

Network Changes: Effectiveness of the New Regional Processing and Distribution Center in Indianapolis, IN

AUDIT REPORT

Report Number 25-093-R26 | February 2, 2026



Table of Contents

Cover

Highlights..... 1

Background 1

What We Did 1

What We Found 1

Recommendations and
Management's Comments 1

Transmittal Letter 2

Results 3

Introduction/Objective 3

Background 3

Findings Summary 4

Service Performance 4

Transportation 6

Finding #1: Successes and Repeated
Challenges Implementing Network
Changes 7

Recommendation #1 11

Recommendation #2 11

Recommendation #3 11

Postal Service Response 11

OIG Evaluation 12

Finding #2: Network Changes Negatively
Impacted Design at the RPDC 13

Recommendation #4 15

Postal Service Response 15

OIG Evaluation 16

Finding #3: Nonessential Purchase and
Underutilized Sortation Equipment 17

Recommendation #5 18

Postal Service Response 18

OIG Evaluation 18

Finding #4: Scanning of Trailer Loads
Not Conducted 19

Recommendation #6 20

Recommendation #7 20

Postal Service Response 20

OIG Evaluation 20

Appendices 21

Appendix A: Additional Information 22

Scope and Methodology 22

Prior Audit Coverage 23

Appendix B: Management's Comments 24

Contact Information 28

Highlights

Background

The U.S. Postal Service is redesigning its processing network with the goal of creating a best-in-class mail and package processing network as part of its 10-year strategic Delivering for America plan. The Postal Service plans to create a modernized network based around regional processing and distribution centers (RPDC), local processing centers, and sorting and delivery centers. The Postal Service spent over \$600 million to build out and set up the new 1.2 million square foot Indianapolis RPDC and expects net savings of \$1 billion over 30 years from consolidating regional operations.

What We Did

Our objective was to assess the operational impacts related to the launch of the Indianapolis RPDC and identify successes, opportunities, and lessons learned. We reviewed and analyzed financial and service performance data and conducted observations at the Indianapolis RPDC and surrounding mail processing facilities.

What We Found

The Postal Service successfully implemented several key initiatives to launch the Indianapolis RPDC and consolidate operations from nearby facilities. Despite a temporary decline in service performance from November 2024 to February 2025, the facility stabilized operations and improved service.

However, persistent challenges identified after other RPDC launches—such as high absenteeism, poor workplace culture, and unstable management—also presented at the Indianapolis RPDC and undermined operational effectiveness. Significant deviations from the original operating plan increased costs at the Indianapolis RPDC, offsetting anticipated savings. While the changes may save costs nationally, the Postal Service did not analyze cost impacts for the facility and region. The facility also faced difficulties meeting mail scanning targets. Additionally, the Postal Service incurred over \$20 million in funds that could have been put to better use due to the purchase of unnecessary and unused mail sorting equipment.

Recommendations and Management's Comments

Of the seven recommendations in the report, Postal Service management agreed with five and disagreed with two. Management's comments and our evaluation are at the end of each finding and recommendation. The U.S. Postal Service Office of Inspector General (OIG) considers management's comments responsive to recommendations 1-3, 6, and 7 as corrective actions should resolve the issues. We will pursue recommendations 4 and 5 through the audit resolution process. See [Appendix B](#) for management's comments in their entirety.

Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

February 2, 2026

MEMORANDUM FOR: TODD HAWKINS
VICE PRESIDENT, REGIONAL PROCESSING OPERATIONS,
CENTRAL

ROBERT CINTRON
VICE PRESIDENT, LOGISTICS

FRANK VEAL
SENIOR DIRECTOR, DIVISION PROCESSING OPERATIONS,
CENTRAL

JENNIFER SZABO
DIRECTOR, DIVISION LOGISTICS, CENTRAL

Mary H. Lloyd

FROM: Mary Lloyd
Deputy Assistant Inspector General
for Operations, Performance, and Service

SUBJECT: Audit Report – Network Changes: Effectiveness of the New Regional
Processing and Distribution Center in Indianapolis, IN
(Report Number 25-093-R26)

This report presents the results of our audit of effectiveness of the new regional processing and distribution center in Indianapolis, IN.

All recommendations require U.S. Postal Service Office of Inspector General's (OIG) concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. Recommendations 1-3, 6, and 7 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 view the disagreement with recommendations 4 and 5 as unresolved and will work with management through the formal audit resolution process.

We appreciate the cooperation and courtesy provided by your staff. If you have any questions or need additional information, please contact Todd Watson, Director, Network Processing, 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 on the Effectiveness of the New Regional Processing and Distribution Center (RPDC) in Indianapolis, IN (Project Number 25-093). Our objective was to assess the operational impacts related to the launch of the RPDC and identify successes, opportunities, and lessons learned. See [Appendix A](#) for additional information about this audit.

Background

As part of its 10-year strategic Delivering for America plan, the U.S. Postal Service is redesigning its processing network with the goal of creating a best-in-class mail and package processing network. The Postal Service plans to invest \$40 billion to create a modernized network based around RPDCs, local processing centers (LPC), and sorting and delivery centers (S&DC). RPDCs are multi-purpose distribution centers with common designs, layouts, and processing equipment. RPDCs process mail and packages originating in their service areas and have one or more associated LPC to sort letters and flats for delivery carriers. The goal of an RPDC is to reduce transportation costs and improve service reliability by merging mail and package processing into a central facility within a region.

The plan for the Indianapolis RPDC included consolidating operations from seven processing facilities¹ in the region and absorbing operations from two contracted facilities. The Postal Service invested over \$500 million to lease and build out a new 1.2 million square foot facility to house the RPDC. It also spent over an additional [REDACTED] to build a Matrix Regional Sorter (MaRS).² The Indianapolis RPDC includes several unique design and operating elements including the MaRS, dock-to-machine mail induction, and a continuous operating plan. The Postal Service expects net savings of over \$1 billion over 30 years from consolidating operations in the Indianapolis region.

The Postal Service finalized its design for the RPDC in mid-2023; however, in the fall of 2023, Postal Service management made significant changes to its plan. As a result, it did not consolidate all expected letters and flats operations and facilities into the Indianapolis RPDC. The Postal Service began phasing in operations to the Indianapolis RPDC in April 2024, including consolidating package sortation operations from annexes, processing and distribution centers (P&DC), and terminal handling services.³ It also started renovating existing processing facilities into LPCs. See [Figure 1](#) for an overview of the facilities in the Indianapolis RPDC service area.

¹ These facilities were the Indianapolis Processing and Distribution Center (P&DC), Fort Wayne P&DC, Muncie P&DC, High School Road Annex, Indianapolis Mail Processing Annex (MPA) 1 & 2, and the Indianapolis Package Sortation Annex.

² The MaRS is a new package sorter with greater throughput than existing processing equipment.

³ Terminal handling involves the loading and unloading of mail to and from airline containers.

Figure 1. Facilities in the Indianapolis RPDC Service Area



Source: U.S. Postal Service Office of Inspector General (OIG) created map based on USPS RPDC design documentation.

Findings Summary

The Postal Service successfully executed several initiatives to support the launch of the Indianapolis RPDC. These efforts included the installation and operation of the MaRS processing equipment, relocating staff into the facility, and consolidating mail and operations from adjacent facilities. Despite a notable decline in service performance between November 2024 and February 2025, the

facility managed to stabilize service, particularly for competitive package products.

However, the Postal Service did not build on lessons learned from the launch of the previous RPDCs to address similar barriers to success such as workplace culture and supervision. The Indianapolis RPDC faced high employee absenteeism, culture problems, and lacked stable management to oversee operations. The facility also had challenges executing operations under its new plant design, resulting in congested dock conditions and lengthy wait times for truck drivers while mail was being unloaded.

Additionally, the Postal Service made significant operational changes to the RPDC and the region that differed from its original plans and therefore, will not achieve expected savings. While the changes may result in nationwide savings, they increased costs for the facility, and the Postal Service had not analyzed how the changes would affect expected costs and efficiencies. Further, the Postal Service purchased unnecessary and unused mail sorting equipment, representing over \$20 million in funds that could have been put to better use.⁴ Finally, we noted challenges meeting mail scanning and logistics performance targets.

Service Performance

Mail service performance in the region remained stable during the consolidation into the Indianapolis RPDC but dropped significantly during the fiscal year (FY) 2025 peak season. Specifically, competitive product⁵ service scores deteriorated and reached their lowest levels in January and February 2025. Service performance improved after peak season, and by May 2025, package services such as Ground Advantage and Priority Mail often met or exceeded service targets through November 2025. Priority Mail Express service scores rebounded by May 2025, but remained between [REDACTED] points below the target before showing improvement in October 2025. See [Figure 2](#) for competitive product service scores at the Indianapolis RPDC.

⁴ Funds the Postal Service could use more efficiently by implementing recommended actions.

⁵ Competitive products are postal products and services for which similar products and services are offered by private sector carriers. Competitive products include Priority Mail Express and package services.

Figure 2. Indianapolis RPDC Region Competitive Product Service Scores

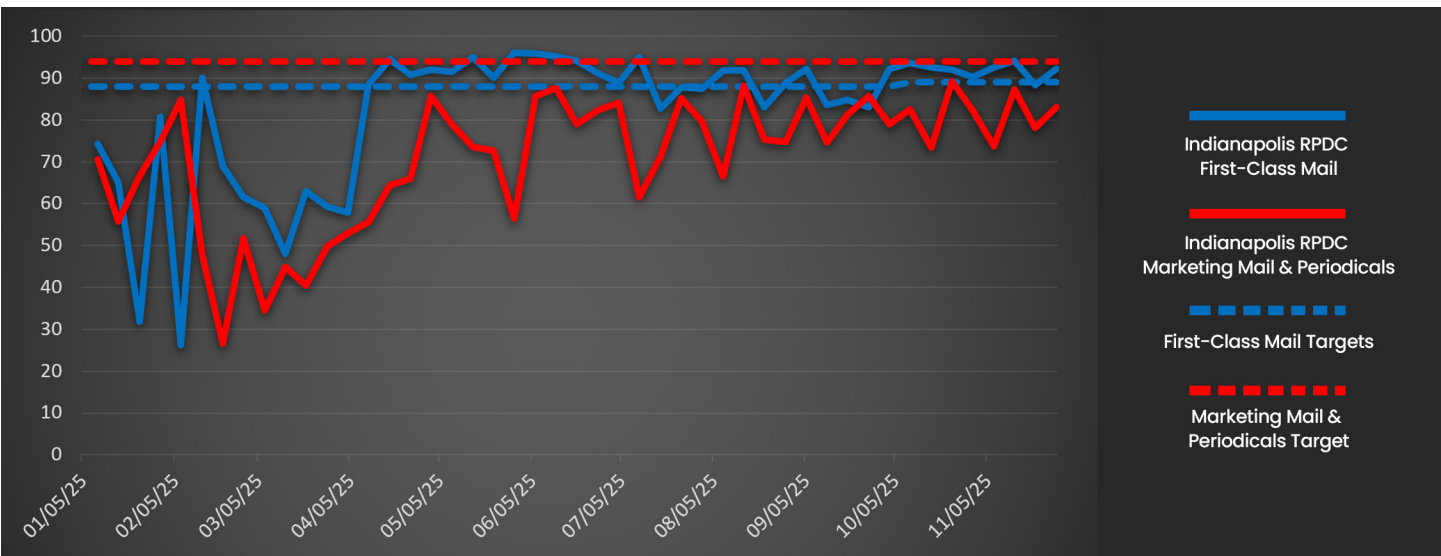


Source: Informed Visibility Mail Product Trend report.
Note: Service performance prior to 1/3/2025 was measured at the Indianapolis Mail Processing Annex.

Mail service performance for market dominant⁶ products in the Indianapolis region also decreased initially until service began to stabilize in April 2025. First-Class Mail scores improved and were near targets through November 2025. Most of the First-Class Mail at the RPDC is mailer presorted while the Indianapolis LPC performs cancellation operations

from daily collection mail in the region. Scores for First-Class Mail measured at the LPC are in line with national averages. However, Marketing Mail and Periodicals service performance measured at the RPDC was more volatile and remained below targets in FY 2025. See Figure 3 for market dominant service scores at the Indianapolis RPDC.

Figure 3. Indianapolis RPDC Market Dominant Product Service Scores



Source: USPS Informed Visibility Mail Product Trend report.

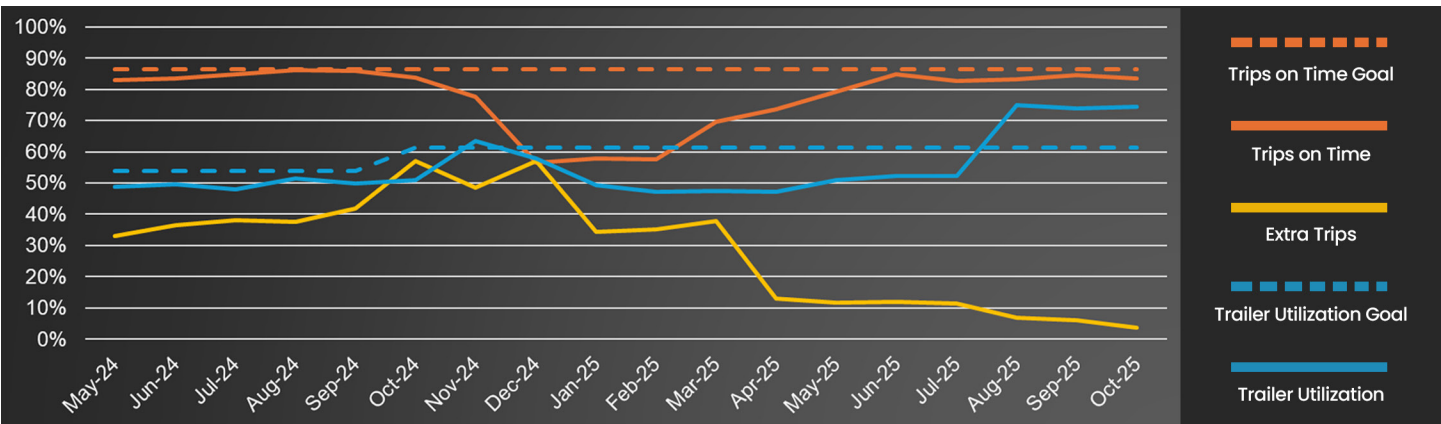
⁶ Postal products and services over which USPS can effectively set their price with limited competition. This category includes First-Class Mail service, Standard Mail service, and Periodicals.

Transportation

The Indianapolis RPDC initially faced transportation challenges, including delays in unloading trailers, trips departing on time, and use of extra trips. However, in the 18 months since launch, the Postal Service made

significant improvements across transportation performance metrics.⁷ See Figure 4 for a trend of transportation performance at the Indianapolis RPDC.

Figure 4. Transportation Key Performance Indicators



Source: OIG analysis of Surface Visibility.

⁷ The Postal Service evaluates transportation performance using six key performance indicators: Trips on Time, Canceled Trips, Extra Trips, Trips Departed Not Arrived, Unrecorded/Incomplete Trips, and Trailer Utilization.

Finding #1: Successes and Repeated Challenges Implementing Network Changes

The Postal Service completed several tasks before launching the Indianapolis RPDC including designing and building the interior, installing package sortation machines, and phasing in operations and mail volume. Although the Postal Service incorporated some lessons learned from past RPDC launches, the facility experienced the same management oversight, employee availability, and work culture challenges that occurred after launching other RPDCs.

Successes

In late October of 2022, the Postal Service started modernizing the empty warehouse to meet its needs and standards. The Postal Service installed the MaRS, the 3rd new package sorting machine of its type nationwide. Learning from previous RPDC launches, operations were phased in at the Indianapolis RPDC with the MaRS becoming fully operational in October 2024. In November and December, the Postal Service added package operations and volume during peak season, supporting the new Regional Transfer Hub (RTH) network.⁸ Additionally, the Postal Service successfully transferred employees to the new facility along with operations completing these moves by January 2025. These were the first steps to consolidating all package operations into the RPDC and converting the remaining facilities to LPCs.

Management and Oversight of Operations

Aside from the successes, the Postal Service did not have adequate management staffing and continuity in senior leadership, impairing oversight of personnel and operations at the RPDC. Specifically, the Postal Service:

- Assigned four different acting plant managers to the facility in the last 18 months.
- Did not hire a logistics manager until a year after launch.

- Reassigned the processing support manager to another facility in September 2025.

In previous reports,⁹ we noted the importance of a stable management team to engage and lead team members and oversee operations. The plant manager is the key position responsible for managing and overseeing the timely processing and dispatch of mail, improving operations, and correcting problems to achieve goals. The plant manager works collaboratively with the manager of processing support to develop machine run plans and align employee schedules, and works with logistics and operations to meet operating plans. The logistics manager is responsible for managing, developing, and implementing adjustments to logistics plans by analyzing data from systems and databases.

Postal Service Headquarters personnel stated the plant manager position was filled when operations began in May 2024. However, this person was unavailable to perform on-site responsibilities requiring the Postal Service to place others in an acting role. Without consistent and reliable leadership, it is difficult to build a work culture that is aligned with operations where employees are motivated to perform at their best.

Additionally, sufficient front-line managers were not in place to oversee mail processing operations. As of September 2025, we found there were eight fewer managers of distribution operations (MDO) and 22 fewer supervisors of distribution operations (SDO) than needed to oversee operations.¹⁰ The MDO, with a team of supervisors, is responsible for managing, overseeing, and resolving processing operations and staffing issues; coordinating with logistics; communicating plans; promoting employee retention; and maintaining a safe working

⁸ This reduces origin separations and moves mail across the country to RTH operations where it is then sorted for destinating facilities.

⁹ *Network Changes - Progress Improvements at Richmond, VA Regional Processing and Distribution Center*, (Report Number 24-152-R25) dated January 27, 2025, and *Effectiveness of the New Regional Processing and Distribution Center in Atlanta, GA* (Report Number 24-074-R24) dated August 28, 2024.

¹⁰ Board Memo 077-2023: *USPS Proposed EAS Staffing for the RP&DC & LPC*, dated July 6, 2023.

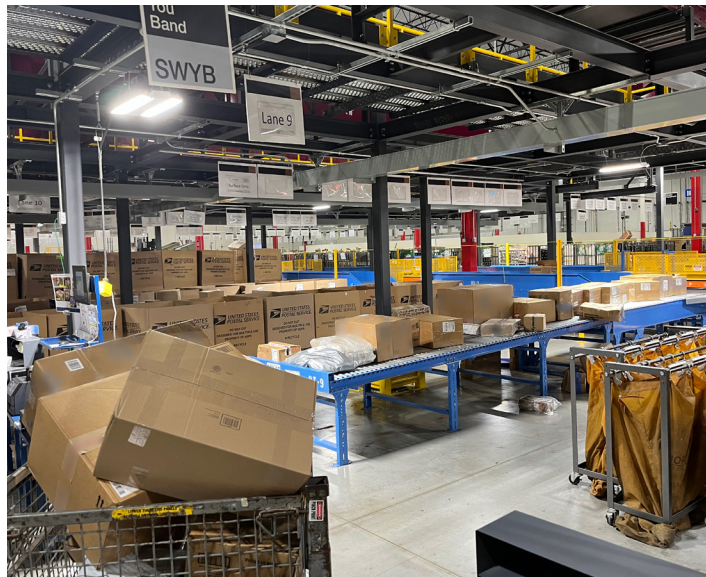
environment. During our site observations, we noted multiple operations without active supervision and processing equipment that were not cleared of mail after operations were complete. We also found over 45 percent of all overtime hours from June

2024 through October 2025 were not authorized by supervisors as required. See Figure 5 for examples of mail left on processing equipment without staff to continue operations.

Figure 5. Examples of Unprocessed Mail Left on Processing Equipment



Source: OIG photograph taken at the Indianapolis RPDC on July 24, 2025.



Source: OIG photograph taken at the Indianapolis RPDC on July 23, 2025.



Source: OIG photograph taken at the Indianapolis RPDC on July 23, 2025.

In April 2025, the Postal Service recognized the need for additional supervision and authorized additional MDO and SDO positions. However, as of September 30, 2025, these positions remained unfilled at the

RPDC. See Table 1 for the number of authorized and vacant management positions at the Indianapolis RPDC as of September 2025.

Table 1. Front-line Supervisor Vacancies at the Indianapolis RPDC

Position	Authorized	Actual on Roles	Difference	Percent Difference
Manager of Distribution Operations	13	5	8	62%
Supervisors of Distribution Operations	62	40	22	35%
Total	75	45	30	40%

Source: OIG analysis of eFlash data.

In a previous audit, we recommended the Postal Service incorporate an assessment of workforce challenges and vacancy rates into the procedures for identifying and mitigating preexisting challenges at facilities scheduled to become RPDCs.¹¹ At the start of peak season in October of 2024, the Postal Service identified that supervisor vacancies at the Indianapolis RPDC were greater than 30 percent. Management stated it convened weekly to discuss workforce challenges and vacancy rates. Despite this, the Postal Service did not hire sufficient managers and supervisors at the Indianapolis RPDC.

Employee Staffing and Work Culture

The Postal Service did not address a known issue with low employee availability in the region to ensure there were enough employees reporting to work to staff operations. The Postal Service measures its employee availability by determining the percentage of people who report to work against the number of people scheduled to work. At the Indianapolis RPDC, only 79 percent of the employees scheduled to work actually reported, on average, throughout FY 2025. This was about 10 percentage points below the

“The Postal Service did not address a known issue with low employee availability to ensure there were enough employees to staff operations.”

national goal and ranks in the lowest 2nd percentile in the nation. On average, about 21 percent, or roughly 120 employees scheduled to work, did not show up on any given day. Employee absences were predominately due to annual leave, sick leave, absence without leave, and leave without pay. As a result, management had to constantly move staff from one mail processing operation to another throughout the facility. In previous reports, we noted the negative impact on mail processing and higher operating costs due to the lack of staff and increased need for overtime.¹² See Table 2 for a comparison of leave categories for Indianapolis and the nation.

¹¹ Supervisor Vacancies (Report Number 23-172-R24), dated July 17, 2024.
¹² Network Changes - Progress Improvements at Richmond, VA Regional Processing and Distribution Center, (Report Number 24-152-R25) dated January 27, 2025, and Network Changes - Progress Improvements at Atlanta GA RPDC (Report Number 25-039-R25) dated July 8, 2025.

Table 2. Comparison of Leave Categories for Indianapolis and Nation

Leave Type	National	Indianapolis RPDC	Difference
Annual Leave	8.7%	9.3%	-0.6%
Absence without Leave	1.2%	8.2%	-7.0%
Leave without Pay	5.8%	9.8%	-4.1%
Sick Leave	5.9%	4.8%	1.2%
All Other Leave	4.3%	1.8%	2.5%

Source: OIG analysis of leave usage from Time and Attendance Collection System.

Management also told the OIG that it has a known issue with employees failing to perform assigned tasks, including some who leave the facility during their scheduled tour of duty. The OIG Office of Investigations examined this matter and identified about 30 employees who routinely left the facility while on the clock. This issue was reported to local management for further action. Management had taken some steps to address this, yet more is needed to drive employee engagement and improve employee availability. Without stable leadership, poor communication of expectations between senior management, supervisors, and employees can foster a weak work culture—ultimately disrupting operations at the Indianapolis RPDC.

Continued Challenges With RPDC Unloading Dock Design

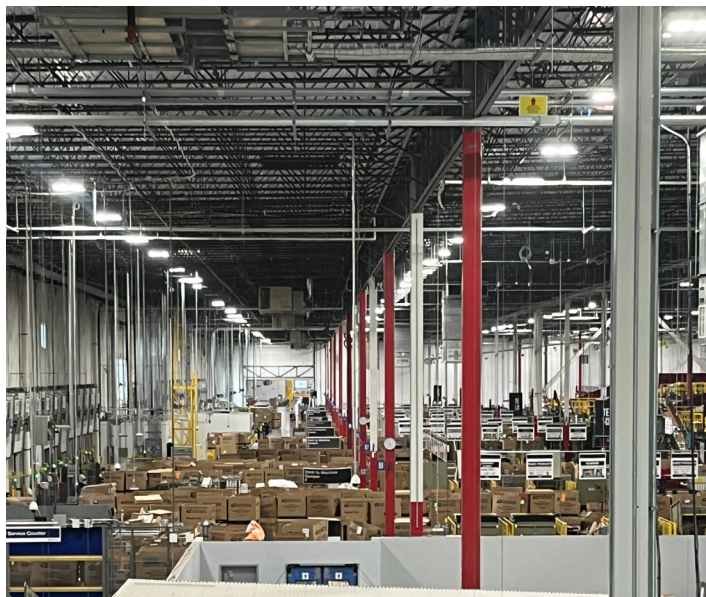
The Postal Service also experienced operational challenges from its dock design. The Indianapolis RPDC layout and design is intended to move packages through the facility efficiently by reducing the number of handling points. Employees quickly unload mail and packages from trailers and directly induct packages into operations at the dock via a system of conveyor belts. However, similar to the Atlanta RPDC, this area was not always large enough to accommodate the volume of mail and packages being unloaded into the facility. During our site visit in July 2025, we observed the docks clogged with mail until operations could catch up and allow for more mail to be brought into the facility. Postal Service Headquarters personnel conducted

“The dock area was not always large enough to accommodate the volume of mail and packages being unloaded into the facility.”

multiple safety walks over the past months and noted the same issue of congestion on the docks. Postal Service management realized this is an issue and has instituted a design change at future RPDCs to increase the dock space between dock doors and conveyor belts for greater capacity. However, management cannot make this change at the Indianapolis RPDC because it cannot move the already installed equipment and must continually make adjustments by shifting staff from other operations when dock operations back up. Management informed the OIG that they will continue using the MPA to consolidate mail and trailers from other facilities to limit overcrowding the RPDC dock. Due to the inability to change the design at the Indianapolis RPDC and management’s awareness of the issue resulting in said adjustments, we are not making a recommendation specific to this issue. See [Figure 6](#) for examples of the dock congestion.

Figure 6. Indianapolis RPDC Docks

Congested Dock Platform Before 4 P.M.



Source: OIG photograph taken at the Indianapolis RPDC on July 24, 2025.

The importance of stable and consistent management is paramount to the success of the Postal Service implementing its network redesign. Without proper management oversight, deficiencies are not effectively addressed and lead to inefficient mail processing operations, customer complaints, and damage to the Postal Service brand.

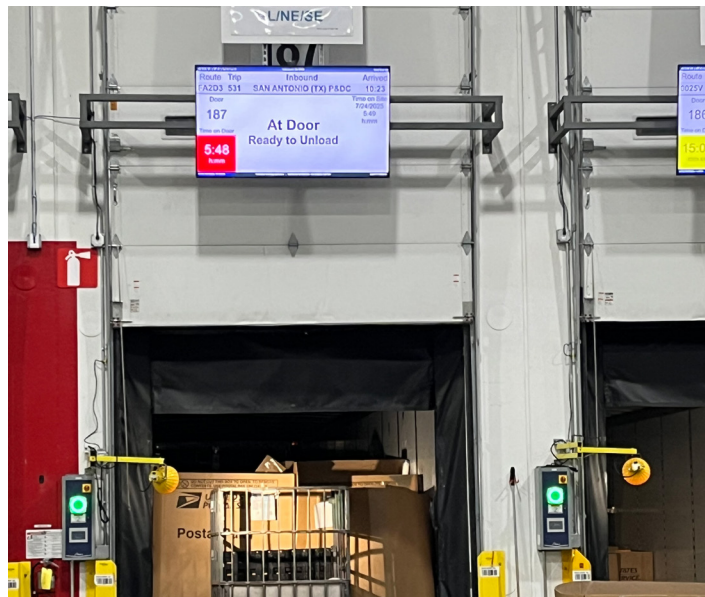
Recommendation #1

We recommend the **Vice President, Regional Processing Operations, Central**, execute a plan to provide stable leadership at the Indianapolis Regional Processing and Distribution Center.

Recommendation #2

We recommend the **Vice President, Regional Processing Operations, Central**, staff management positions at the Indianapolis Regional Processing and Distribution Center to authorized levels.

Trailer Waiting Almost Six Hours Before Unloading



Source: OIG photograph taken at the Indianapolis RPDC on July 24, 2025.

Recommendation #3

We recommend the **Vice President, Regional Processing Operations, Central**, continue to work with local management and staff to improve employee availability at the Indianapolis Regional Processing and Distribution Center to meet the national goal.

Postal Service Response

Management disagreed in part with the finding but agreed to recommendations 1, 2, and 3. Management stated the OIG did not include other factors that were contributors to this situation. Management also stated there are unique circumstances that impacted portions of staffing that are not cited in this report.

Regarding recommendation 1, management stated there is a plan for leadership at the Indianapolis RPDC, and it is in the process of implementing the plan. The target implementation date is November 30, 2026.

Regarding recommendation 2, management stated it has been and continues to be in the midst of a national realignment of management positions and is working through the process throughout the country, including within the Central Division. The target implementation date is January 31, 2027.

Regarding recommendation 3, management stated it has been and will continue to work jointly with Labor on employee availability. The target implementation date is November 30, 2026.

OIG Evaluation

The OIG considers management's comments responsive to recommendations 1, 2, and 3, and the corrective actions should resolve the issues identified in the report.

Finding #2: Network Changes Negatively Impacted Design at the RPDC

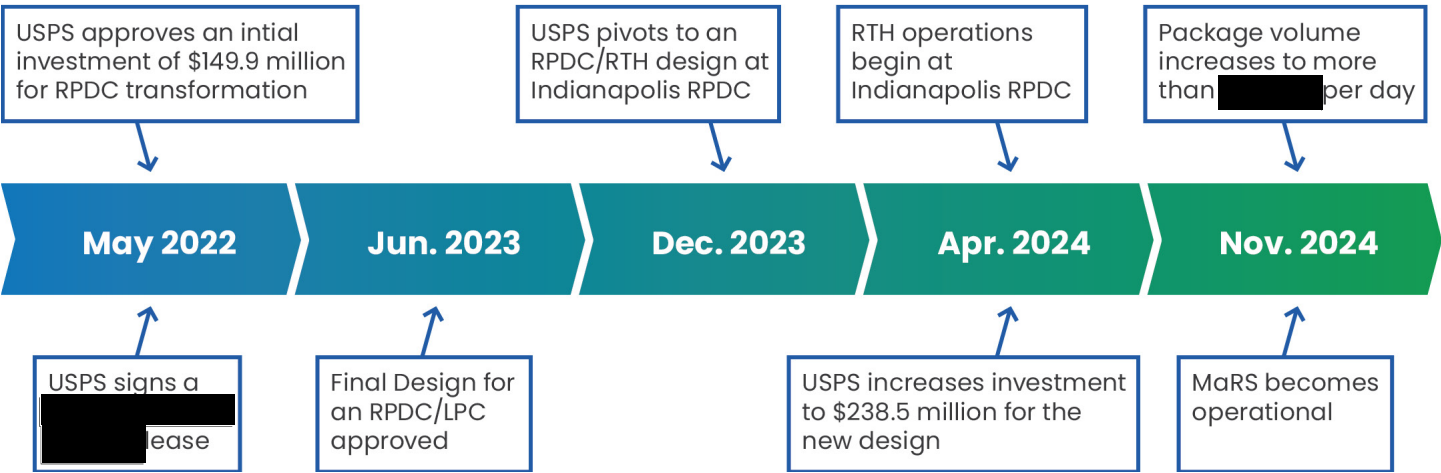
Operations at the Indianapolis RPDC differ significantly from the original plans and may limit the Postal Service’s ability to optimize processing efficiencies and realize expected savings. The Postal Service started designing the facility in late 2022 and planned to consolidate operations from seven facilities into the RPDC. The RPDC was to contain mail processing equipment for cancellation, sortation, and delivery of mail in the Indianapolis region. This included:

- Originating letter processing including cancellation of collection mail.
- Mail processing for ZIP Codes 460-462, 467-469, 472-474, 478, and 479.
- Terminal Handling Service to load and unload containers of mail moved by air.
- Delivery and carrier operations.

The Postal Service finalized its design in June 2023 but pivoted in December 2023 when it decided to add RTH operations to the facility. The change required an additional investment of \$88.6 million into the facility and was part of a broader change to move from launching additional RPDCs to quickly creating sorting and transfer hubs via RTHs. Management stated the goal of RTHs is to decrease the number of trips needed to move mail across the country and accelerate the benefits of the Delivering for America plan without creating new RPDCs. See Figure 7 for a timeline of operational changes at the Indianapolis RPDC.

“Operations differ significantly from the original plans and may limit the Postal Service’s ability to optimize processing efficiencies and realize expected savings.”

Figure 7. Timeline of Operational Changes at the Indianapolis RPDC

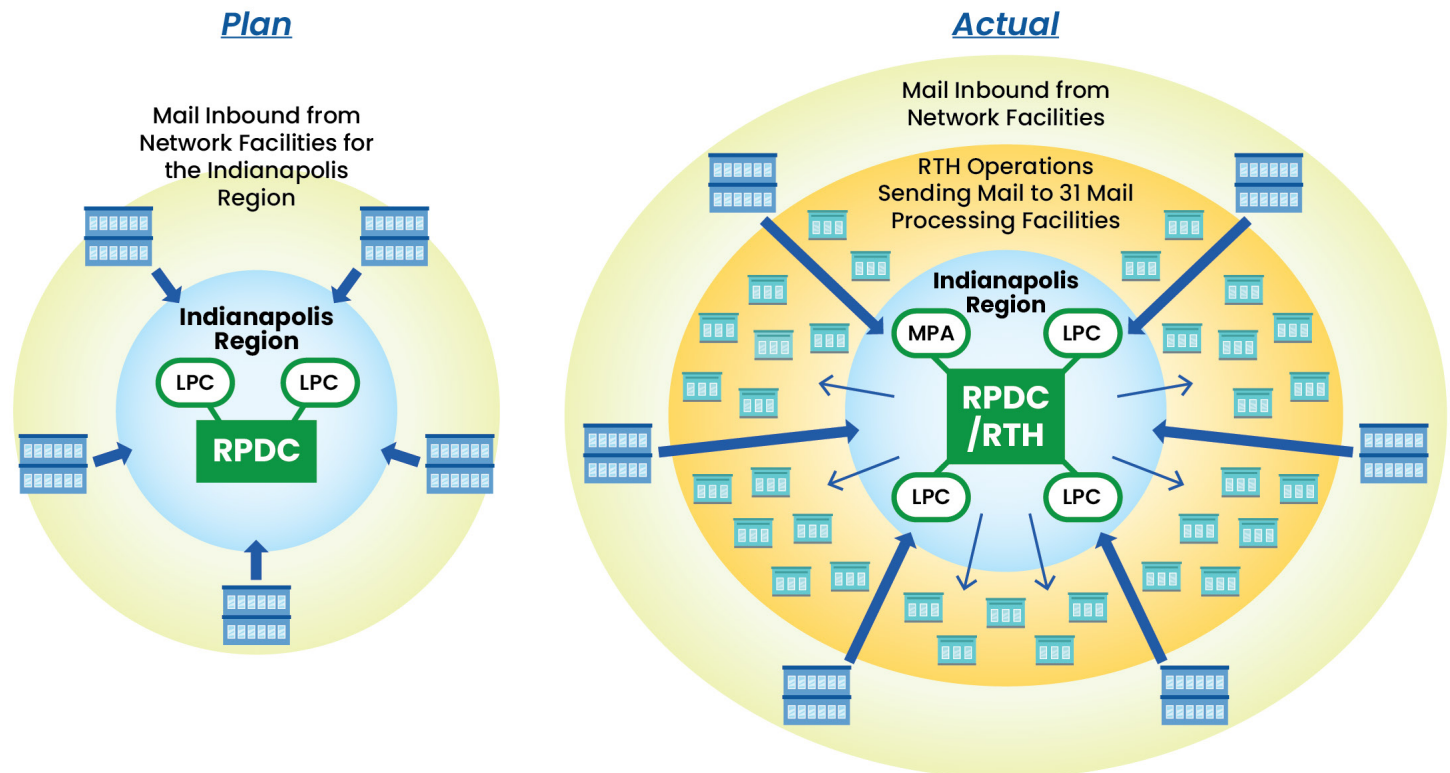


Source: OIG analysis of Postal Service documentation.

These operational shifts resulted in significant changes to mail flow at the RPDC and in the region. Originally, the RPDC was to be a consolidation point for two facilities in the Indianapolis region, but now

it serves as a hub for 31 facilities in eight states. See Figure 8 for the comparison of the planned versus actual facilities sending mail to the RPDC.

Figure 8. Planned Versus Actual Mailflow for the RPDC



Source: OIG analysis.

Management stated that due to increased mail and trailer volume from RTH operations, the Indianapolis RPDC could not house planned LPC and originating letter processing operations. Rather, the Postal Service decided to keep the Indianapolis P&DC open to serve as the LPC and keep one annex open to support RPDC and RTH operations. While the Postal Service expects to achieve transportation savings from its RTH operations, in a previous report, we noted that management did not calculate, record,

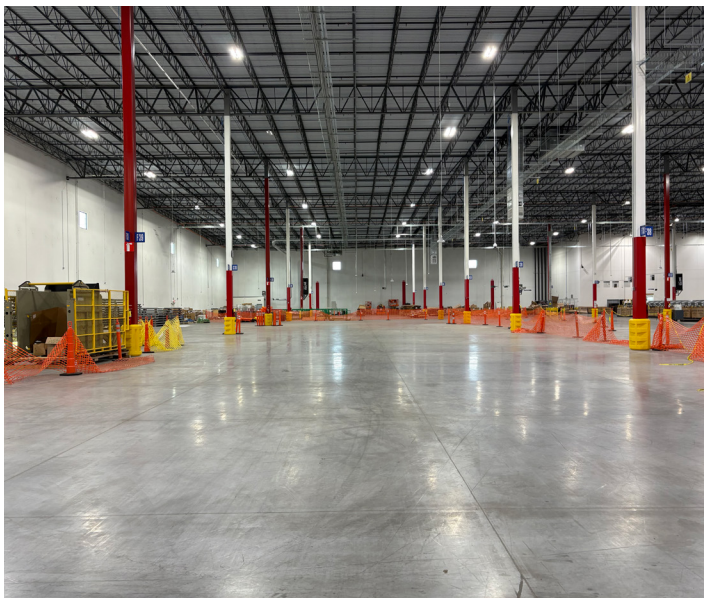
or track savings specific to the RTH initiative.¹³ The OIG estimates the change from original design of a new facility resulted in over 195,000¹⁴ unused square feet of the 1.2 million square foot facility (about 16 percent). The additional space offers a buffer for capacity, but there is opportunity to improve mail processing efficiency in the region. See Figure 9 for unused space.

¹³ Network Changes: Regional Transfer Hubs (Report Number 25-061-R25), dated September 24, 2025.

¹⁴ OIG estimate based on observations and review of RPDC design documentation.

Figure 9. Underutilized Space

Underutilized Space



Source: OIG photograph taken at the Indianapolis RPDC on July 22, 2025.

Projected Labor Savings Unlikely to Be Achieved

The Postal Service will not meet its savings projections for the Indianapolis RPDC after adding RTH operations and changing mailflow for the region. The Postal Service based its labor savings projections on a reduction of mail processing and maintenance personnel across the region. However, with the addition of RTH operations and keeping two facilities operational, these savings will not be achieved. We found mail processing workhours in the Indianapolis region increased from levels prior to launch by about 52 percent or 1.4 million additional hours through September 2025. We also found the number of employees increased by an additional 429 or 27 percent. For the same period, maintenance workhours increased by about 280,000 hours or 58 percent with a corresponding increase to maintenance personnel of 112 or 28 percent.

As noted above, the Postal Service expects RTH will accelerate the benefits of RPDCs, by decreasing the number of trips needed to move mail across the country and reducing transportation costs. However, it does not track specific savings for the RTH initiative. In FY 2025, the Postal Service cut transportation costs overall by nearly 5 percent compared to the previous year, primarily through air and international contract

Business Mail Entry Unit Area



Source: OIG photograph taken at the Indianapolis RPDC on July 22, 2025.

savings. Despite these nationwide reductions in transportation costs, it will not realize the FY 2025 projected labor savings in the Indianapolis region of about \$4 million nor is it likely to realize the over \$40 million in labor savings through FY 2032. Without analyzing cost impacts of network changes, the Postal Service cannot fully determine the effectiveness of changes and its impact on efficiency, which is critical to the success of implementing the Postal Service's initiatives.

Recommendation #4

We recommend that the **Vice President, Processing Operations, Central**, in coordination with the **Vice President, Logistics**, revise projected savings and identify opportunities to improve efficiency of operations in the Indianapolis, IN, region.

Postal Service Response

Management acknowledged that there were significant changes from the original plan for the RPDC that impacted the design, but disagreed with recommendation 4. Management contended that the evolution of changes were needed to provide the best possible plan as the model evolved.

Regarding recommendation 4, management stated it had seen more than expected package productivity gains and significant cost avoidance.

OIG Evaluation

The OIG considers management's comments nonresponsive to recommendation 4 as management has not provided support connecting the increased volume with cost avoidance, or evidence that it is greater than the planned projected savings. Without accurately measuring the impacts of network changes, the Postal Service cannot gauge the success of the changes. We view the disagreement as unresolved and will pursue the recommendation through the audit resolution process.

Finding #3: Nonessential Purchase and Underutilized Sortation Equipment

The Postal Service unnecessarily purchased mail sorting equipment that could have been repurposed from other facilities and purchased other equipment that has gone unused. Specifically, the Postal Service spent over [REDACTED] to purchase and install 12 new Single Induction Package Sorters (SIPS) at the Indianapolis RPDC. However, the Postal Service had over 78 underutilized SIPS and Small Delivery Unit Sorters (SDUS) machines¹⁵ at other facilities that

“The Postal Service unnecessarily purchased mail sorting equipment that could have been repurposed from other facilities.”

could have been deployed to the RPDC instead of buying new equipment. In the period prior to installation of the new SIPS machines, we found over 78 machines at other processing facilities that were used less than two hours a day on average. This low level of utilization indicates the machines were not needed and could have been moved to the Indianapolis RPDC. By purchasing 12 new SIPS machines instead of relocating underused machines from elsewhere, the Postal Service spent funds unnecessarily. Further, since installation at the RPDC, four of the new SIPS machines were used, on average, less than four hours a day.

The Postal Service also spent over [REDACTED] to purchase 160 flex rover sorters¹⁶ to sort non-machinable packages at the RPDC. However, many of these were not used, including 65 stored in a taped off area away from mail processing operations. See Figure 10 for underutilized processing equipment.

Figure 10. Underutilized Processing Equipment



Source: OIG photograph taken at the Indianapolis RPDC on July 22, 2025.



Source: OIG photograph taken at the Indianapolis RPDC on July 22, 2025.

Management stated it purchased new SIPS machines beginning in January of 2024 because there were no available machines in its inventory. However, in March 2024 management responded to a prior OIG report about underutilized SIPS machines nationwide. It stated it would consider relocation of SIPS machines to other facilities that demonstrated higher need, including those with new package volume and requiring equipment and additional processing capacity due to network and facility modernization initiatives. The Indianapolis RPDC met this criterion.

¹⁵ SIPS and SDUS are similar equipment that process packages.

¹⁶ The Flex Rover Sorter is a wheeled robot that sorts large and nonmachinable packages into containers.

Regarding the unused flex rover sorters, the acting plant manager stated they were initially designed for use under the MaRS but could not operate due to network connectivity issues. Additionally, management planned to redeploy and use this equipment in a different area in the facility.

The underutilized equipment at the RPDC represents over \$20 million in funds that could have been put to better use. We plan to conduct additional work to review underutilized mail processing equipment nationwide. At a time when it is important for the Postal Service to manage its limited resources, unnecessary expenditures inhibit its ability to address other needs.

Recommendation #5

We recommend that the **Vice President, Processing Operations, Central**, optimize usage of mail processing equipment at the Indianapolis Regional Processing and Distribution Center, including potential redeployment of underused equipment to facilities that need additional mail processing.

Postal Service Response

Management disagreed with the finding, monetary impact, and recommendation 5. Management stated the finding did not account for variations in machine capabilities, and the machines purchased for the Indianapolis RPDC have specific features not available on the underutilized machines identified in other parts of the country.

Regarding the monetary impact, management stated the low utilized machines in other facilities

identified by the OIG could not be utilized in the Indianapolis RPDC because a different, improved version was essential as well as a strategic business investment that was well thought out in advance. Furthermore, it believed that the OIG's analysis did not account for costs to move machines from low utilized sites nor the increased manual workhours at these sites.

Regarding recommendation 5, management stated there is no need to develop a separate site-specific plan because it has a comprehensive equipment deployment plan that reviews underutilization and redeployment plans.

OIG Evaluation

The OIG considers management's comments nonresponsive to recommendation 5 as management has not provided support for how it will optimize the use of mail processing equipment at the Indianapolis RPDC, nor a plan to potentially redeploy underused equipment. We view the disagreement as unresolved and will pursue it through the audit resolution process.

Regarding management's disagreement with the monetary impact, management did not provide any documentation showing the difference in technology between 78 underutilized machines identified versus the 12 new machines purchased. Additionally, the cost of the new machines were nearly identical to prior versions, and any enhancements could have been applied to existing machines. Further, OIG calculations considered the cost of moving mail processing equipment and the increased manual workhours at losing facilities.

Finding #4: Scanning of Trailer Loads Not Conducted

Personnel at the Indianapolis RPDC did not always complete required “unload” and “load” scans needed to support operational planning and mail tracking. Specifically, logistics and processing personnel conducted 86.1 percent of the required scans at the Indianapolis RPDC and 89.3 percent at the LPC; yet this is over 8 and 5 percentage points, respectively, below goals. Dock operations, which include logistics and processing employees, are responsible for performing the following four required logistics scans.

- Arrive: Performed when the trailer arrives at a facility.
- Unload: Records the unloading of a container from a trailer.

- Load: Records the loading of a container onto a trailer and helps calculate trailer use.
- Depart: Performed when the trailer is ready to leave for its destination.

During our site visit in July 2025, we found multiple containers that were without arrival and unload scans at the RPDC, signaling continued, insufficient oversight of employee scanning by logistics and processing management. This includes the review of daily scan data and addressing missed scans with employees. See Table 3 for details of completed and missed scan percentage.

Table 3. Indianapolis Region Scanning Compliance

Scan Description	RPDC		LPC	
	10/19/2024 - 9/26/2025		10/19/2024 - 9/26/2025	
	Completed Scans	Missed Scans	Completed Scans	Missed Scans
FY 25 Scanning Goal	95%		95%	
Arrive	99%	1%	99%	1%
Unload	88%	12%	86%	14%
Load	83%	17%	89%	11%
Depart	99%	1%	99%	1%
Average of All Scans	86.1%	13.9%	89.3%	10.7%

Source: OIG analysis of Surface Visibility scanning compliance.

Postal Service management stated employees did not complete required scans because scanning equipment was not available. We found that 153 of 219 (70 percent) surface visibility scanners were missing and not accounted for at the facility. Each scanner costs \$565 representing over \$86,000 of missing equipment that is not quickly replaceable. This occurred because the Postal Service did not

“Employees did not complete required scans because scanning equipment was not available.”

have inventory controls in place over the equipment.

The Delivering for America plan emphasizes enhancing product tracking as a key strategy for financial sustainability and service excellence. The plan aims to leverage technology to improve near real-time visibility and tracking of mail and packages for the Postal Service, its customers, and mailers. However, when scans

are not completed, the Postal Service and its customers lose mail visibility, and downstream facilities lack accurate data on incoming mail volumes.

Recommendation #6

We recommend that the **Vice President, Processing Operations, Central**, strengthen inventory controls over surface visibility scanners and evaluate implementing an automated system.

Recommendation #7

We recommend that the **Senior Director, Division Processing Operations, Central**, in coordination with the **Logistics Division Director, Central**, direct the Indianapolis Regional Processing and Distribution Center Processing and Logistics managers to review daily scan data to identify problem areas and correct issues to achieve current scanning goals.

Postal Service Response

Management agreed with the finding and recommendations 6 and 7, and acknowledged that there is opportunity to enhance its scanning performance.

Regarding recommendation 6, management stated there is a national solution under development, and it is in the process of testing an enhanced inventory control system. In the meantime, a non-automated solution had been implemented in Indianapolis. The target implementation date is January 31, 2027.

Regarding recommendation 7, management stated it provided documentation demonstrating corrective actions to mitigate the deficiencies, and requested closure of the recommendation upon issuance of the final report.

OIG Evaluation

The OIG considers management's comments responsive to recommendations 6 and 7 and corrective actions should resolve the issues identified in the report. Management requested closure of recommendation 7 at issuance but did not provide supporting documentation showing corrective actions had been implemented. We will work with management to obtain and review supporting evidence to verify corrective actions have been implemented and close the recommendation once this verification is complete.

Appendices

Appendix A: Additional Information	22
Scope and Methodology	22
Prior Audit Coverage	23
Appendix B: Management’s Comments	24

Appendix A: Additional Information

Scope and Methodology

The team evaluated mail processing operations in the Indianapolis, IN, region from June 18, 2025, through October 31, 2025.

To accomplish our objective, we:

- Reviewed policies, procedures, manuals, and training materials to gain an understanding of how the Postal Service continues to operate, manage, monitor, and oversee operations in the Indianapolis region.
- Reviewed Decision Analysis Reports and Investment Records to understand capital investment justifications and the anticipated return on investment.
- Reviewed operating plans, mail volume, operating expenses, and trip schedules.
- Reviewed and analyzed staffing and work hours and labor utilization from Enterprise Data Warehouse, eFlash, Workforce, Time and Attendance Collection System, and National Performance Assessment data.
- Reviewed and analyzed service performance data from Informed Visibility.
- Reviewed and analyzed extra and canceled trip costs from the Transportation Management System.
- Reviewed and analyzed scanning compliance from Surface Visibility.
- Visited the Indianapolis RPDC, LPC, and MPAs in July 2025 to observe collections, mail processing, and dispatch operations; and interviewed processing facility management and personnel to discuss operations, and service performance.

We conducted this performance audit from June through February 2026 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 January 7, 2026, and included its comments where appropriate.

In planning and conducting the audit, we obtained an understanding of RPDC internal control structure to help determine the nature, timing, and extent of our audit procedures. We reviewed the management controls for overseeing the program and mitigating associated risks. Additionally, we assessed the internal control components and underlying principles, and we determined that the following five components were significant to our audit objective:

- Control Environment
- Risk Assessment
- Control Activities
- Information and Communication
- 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 environment and monitoring that were significant within the context of our objectives. Our recommendations, if implemented, should correct the weaknesses we identified.

We used data from the Enterprise Data Warehouse, Informed Visibility, Mail Arrival Quality/Plant Arrival Quality, National Performance Assessment, Surface Visibility, Time and Attendance Collection System, Transportation Management System, Web End of Run, Workforce, and eFlash. We assessed the reliability of the data by interviewing Postal Service officials and conducting performance tests for completeness, reasonableness, accuracy, and validity. 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
<i>Network Changes - Progress on Improvements at Atlanta, GA, Regional Processing and Distribution Center</i>	To evaluate operations and service performance at the Atlanta RPDC and follow up on corrective actions taken by the U.S. Postal Service to improve performance.	25-039-R25	7/8/2025	\$16.1M
<i>Network Changes - Progress on Improvements at Richmond, VA Regional Processing and Distribution Center</i>	To evaluate operations and service performance at the Richmond RPDC and follow up on corrective actions taken by the U.S. Postal Service to improve performance.	24-152-R25	1/27/2025	\$2.3M
<i>Effectiveness of the New Regional Processing and Distribution Center in Atlanta, GA</i>	To assess the operational impacts related to the launch of the RPDC and identify successes, opportunities, and lessons learned.	24-074-R24	8/28/2024	\$0
<i>Supervisor Vacancies</i>	To evaluate whether corrective actions taken by the Postal Service in response to prior recommendations in the OIG's First Line Supervisor Recruitment and Retention audit report sufficiently addressed the issues identified and to further assess initiatives related to supervisor vacancies.	23-172-R24	7/17/2024	\$0
<i>Single Induction Package Sorter Machine Deployment and Performance</i>	To evaluate the U.S. Postal Service's strategic plan for and performance of the SIPS machine.	23-066-R23	9/11/2023	\$38.3M

Appendix B: Management's Comments



January 23, 2026

LAURA LOZON
DIRECTOR, AUDIT SERVICES

SUBJECT: Management Response: ***Network Changes: Effectiveness of the New Regional Processing and Distribution Center in Indianapolis, IN.***

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: Effectiveness of the New Regional Processing and Distribution Center in Indianapolis, IN (25-093-DRAFT)***

Finding #1: Successes and Repeated Challenges Implementing Network Changes

- We disagree in part with this finding. The OIG reports certain challenges but fails to include other factors which were contributors to this specific situation. For example, there are unique circumstances which impacted portions of staffing that are not cited in this report.

Finding #2: Network Changes Negatively Impacted Design at the RPDC

- We acknowledge that there were significant changes from the original plan that impacted the design. However, we contend that the evolution of changes was needed to provide the best possible plan as the model evolved.

Finding #3: Nonessential Purchase and Underutilized Sortation Equipment

- We disagree with this finding as it does not account for variations in machine capabilities. The machines which were purchased for Indianapolis RPDC have specific features that were not available on underutilized machines in other parts of the country.

Finding #4: Scanning of Trailer Loads Not Conducted

- We agree there is opportunity to enhance our scanning performance.

Monetary Impact:

We disagree with the monetary impact analysis. The 12 "Low Utilized" machines shown in the monetary impact document could not be utilized in Indianapolis RPDC because a different, improved version of the SIPS was essential. The SIPS required for Indianapolis RPDC has 6 sided cameras and different feeder systems, for example. Installing the specific style of machine was a strategic business investment that was well thought out in advance.

Furthermore, even if none of this were the case, we completely disagree with the "Funds Put to Better Use" amount outlined in the Monetary Impact Document as we believe it does not accurately account for the increase in costs at the losing sites. Removing machines from low utilized sites incurs costs to move the machine and increases manual workhours at the losing site. These costs were not accurately factored into the Monetary Impact.

Following, are our comments on each of the seven recommendations.

Recommendation 1: We recommend the Vice President, Regional Processing Operations, Central, execute a plan to provide stable leadership at the Indianapolis Regional Processing and Distribution Center

Management Response/Action Plan:

Management agrees with this recommendation. There is a plan for the leadership at the Indianapolis RPDC and USPS management is in the process of implementing the plan.

Target Implementation Date: 11/31/2026

Responsible Official:

Vice President, Regional Processing Operations, Central

Recommendation 2: We recommend the Vice President, Regional Processing Operations, Central, staff management positions at the Indianapolis Regional Processing and Distribution Center to authorized levels.

Management Response/Action Plan:

Management agrees with this recommendation. We have been and continue to be in the midst of a national EAS realignment and are working through the process appropriately throughout the country, including within Central Division.

Target Implementation Date: 1/31/2027

Responsible Official:

Vice President, Regional Processing Operations, Central

Recommendation 3: We recommend the Vice President, Regional Processing Operations, Central, continue to work with local management and staff to improve employee availability at the Indianapolis Regional Processing and Distribution Center to meet the national goal.

Management Response/Action Plan:

Management agrees with this recommendation. USPS management has been and will continue to work jointly with Labor on employee availability.

Target Implementation Date: 11/30/2026

Responsible Official:

Vice President, Regional Processing Operations, Central

Recommendation 4: We recommend that the Vice President, Processing Operations, Central, in coordination with the Vice President, Logistics, revise projected savings and identify opportunities to improve efficiency of operations in the Indianapolis, IN, region.

Management Response/Action Plan:

Management disagrees with this recommendation. We have seen more than the expected package productivity gains. Given the substantial volume increase within the campus, we have seen significant cost avoidance.

Target Implementation Date:

N/A

Responsible Official:

N/A

Recommendation 5: We recommend that the Vice President, Processing Operations, Central, optimize usage of mail processing equipment at the Indianapolis Regional Processing and Distribution Center, including potential redeployment of underused equipment to facilities that need additional mail processing.

Management Response/Action Plan:

Management disagrees with this recommendation. There is no need to develop a separate site-specific plan. USPS management has a comprehensive equipment deployment plan which includes reviewing utilization and redeployment plans. We continue to work cross-functionally to review equipment usage and potential moves to best support the network. For Indianapolis RPDC, we started RTH processing on the east side of the building first with the help of 6 machines while the MaRS was being built out. This was happening simultaneously so we could not use the same SIPS as child sorters for the MaRS. Additionally, we could not move machines from delivery as the MaRS child sorters have a different configuration. The SDUS machine is manually fed and has only top camera. The child sorters come with a singulator and a six-sided camera. Two different pieces of technology.

Target Implementation Date:

N/A

Responsible Official:

N/A

Recommendation 6: We recommend that the Vice President, Processing Operations, Central, strengthen inventory controls over surface visibility scanners and evaluate implementing an automated system.

Management Response/Action Plan:

Management agrees with this recommendation. A national solution is under development and USPS is in the process of testing an enhanced inventory control system. If determined to meet the needs and the program is rolled out nationally, Indianapolis will be part of the national deployment schedule. In the meantime, a non-automated solution has been implemented in Indianapolis.

Target Implementation Date: 01/31/2027

Responsible Official:

Vice President, Processing Operations, Central

Recommendation 7: We recommend that the Senior Processing Division Director, Central, in coordination with the Logistics Division Director, Central, direct the Indianapolis Regional Processing and Distribution Center Processing and Logistics managers to review daily scan data to identify problem areas and correct issues to achieve current scanning goals.

Management Response/Action Plan:

Management agrees with this recommendation. Documentation has been provided demonstrating corrective actions to mitigate the deficiencies. We request closure of this recommendation.

Target Implementation Date:

N/A

Responsible Official:

Senior Processing Division Director, Central & Logistics Division Director, Central

E-SIGNED by Todd.S Hawkins
on 2026-01-23 11:14:29 EST

TODD HAWKINS
VICE PRESIDENT, REGIONAL PROCESSING OPERATIONS, CENTRAL

E-SIGNED by ROBERT CINTRON
on 2026-01-23 08:36:10 EST

ROBERT CINTRON
VICE PRESIDENT, LOGISTICS

E-SIGNED by FRANK.D VEAL
on 2026-01-23 07:58:33 EST

FRANK VEAL
SENIOR DIVISION DIRECTOR, PROCESSING OPERATIONS

E-SIGNED by JENNIFER.D SZABO
on 2026-01-23 08:46:02 EST

JENNIFER SZABO
DIRECTOR DIVISION, LOGISTICS

cc: Corporate Audit & Response Management

OFFICE OF INSPECTOR GENERAL UNITED STATES POSTAL SERVICE



This document contains sensitive information that has been redacted for public release. These redactions were coordinated with USPS and agreed to by the OIG.

Contact us via our [Hotline](#) and [FOIA](#) forms. Follow us on social networks. Stay informed.

1735 North Lynn Street, Arlington, VA 22209-2020
(703) 248-2100

For media inquiries, please email press@uspsoig.gov or call (703) 248-2100