2025, to January 27, 2025, for the snowstorm and the week starting March 4, 2025, to March 10, 2025, for Mardi Gras.

24 Postal Service management have stated LTO and RTO enables earlier processing of cancellation volume, higher throughputs, and condensed operating windows.

25 One of the first steps in mail processing is to cancel the postage stamp of a letter on a machine.

26 Title 39 U.S. Code § 101a – Universal service obligation binds the Postal Service to provide prompt, reliable, and efficient services to patrons in all areas and all communities.

risk. Further, from August 12, 2024, to April 30, 2025, Customer 360²⁷ formalized complaints for optimized post offices in the New Orleans region increased by 2,805 (or about 59 percent) compared to SPLY. In addition, local management at 14 of the 21 post offices visited (or about 67 percent) reported an increase in informal complaints at the customer service window since the LTO implementation.

Recommendation #1

We recommend the **Senior Director Processing Operations, Gulf South Division**, develop a formal contingency plan to mitigate service impacts during major, known disruptions in operations, such as Mardi Gras.

Recommendation #2

We recommend the **Senior Director Processing Operations, Gulf South Division**, develop and implement, when needed, a localized retention and succession plan to ensure leadership and operational continuity.

Postal Service Response

Management agreed with the finding and recommendation 1 but disagreed with recommendation 2.

Regarding recommendation 1, management stated that it will continue to follow the operating plan to process all committed volume and dispatch all committed mail every delivery day, even during known events. It added that in the

event of low employee availability, delays will be reported in Mail Condition Visualization daily. The target implementation date is January 31, 2026.

Regarding recommendation 2, management stated that it already has a succession plan identified, vetted, and in place. It added that the flux in the plant manager role was due to circumstances beyond the division director's control.

OIG Evaluation

Regarding recommendation 1, the OIG considers management's comments unresponsive as the corrective action will not resolve the issue identified in the report. While management stated it will continue to follow the operating plan and report delayed mail, this plan does not attempt to mitigate any service impacts during major disruptions. The OIG considers management's response to recommendation 1 as unresolved and will pursue it through the audit resolution process.

Regarding recommendation 2, while management stated it has a succession plan in place to stabilize leadership roles, no documentation was provided. Additionally, we found that having five plant managers in two years hindered the ability of the plant to function efficiently. The OIG considers management's disagreement with recommendation 2 as unresolved and will pursue it through the audit resolution process.

²⁷ The Customer 360 application allows Postal Service personnel and agents to create, handle, and resolve customer issues and inquiries.

Finding #2: Inaccurate or Missing Departure Scans

The Postal Service did not update post office signage to reflect the LTO initiative and its impact on mail delivery originating from their area. Further, “depart post office scans”²⁸ were inaccurately performed, or not performed, misrepresenting the location of packages as they traversed the network.

Post Office Signage

Signage at optimized post offices we visited was not updated to reflect LTO changes and the impacts on PME service commitments. We identified similar issues in an earlier audit,²⁹ and recommended the Postal Service identify and implement the best method for updating retail signage that aligns with the PME service guarantee offered by individual post office. Management disagreed with the recommendation, and as a result, we will not make a recommendation on this issue in this report.

Postal Service Scanning

Postal Service staff did not complete “depart post office scans” in coordination with LTO pickup times³⁰ and established guidance.³¹ Although transportation now arrived in the morning to drop off and pick up mail, staff either (1) completed scans in the afternoon when transportation used to arrive or (2) did not complete scans. According to the guidance, the scan is to be completed in the morning when mail is leaving the post office. If there is no staff present when the mail is being picked up, the first arriving staff should complete the scan upon arrival. Of the 21 post offices visited, all 21 experienced inaccurate or missing depart post office scans from August 12, 2024, to April 30, 2025.³²

We analyzed packages scanned after noon from LTO locations in the New Orleans region from August 12, 2024, to April 30, 2025. We found:

- 50 of the 56 optimized post offices (or about 89 percent) had completed inaccurate depart post office scans impacting 21,814 packages.

- 55 of the 56 optimized post offices (or about 98 percent) had missing depart post office scans impacting 107,548 packages. Three post offices accounted for 54 percent and included one site we visited—Houma Post Office—with impacts to 30,212 packages.
- 18 out of the 21 optimized post offices visited (or about 86 percent) still had inaccurate depart post office scans six months after LTO implementation.

“Depart post office scans” were inaccurately performed, or not performed, misrepresenting the location of packages as they traversed the network.”

This occurred because local staff, including management at the Houma and Thibodaux facilities, were not aware that there was a depart post office scan procedure. Further, there was a lack of management oversight at higher levels to make sure depart post office scans were performed. During discussions with the district manager in June 2025, they acknowledged the issue and stated that scan compliance has been a challenge. The district manager has since incorporated the completion of depart post office scans as part of their daily procedures.

By not completing the depart post office scan timely or accurately, the location of packages was misrepresented, decreasing overall customer satisfaction. Additionally, failure to complete the depart post office scan causes customers to have a lack of visibility into where their mail is in the network.

28 Depart post office scans are completed to document when packages leave the post office on the way to the processing facility.

29 *Communication of Local Changes to Priority Mail Express Service* (Report Number 25-056-R25, dated August 18, 2025).

30 USPS Standard Operations Procedure “Depart Post Office” states that this scan was established to enhance originating package visibility to customers and should occur as close as possible to the actual dispatch of mail containing packages.

31 Postal Service training titled, *Local Transportation Optimization New Orleans, LA*, dated March 7, 2023.

32 Completing these scans in the afternoon shows customers, via USPS Tracking®, that their package left the post office that day although it would stay overnight.

Recommendation #3

We recommend the **District Manager, Louisiana District**, take appropriate steps to bring all post offices into compliance with Depart Post Office scan policy.

Postal Service Response

Management agreed with the finding and recommendation 3.

Regarding recommendation 3, management stated that it will send daily compliance reports to ensure post offices are scanning daily and at the appropriate time. Management also stated that non-compliance will be addressed on an office-by-office basis. The target implementation date is January 31, 2026.

OIG Evaluation

The OIG considers management's comments responsive to recommendation 3, as the corrective action should resolve the issue identified in the report.

Finding #3: Unfeasible and Non-compliant Transportation Schedules

LTO implementation in the New Orleans region created transportation challenges, such as a transportation schedule that was not feasible to complete, or transportation trips that did not align with what was scheduled. Unfeasible and misaligned transportation schedules can impact both processing and delivery operations. For example, trips that leave the post office early could result in mail being left behind, delaying the start of processing, and ultimately delivery, by an additional day.

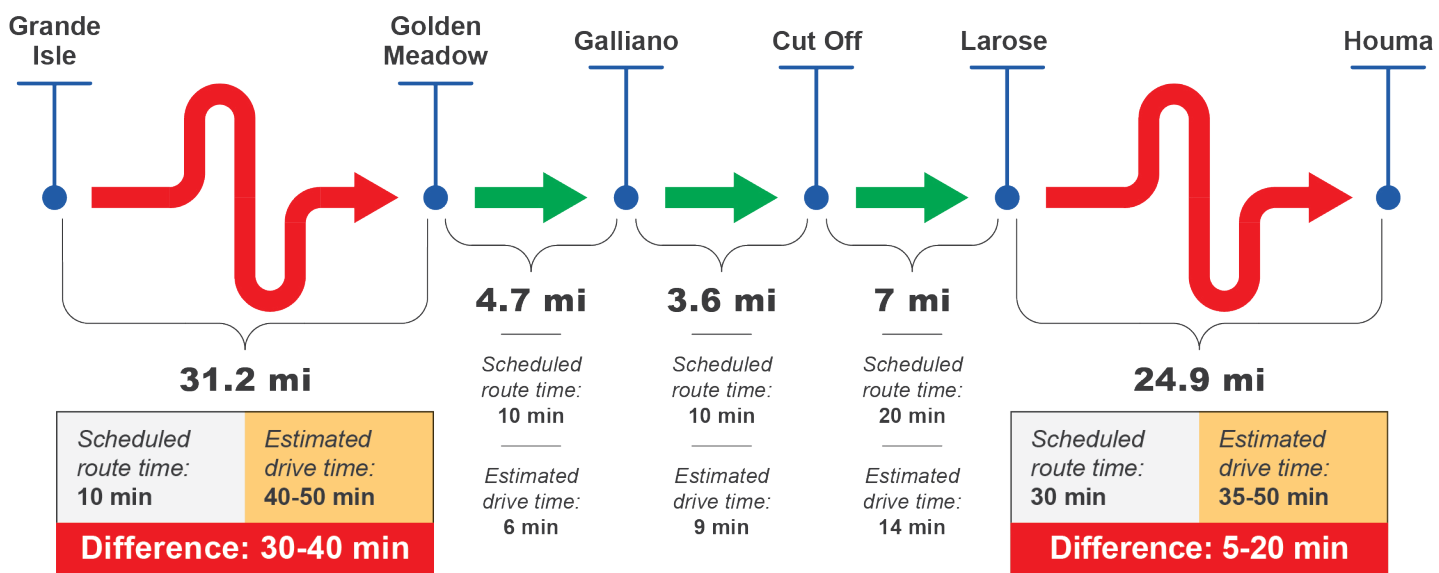
Unfeasible Planned Transportation Schedule

We identified a planned transportation schedule that did not allow enough time to pick up collection mail from all optimized post offices to meet the trip to the New Orleans P&DC for mail processing. Specifically, the planned transportation schedule included a “combined drop off and pick up” at five post offices but did not allow enough time between stops to arrive back to the Houma Post Office, to consolidate the mail, to make the 12:15 p.m. trip to the New Orleans P&DC.³³

We reviewed the distances between the post offices compared to the scheduled time of travel and found instances where the planned schedule was not feasible. For example, the amount of time to travel from the Grand Isle to Golden Meadow Post Offices takes 40 to 50 minutes (as calculated by Google Maps) but the schedule allocated only 10 minutes of travel time (see Figure 5).

“LTO implementation in the New Orleans region created transportation challenges, such as a transportation schedule that was not feasible to complete, or transportation trips that did not align with what was scheduled.”

Figure 5. Travel Time - Grand Isle to Houma Post Offices



Source: Transportation Optimization Planning and Scheduling, Google Maps, and OIG analysis.
Note: The scheduled route shows the Postal Service's scheduled time of travel compared to the estimated drive time identified from Google Maps.

³³ The route picks up mail from the Grand Isle, Golden Meadow, Galliano, Cut Off, and Larose Post Offices and returns to the Houma Post Office to consolidate the collection mail to send to the New Orleans P&DC for processing.

The Galliano Post Office postmaster had brought this to the attention of New Orleans P&DC logistics management, but as of July 2, 2025, the schedule had not been adjusted. Therefore, in an effort to have all collection mail arrive at the Houma Post Office before 12:15 p.m., the truck driver and several postmasters had coordinated to have the driver leave certain post offices early, creating an increased risk that mail would be left behind.

Non-Compliance with Transportation Schedule

We identified trips that did not align with the documented transportation schedules within Transportation Optimization Planning and Scheduling³⁴ and Surface Visibility.³⁵ Specifically, at the Tickfaw and Natalbany Post Offices, the contracted truck driver deviated from the schedule. At the Tickfaw Post Office, the schedule listed a “separate drop off and pickup”; however, we observed a “combined drop off and pick up”. At the Natalbany Post Office, the schedule listed a “combined drop off and pick up”; however, we observed a “separate drop off and pickup”. While the contracted truck driver was verbally notified by New Orleans P&DC logistics management to change the schedule, this change was not updated in the transportation systems. Not having an accurate schedule within the transportation systems could lead to inaccurate payment of contracted trips.

In addition, at the request of the manager of post office operations, we met with them to discuss issues at the Thibodaux Post Office.³⁶ The Thibodaux Post Office consolidates the collection mail it receives from five post offices before transporting all collection

mail in two scheduled trips to the New Orleans P&DC for processing.³⁷ However, according to the manager of post office operations, both trips to the New Orleans P&DC often occurred either too early, before the collection mail from the optimized post offices arrived, or the trucks did not arrive, resulting in delayed mail. Thibodaux Post Office management had reported these issues to New Orleans P&DC logistics management via daily telecons, but issues still occurred from January through April 2025.

Surface Visibility data for these trips were limited as the Thibodaux Post Office does not have the appropriate scanner to document when truck departures occur. In addition, according to Thibodaux Post Office management, the non-compliant trips could not be reported in Mail Arrival Quality³⁸ because the system had not been updated to include these

“We identified trips that did not align with the documented transportation schedules within Transportation Optimization Planning and Scheduling and Surface Visibility.”

trips. However, we analyzed global positioning system data and transportation arrival data between Thibodaux and the New Orleans P&DC to determine (1) if the trip to the Thibodaux Post Office arrived and departed as scheduled or (2) whether the trip from Thibodaux Post Office left before all collection mail arrived. From January 2 to April 30, 2025, we found 160 out of the 200 trips (or 80 percent) were either early compared to the schedule or did not show up. On 52 of the 101 days (or about 52 percent) that required collection mail pickup, both trips were either too early to obtain all collection mail or did not show up

at the Thibodaux Post Office, resulting in delayed mail.³⁹ See [Figure 6](#) for the number of days the transportation arrived too early to obtain all collection mail, or did not arrive at all.

³⁴ Transportation Optimization Planning and Scheduling optimizes the logistics network by scheduling transportation and routing mail to meet service requirements at minimum cost.

³⁵ Surface Visibility collects data to support planning, management, and optimization of transportation.

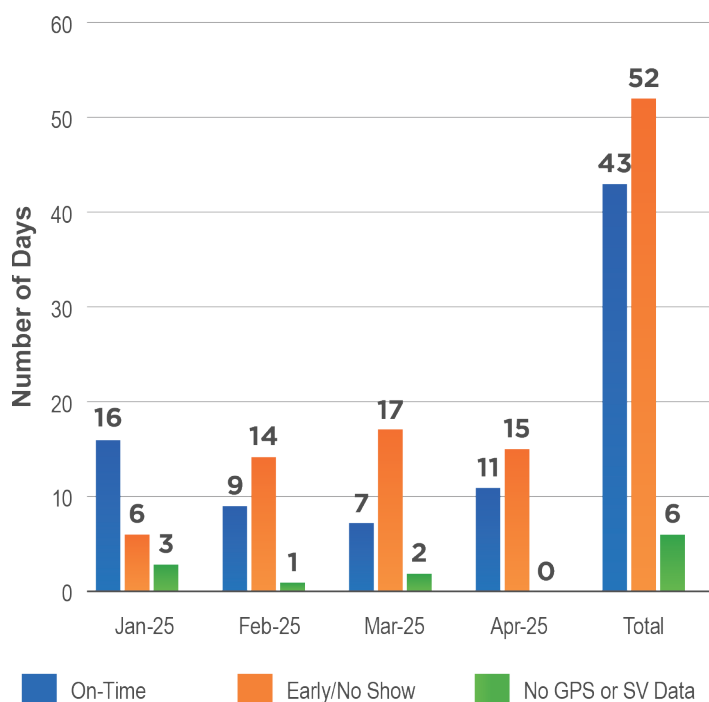
³⁶ Thibodaux Post Office was not one of the 21 judgmentally selected post offices we visited.

³⁷ The transportation is associated with route 7003S, trips 10 and 12. The trip times occur at 10:10 and 10:40 a.m.

³⁸ The Mail Arrival Quality/Plant Arrival Quality application is a centralized system for plants and delivery offices to report on variances from agreed upon mail arrival profiles.

³⁹ To determine the number of days with delayed collection mail, we reviewed if both trips either left prior to the last scheduled departure time or did not have data. Any day that included either event on both trips was concluded to result in delayed mail.

Figure 6. Transportation Timeliness by Day at the Thibodaux Post Office



Source: Enterprise Transportation Analytics,⁴⁰ Surface Visibility, and OIG analysis.

Note: The analysis does not include all days in a month as the transportation trips do not occur on Sundays.

These issues resulted from insufficient management oversight to ensure schedules were feasible and accurate, and that contracted truck drivers followed scheduled trips.⁴¹ Although these issues were reported to New Orleans P&DC logistics management, they were not addressed.

Unfeasible and inaccurate transportation schedules impact the efficiency and effectiveness of the mail flow process and can result in delayed mail. In addition, they impact the reliability of Postal Service reporting and monitoring systems, which could result in inaccurate payment of trips either completed or not completed.

“These issues resulted from insufficient management oversight to ensure schedules were feasible and accurate, and that contracted truck drivers followed scheduled trips.”

Recommendation #4

We recommend the **Division Logistics Director, Gulf South Division**, review and update transportation schedules so they align with agreed-to schedules and are feasible to meet timely processing and delivery needs.

Recommendation #5

We recommend the **Division Logistics Director, Gulf South Division**, develop a system to review optimized post offices transportation performance and reinforce contracted truck driver route compliance.

Postal Service Response

Management agreed with the finding but disagreed with recommendations 4 and 5. However, in subsequent correspondence, the Postal Service agreed with recommendations 4 and 5.

Regarding recommendation 4, management stated it reviewed the transportation schedules and found them feasible to complete, even with identified travel time discrepancies. Management also stated schedule adjustments were made in July 2025, including replacing a contractor due to performance and compliance issues.

⁴⁰ Geospatial tracking devices on the trailers and trucks feed specific event and location information and are matched with specific trailers to display the location points on a map.

⁴¹ Postal Service policy requires a designated administrative official of transportation routes to supervise and administer the performance of mail transportation and related services by suppliers. This includes ensuring supplier compliance with the requirements of contracted routes and administering functions related to the performance of that service.

Regarding recommendation 5, management stated that trip performance is monitored daily through Surface Visibility, contractor performance is discussed at monthly supplier meetings, and delivery unit mail arrival at the plant are validated for all sites.

OIG Evaluation

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

Regarding recommendation 4, while management disagreed, the stated actions meet the intent of the recommendation. In subsequent conversations, management agreed to provide information regarding its review of transportation

schedules and associated schedule adjustments. The target implementation date is September 13, 2025.

Regarding recommendation 5, while management disagreed, the stated actions meet the intent of the recommendation. During our audit fieldwork, the OIG was only aware of one of the three actions noted by Postal Service management. However, in subsequent conversations with management during the reporting process, the OIG was updated on numerous changes that were implemented in July 2025. Management agreed to provide information around those changes, as well as the tools they use to monitor contractor performance. The target implementation date is September 13, 2025.

Finding #4: Ineffective Tracking of Transportation Cost Savings

The Postal Service did not effectively track cost savings specific to the LTO initiative in the New Orleans region. All reported transportation savings were evaluated in total versus specific to the LTO initiative. In total, the Postal Service achieved the projected annualized transportation cost savings of \$774,343 in the New Orleans region. Specifically, from August 2024 through April 2025, the Postal Service spent about \$9 million on transportation compared to about \$12.6 million during SPLY, a savings of about \$3.6 million. See Figure 7 for a comparison of the monthly transportation spend before and after LTO implementation in the New Orleans region.

Figure 7. Transportation Spend in the New Orleans Region



Source: Postal Service data and OIG analysis.
Note: Data was analyzed from implementation (August 2024) through the end of April 2025 and SPLY (August 2023 through April 2024).

The Postal Service’s Chief Logistics and Infrastructure Office reported that the primary operational metrics used to measure the success of the LTO initiative were the reduction of miles and trips, and the reduction of driver hours, including layover hours (the period of time when a contractor is not working). While the Postal Service tracked these operational metrics, it did not track actual cost savings specific to the LTO initiative within the New Orleans region.

In an earlier audit,⁴² we reported that the Postal Service had not developed a process to track LTO cost savings. We recommended the Postal Service develop and maintain detailed documentation outlining the cost savings resulting from the LTO implementation for each region and include a comparison to planned savings. Management agreed with the recommendation and provided a target implementation date of December 1, 2025. As a result, we will not make a recommendation on this issue in this report.

Postal Service Response

Management agreed with the finding.

OIG Evaluation

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

Looking Forward

The Postal Service stated that they leveraged the experience gained during the LTO pilot to improve implementation plans for RTO, which included updating service standards. In addition, the Postal Service stated prior LTO sites share key characteristics with the RTO model and will continue operating in their current state for the time being, including the New Orleans region. Each site’s operational profile is being assessed to determine the appropriate alignment with RTO standards. Some of the previously implemented LTO campuses will be revisited for optimization under the RTO parameters. As this has not yet occurred in New Orleans, any future changes, and the impacts are unknown. Therefore, it is imperative for the Postal Service to ensure transparent communication with customers in the New Orleans region so they have a clear understanding of how their mail service will be impacted as future decisions are made and implemented.

42 Network Changes: Local Transportation Optimization (Report Number 24-142-R25, dated December 18, 2024).

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Appendix A: Additional Information

Scope and Methodology

Our objective was to determine the impacts associated with the Postal Service's LTO initiative in the New Orleans region. The New Orleans region was selected as it had not concurrently implemented other initiatives, such as a regional processing and distribution center.

To accomplish our objective, we:

- Analyzed Single Piece First-Class service performance before and after LTO implementation in the New Orleans region. Specifically, we reviewed on-time service performance from August 2024 to May 2025, compared to SPLY.
- Analyzed Ground Advantage, Priority Mail, and Priority Mail Express service performance before and after LTO implementation in the New Orleans region. Specifically, we reviewed on-time service performance from August 2024 to May 2025, compared to SPLY. We reviewed on-time service performance for the specific 5-digit ZIP Codes impacted by the initiative.
- Analyzed impacts of LTO implementation in the New Orleans region to demographics. Specifically, we analyzed the 2020 Census and the Postal Service's active mailing addresses per ZIP Code to determine the urban and rural demographics impacted by the LTO initiative in the New Orleans region.
- Reviewed employee availability data from September 2023 to June 2025, for the New Orleans P&DC and compared to SPLY.
- Analyzed staffing turnover and complement data for the Saint Rose Annex and New Orleans P&DC from November 2023 to May 2025.
- Obtained and analyzed Customer 360 complaints in the New Orleans region from August 2024 to April 2025, compared to SPLY.
- Obtained and analyzed processed volume data from November 2024 to May 2025, compared to SPLY.
- Obtained and analyzed New Orleans region transportation costs from August 2024 through March 2025 compared to SPLY.
- Obtained and analyzed package dispatch scans from August 2024 to April 2025.
- Interviewed Thibodaux Post Office management in May 2025 and analyzed Enterprise Transportation Analysis global positioning system data from January to April 2025.
- Conducted observations at 21 judgmentally selected post offices and two processing facilities to determine LTO impacts and interviewed local Postal Service personnel. See [Table 3](#) for the post offices and processing facilities visited and the dates of observation.

Table 3. Site Visit Locations

Facility Type	Facility Name	Date Visited
Post Office	Bush	March 11, 2025
	Franklinton	
	Kentwood	
	Madisonville	
	Natalbany	
	Tickfaw	
	Abita Springs	March 12, 2025
	Amite	
	Folsom	
	Husser	
	Loranger	
	Springfield	
	Sun	March 25, 2025
	Amelia	
	Gray	
	Mathews	
	Galliano	March 26, 2025
	Larose	
	Pierre Part	
	Plattenville	
	Houma	March 25 to 26, 2025
Mail Processing Facility	New Orleans P&DC	March 24 to 26, 2025
	Saint Rose Mail Processing Annex	

Source: OIG judgmental site selections.

We conducted this performance audit from February 2025 through August 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 August 13, 2025, and included its comments where appropriate.

In planning and conducting the audit, we obtained an understanding of the internal control structure for the LTO initiative in the New Orleans region to help determine the nature, timing, and extent of our audit procedures. We reviewed the management controls for overseeing the program and mitigating associated risks. Additionally, we assessed the internal control components and underlying principles, and we determined that the following five components were significant to our audit objective: control activities, risk assessment, control environment, 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 control activities, information and communication, and monitoring that were significant within the context of our objective. Our recommendations, if implemented, should correct the weaknesses we identified.

We assessed the reliability of Address Management System, Customer 360, eFlash, Workforce, Product Tracking and Reporting, Surface Visibility, Informed Visibility, USPS Fiscal Year 2025 Efficiency Index, Facilities Database, Enterprise Transportation Analysis, and Transportation Optimization Planning and Scheduling systems data by interviewing Postal Service officials, comparing data to other representative time periods, and reconciling data from one system to another. We determined that the data was sufficiently reliable for the purposes of this report.

Prior Audit Coverage

Report Title	Objective	Report Number	Final Report Date	Monetary Impact
<i>Network Changes: Local Transportation Optimization in the Wisconsin Region</i>	To determine the impacts associated with the LTO initiative in the Wisconsin region.	24-145-R25	March 28, 2025	\$0
<i>Network Changes: Local Transportation Optimization</i>	To determine the impacts to service performance, customer service, mail security, and expected cost savings from the implementation of the LTO initiative.	24-142-R25	December 18, 2024	\$0
<i>Impacts Associated with Local Transportation Optimization in Richmond, VA</i>	To determine impacts associated with the Postal Service's new Local Transportation Optimization Initiative in Richmond, VA.	23-161-1-R24	April 12, 2024	\$0

Appendix B: New Orleans Region Service Performance

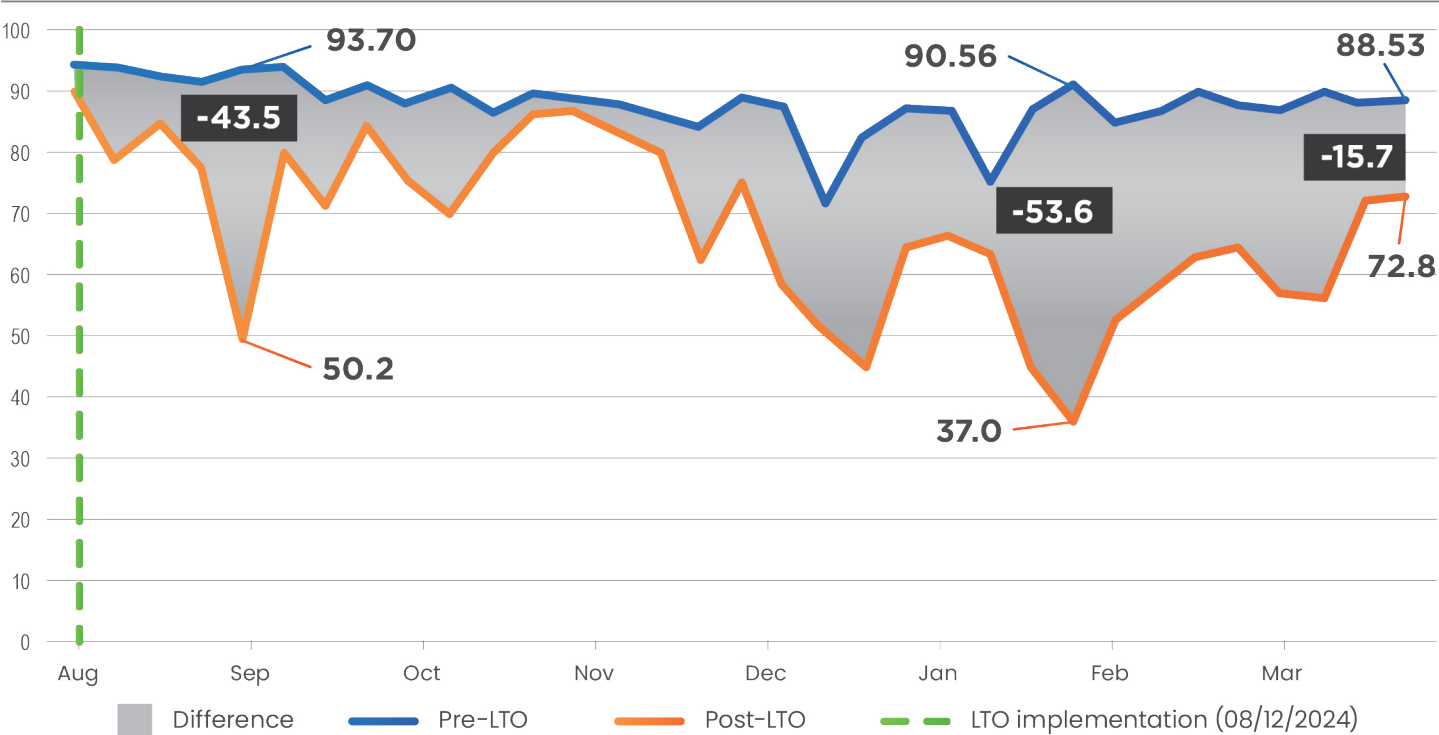
In the weeks after the Postal Service implemented its LTO initiative in the New Orleans region, customers experienced lower on-time service performance for several mail classes.

Letter Service Performance

Since implementation, Single Piece First-Class Mail two-day service performance declined by about

54 percentage points compared to SPLY, to the lowest point of 37 percent on time one week in January 2025 (see Figure 8). Single Piece First-Class Mail three-to-five-day service performance declined by about 10 percentage points compared to SPLY and fell to the lowest point of 24 percent on time one week in December 2024 (see Figure 9).⁴³

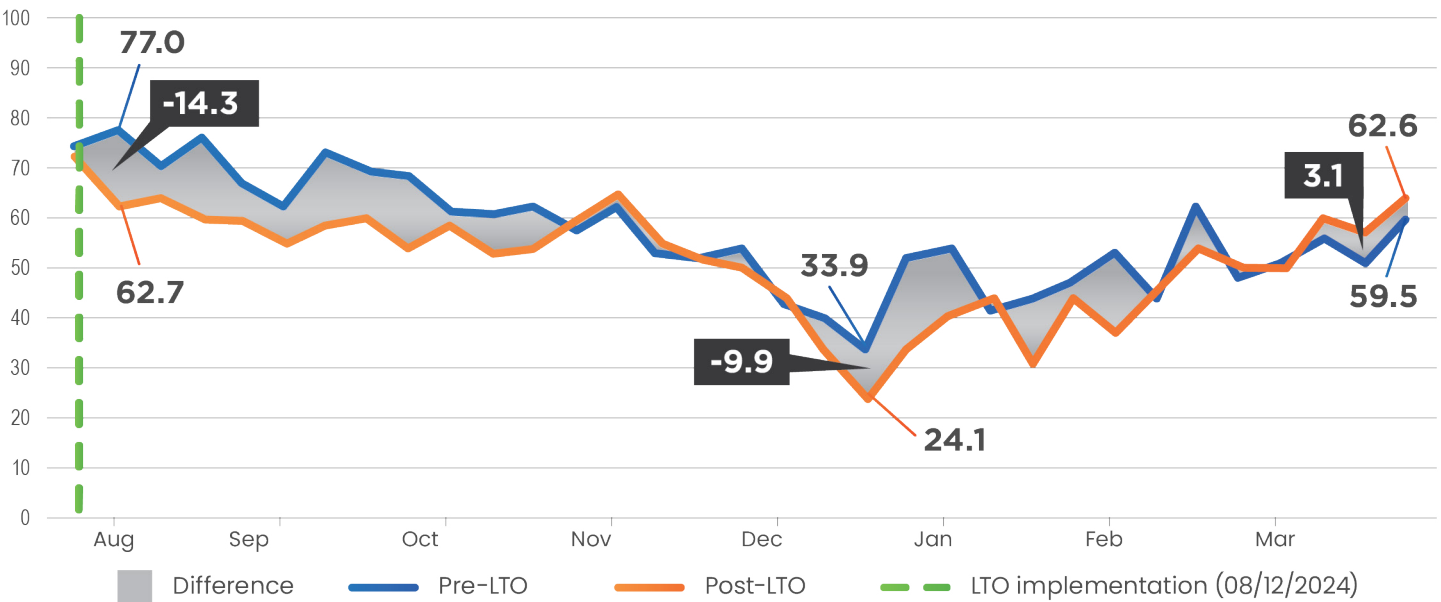
Figure 8. Single Piece First-Class Two-Day Service Performance



Source: Postal Service data and OIG analysis.
Note: Data was analyzed from implementation (August 2024) through the end of March 2025 and SPLY (August 2023 through March 2024).

43 Single Piece First-Class two-day and three-to-five-day service performance data was analyzed through the week ending March 28, 2025.

Figure 9. Single Piece First-Class Three-to-Five Day Service Performance



Source: Postal Service data and OIG analysis.
Note: Data was analyzed from implementation (August 2024) through the end of March 2025 and SPLY (August 2023 through March 2024).

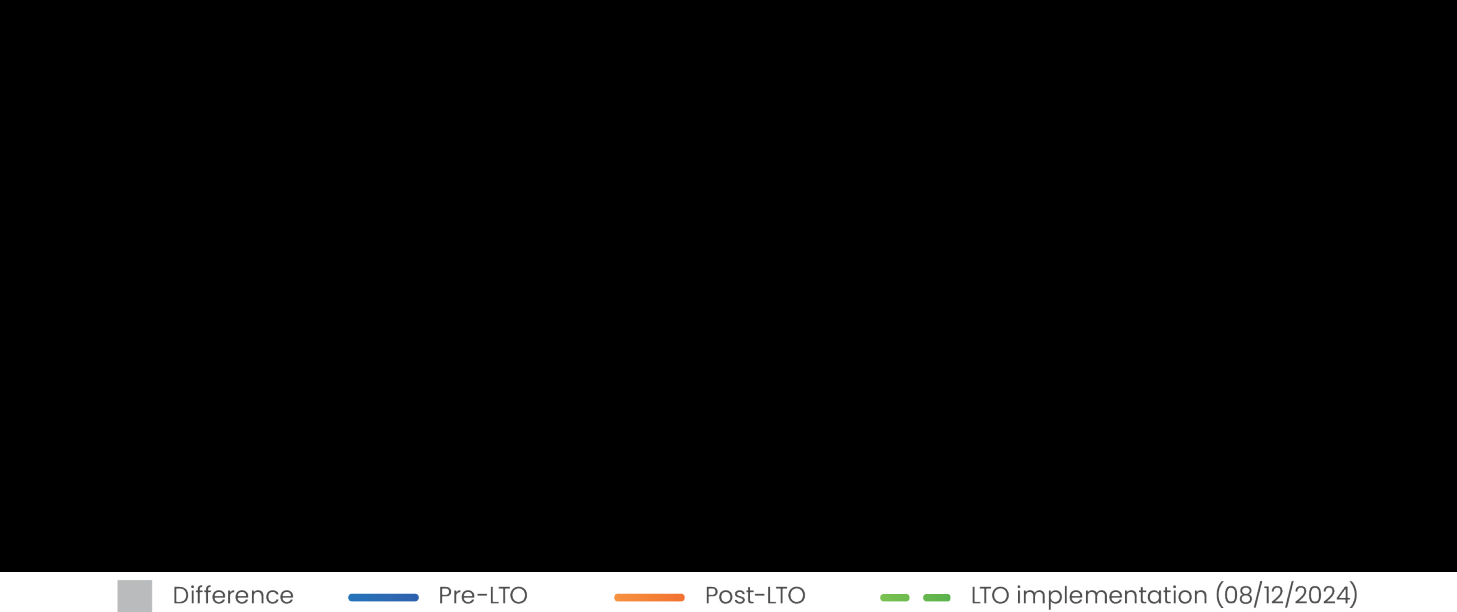
Package Service Performance

Ground Advantage

Since implementation, Ground Advantage on-time performance was above SPLY one week in November 2024 and below SPLY the remaining

weeks. At its lowest point, Ground Advantage service performance declined by about █ percentage points, to █ percent on time one week in January.⁴⁴ See Figure 10 for Ground Advantage service performance compared to SPLY.

Figure 10. Ground Advantage Service Performance



Source: Product Tracking and Reporting data and OIG analysis.
Note: Data was analyzed from implementation (August 2024) through the end of April 2025 and SPLY (August 2023 through April 2024).

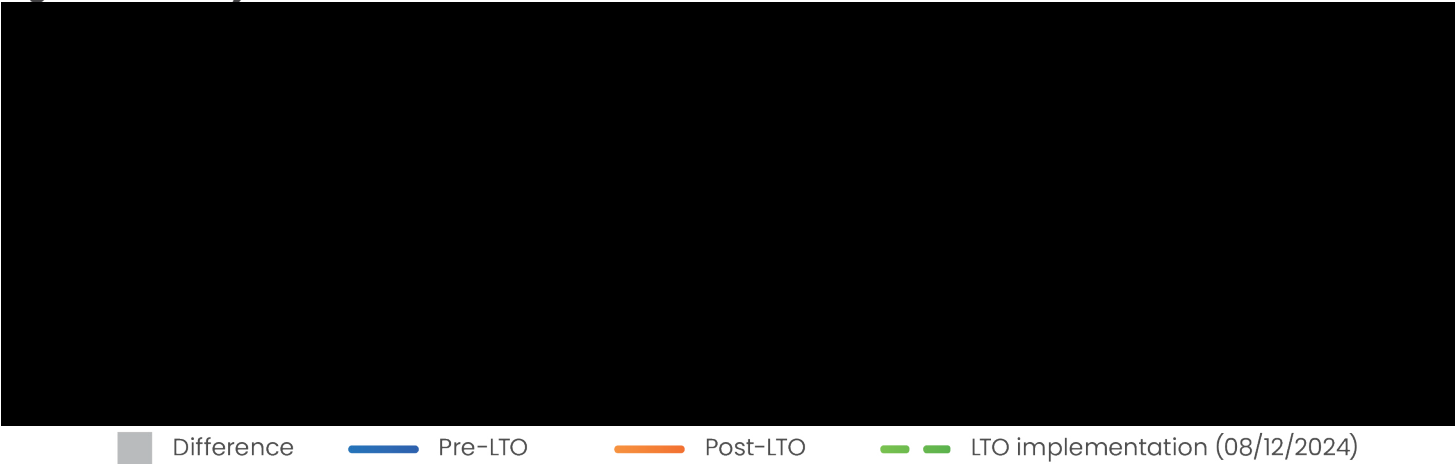
44 During January 2025, the New Orleans Region on-time performance was impacted by a winter storm.

Priority Mail

Priority Mail on-time performance was below SPLY in every week following LTO implementation. Priority Mail service performance declined by about █ percentage points, to the lowest point of about █

█ percent on time one week in January 2024.⁴⁵ See Figure 11 for Priority Mail service performance compared to SPLY.

Figure 11. Priority Mail Service Performance



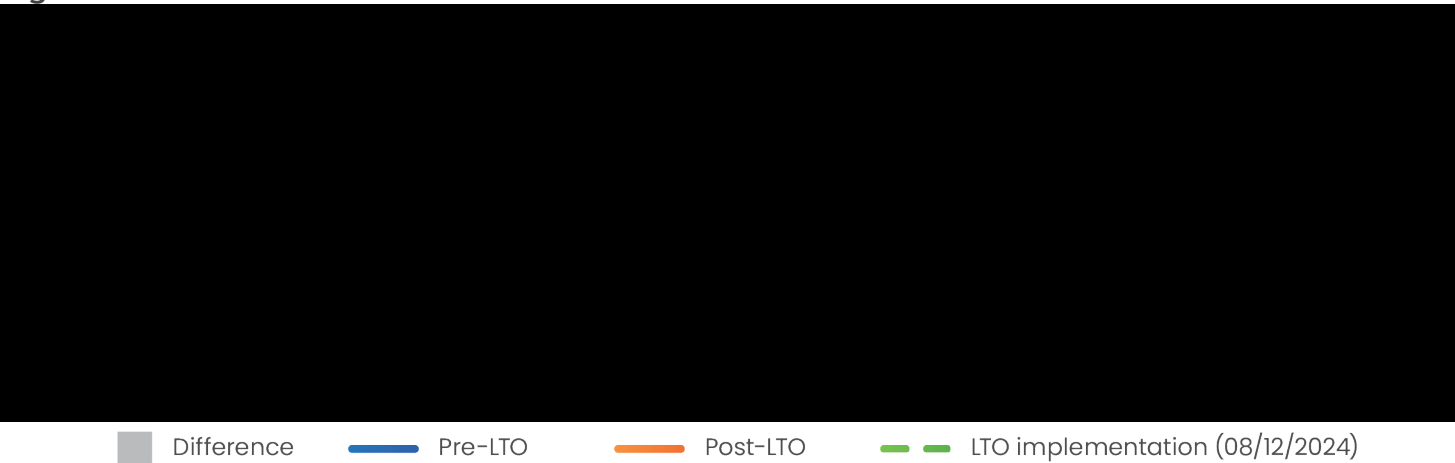
Source: Product Tracking and Reporting data and OIG analysis.
Note: Data was analyzed from implementation (August 2024) through the end of April 2025 and SPLY (August 2023 through April 2024).

Priority Mail Express

PME on-time performance improved compared to SPLY with better performance in 29 of the 37 weeks following implementation. However, with the implementation of LTO, the Postal Service added an additional day to PME service standards, which likely

caused the increase in on time service performance compared to SPLY. In addition, PME service performance declined by about █ percentage points, to the lowest point of about █ percent on time one week in January 2024. See Figure 12 for PME service performance compared to SPLY.

Figure 12. PME Service Performance



Source: Product Tracking and Reporting data and OIG analysis.
Note: Data was analyzed from implementation (August 2024) through the end of April 2025 and SPLY (August 2023 through April 2024).

45 During January 2025, the New Orleans Region on-time performance was impacted by a winter storm.

Appendix C: Management's Comments



August 25, 2025

LAURA LOZON
ACTING DIRECTOR, AUDIT SERVICES

SUBJECT: Management Response: *Network Changes: Local Transportation Optimization in the New Orleans Region (25-057-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, *Network Changes: Local Transportation Optimization in the New Orleans Region (25-057-DRAFT)*

Management agrees with Finding #1 of Decreased Service Performance

Management agrees with Finding #2 of Inaccurate or Missing Departure Scans

Management **agrees** with Finding #3 of Unfeasible and Non-compliant Transportation Schedules from a feasibility standpoint. The issue was centered more on compliance.

Management **agrees** with Finding #4 of Ineffective Tracking of Transportation Cost Savings

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

Recommendation 1: We recommend the Senior Director, Processing Operations, Gulf South Division, develop a formal contingency plan to mitigate service impacts during major, known disruptions in operations, such as Mardi Gras.

Management Response/Action Plan:

Management agrees with this recommendation.

For over 100 years, Mardi Gras is a unique Holiday recognized throughout the city of New Orleans and the surrounding areas. Thousands of locals and tourists from all over the world flock to New Orleans each year to revel/partake in the festivities. Schools and many businesses are closed to allow the locals to participate. Crowds are extraordinary with many streets closures and areas blocked. The Mardi Gras Season is a two-week period of events and festivities including street parties, masked balls and daily parades with Fat Tuesday closing out the season with parades starting early in the morning and ending later that night. To say the least, it is not business as usual during Mardi Gras in New Orleans.

Processing operation plans are to process all committed mail and parcels during these periods. The plan is to complete operations per our operating plan and dispatch all available committed mail to Delivery daily. If availability

to allow us to achieve this plan, we will ensure all delays are reported via MCV daily. All delays will be processed first, with first class mail and Priority parcels being put in front of all the other classes to get current.

Processing plan for Mardi Gras, or known events, has been and will continue to be, process all committed volume and dispatch all committed mail every delivery day.

Target Implementation Date:

01/31/26

Responsible Official:

Senior Director, Processing Operations, Gulf South Division

Recommendation 2: We recommend the Senior Director, Processing Operations, Gulf South Division, develop and implement, when needed, a localized retention and succession plan to ensure leadership and operational continuity.

Management Response/Action Plan:

Management disagrees with the recommendation. Senior Division Director of Gulf South, in consultation with the Western Region Vice President, already have a succession identified, vetted and in place. While plant manager role has been in flux due to circumstances beyond Division Director control, acting plant manager has been stabilized in newly assigned Divisional alignment.

Target Implementation Date:

N/A

Responsible Official:

N/A

Recommendation 3: We recommend the District Manager, Louisiana District, take appropriate steps to bring all post offices into compliance with Depart Post Office scan policy.

Management Response/Action Plan:

Management agrees with this recommendation.

The Louisiana District will send daily compliance reports down to the office level to ensure units are scanning daily and at the appropriate time to accurately reflect logistical mail flow. Non-compliance will be addressed on an office-by-office basis.

Target Implementation Date:

01/31/2026

Responsible Official:

District Manager, Louisiana District

Recommendation 4: We recommend the Division Logistics Director, Gulf South Division, review and update transportation schedules so they align with agreed-to schedules and are feasible to meet timely processing and delivery needs.

Management Response/Action Plan:

Management **disagrees** with this recommendation from the feasibility standpoint. Management reviewed the schedules and did find travel time discrepancies but found the schedule to be completely feasible. Updated schedules cannot align with previously agreed-to schedules. However, a review was completed and adjustments made with changes in July 2025. The contractor's performance and compliance were an issue with one contractor being replaced as of July 18, 2025

Target Implementation Date: N/A

Responsible Official:

Division Logistics Director, Gulf South Division

Recommendation 5: We recommend the Division Logistics Director, Gulf South Division, develop a system to review optimized post offices transportation performance and reinforce contracted truck driver route compliance.

Management Response/Action Plan:

Management **disagrees** with this recommendation.

The division reviews trip performance daily using SV with the local team. The team also utilizes SV Contractor Performance to discuss at the monthly supplier meetings. The delivery unit containers arrival at the plant are validated for both SV and non-SV sites.

Target Implementation Date: N/A

Responsible Official:

Division Logistics Director, Gulf South Division

E-SIGNED by James.A Tate
on 2025-08-27 17:08:22 EDT

JAMES TATE III
DISTRICT MANAGER, LOUISIANA REGION

E-SIGNED by BRADLEY.J LEDFORD
on 2025-08-27 17:07:31 EDT

BRADLEY J. LEDFORD
DIVISION LOGISTICS DIRECTOR, GULF SOUTH DIVISION

E-SIGNED by SCOTT.D TOSCH
on 2025-08-28 06:57:51 EDT

SCOTT D. TOSCH
SR DIRECTOR, PROCESSING OPERATIONS

cc: Corporate Audit & Response Management

OFFICE OF INSPECTOR GENERAL UNITED STATES POSTAL SERVICE



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