Measuring Performance of Sorting and Delivery Centers

AUDIT REPORT

Report Number 24-040-R24 | September 25, 2024

OFFICE OF
INSPECTOR
GENERAL
UNITED STATES POSTAL SERVICE

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Highlights

Background

One of the Postal Service's key initiatives of its Delivering for America 10-year plan is to revitalize nearly 19,000 delivery units by targeting markets where it can aggregate delivery units into fewer, larger, centrally located sorting and delivery centers (S&DC). According to the Postal Service, S&DCs will have package sortation equipment, standardize operations, and reduce mail handling costs. The first S&DC was opened in November 2022, and a total of 29 were implemented by the end of September 2023.

What We Did

The objective of this audit was to evaluate whether the Postal Service established and met operational goals for the implementation of S&DCs. We focused on the 29 S&DCs that began operations in November 2022 through September 2023, and judgmentally selected six to observe delivery operations and interview Postal Service management.

What We Found

The Postal Service established operational goals for the implementation of S&DCs through a scorecard containing 52 metrics that monitor service performance, operational efficiency, and potential plant impacts. On average, the S&DCs met goals for only three of the 17 metrics reviewed but were within five percentage points of the goal for an additional eight metrics. Additionally, the S&DCs performed better than the nationwide average for delivery units for eight of 14 comparable key metrics. The metrics where S&DCs underperformed were primarily related to carrier efficiency.

When considering the above comparisons, our collective data analysis, and our observations, we identified the following opportunities for improvement of S&DC performance. Specifically, S&DCs 1) did not consistently achieve city carrier route performance goals, which resulted in the Postal Service incurring additional overtime costs of $1.4 million from January to April 2024; 2) did not consistently meet the machine efficiency (mailpieces per hour) goal; 3) continued to not meet their scheduled goal for Post Office Box mail availability; and 4) had overburdened rural routes — or routes that took longer than the standard hours.

Recommendations and Management's Comments

We made six recommendations to address the issues identified in the report. Postal Service management agreed with one recommendation and disagreed with five. 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 recommendation 1 and will work with management through the audit resolution process on the other five. See Appendix F for management's comments in their entirety.

Transmittal Letter

OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

September 25, 2024

MEMORANDUM FOR: JOSHUA D. COLIN, PH. D
CHIEF RETAIL AND DELIVERY OFFICER, EXECUTIVE VICE PRESIDENT

Mary K. Lloyd

FROM: Mary Lloyd
Deputy Assistant Inspector General
 for Mission Operations

SUBJECT: Audit Report – Measuring Performance of Sorting and Delivery Centers (Report Number 24-040-R24)

This report presents the results of our audit of Measuring Performance of Sorting and Delivery Centers.

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 courtesies provided by your staff. If you have any questions or need additional information, please contact Brandi Adder, Director, Delivery Operations, or me at 703-248-2100.

Attachment

cc: Postmaster General
Corporate Audit and Response Management

Results

Introduction/Objective

This report presents the results of our self-initiated audit of Measuring Performance of Sorting and Delivery Centers (S&DC) (Project Number 24-040). Our objective was to evaluate whether the Postal Service established and met operational goals for the implementation of S&DCs. Specifically, we focused on S&DCs that began operations in November 2022 through September 2023. See Appendix A for additional information about this audit.

Background

The Postal Service is modernizing its network as part of its Delivering for America 10-year plan. One of its key initiatives is to revitalize the nearly 19,000 delivery units to reduce inefficient operations and costs. Delivery units house carriers and are where mail makes its final stop before delivery. The Postal Service has identified key markets where they can aggregate delivery units into fewer, larger, centrally located S&DCs — leveraging both repurposed and new facilities.

According to the Postal Service, S&DCs will have more space, package sortation equipment, and parking — increasing efficiency and allowing the adoption of electric delivery vehicles more easily. In addition, S&DCs may reduce transportation and mail handling costs, provide customers with additional services, allow for easier standardization and management of operations, and improve building and operating conditions for employees.

The Postal Service plans to open 400 S&DCs nationwide over the next several years. In November 2022, the first S&DC was opened in Athens, GA, and by the end of September 2023, the Postal Service had implemented a total of 29 S&DCs. Of these 29 S&DCs, one was implemented in November 2022, five in February 2023, eight in

June 2023, and 15 in September 2023. The Brooklyn-Alabama Parcel Delivery Center was classified as an S&DC after our review period and was not included as part of our review.

According to Postal Service management, S&DCs are simply large delivery units with package sorting machines, therefore, its national performance assessment[1] goals are the same as traditional delivery units.

> **"The Postal Service developed the S&DC Scorecard — containing 52 metrics — to monitor service performance, operational efficiency, and potential mail processing impacts of S&DCs. The Postal Service deemed 23 of these as key metrics needing to be tracked daily to ensure S&DC performance."**

In January 2023, the Postal Service developed the S&DC Scorecard — containing 52 metrics — to monitor[2] service performance, operational efficiency, and potential mail processing impacts of S&DCs. The Postal Service deemed 23 of these as key metrics needing to be tracked daily to ensure S&DC performance. Most of these metrics are the same metrics used to evaluate delivery units as most operations are the same between both facilities.

To evaluate S&DC operational performance, we reviewed 17[3] of the 23 key metrics, analyzed data from all 29 S&DCs implemented before

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1   National performance assessment summarizes a variety of organizational performance metrics, such as retail revenue and on time express mail delivery. These metrics are translated into web-based scorecards that can be used to monitor performance.
2   The scorecard is monitored by headquarters and district management, with district management being responsible for taking action to improve performance.
3   We excluded six of the Postal Service's 23 key metrics from our review because scores either did not exist for all S&DCs as the metric does not occur consistently or the metric was added after our review.

September 30, 2023, and conducted observations at six judgmentally selected S&DCs and their associated spoke offices.[4] The S&DCs visited were Bryan, TX; Panama City, FL; Pasco, WA; Topeka, KS; North Atlanta, GA; and Stewart, NY. See Appendix B for additional information on the S&DCs and sites observed. See Appendix C for the 52 S&DC Scorecard metrics, their associated goals, and the metrics analyzed by the Office of Inspector General (OIG).

Findings Summary

The Postal Service developed its S&DC scorecard to evaluate service performance, operational efficiency, and potential mail processing impacts of S&DCs. The scorecard tracks performance of each S&DC against 52 different metrics and is monitored by headquarters and district management.

While the Postal Service established operational goals to monitor S&DC performance, the 29 S&DCs reviewed did not consistently meet those goals. On average, the S&DCs met goals for only three of the

> "While the Postal Service established operational goals to monitor S&DC performance, the 29 S&DCs reviewed did not consistently meet those goals."

17 metrics reviewed[5] but were within five percentage points of the goal for an additional eight metrics. See Appendix D for additional details and scorecard performance by S&DC.

Additionally, when comparing to the nationwide averages for delivery units,[6] the S&DCs performed better in eight of 14[7] comparable metrics (about 57 percent) reviewed. For example, S&DCs performed better in all three first mile[8] and last mile[9] performance metrics reviewed related to service performance but underperformed in four metrics[10] related to city carrier efficiency (see Table 1).

When considering the above comparisons, our collective data analysis, and our observations at six judgmentally selected S&DCs and their associated spoke offices, we found that the Postal Service has opportunities for S&DCs to improve in the areas of City Carrier Route performance, Small Delivery Unit Sorter (SDUS) throughput, PO Box uptimes, and overburdened[11] Rural Routes.[12]

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4   After implementation, the S&DCs absorbed delivery operations, which included carrier routes and related mail and package sortation from nearby spoke offices.
5   The data was analyzed by pay periods and included weeks 14 through 31; or December 30, 2023, to May 3, 2024.
6   We compared delivery unit data from July 1 through August 5, 2024.
7   Several metrics were either not comparable between an S&DC and a delivery unit or no data was available.
8   A first mile failure is a mailpiece that did not meet service expectations because of time spent where the mail is collected and transported for processing.
9   A last mile failure is a mailpiece that was processed on time but delivered after the expected delivery date.
10 Office Variance to 60 Minutes, hour per route, city carriers out after 7 p.m., and distribution uptime.
11 According to Postal Service policy, a route is considered overburdened when the hours for the route are greater than weekly standard. A standard route delivers six days a week in 55:47 (hours and minutes) or less. A route would be considered overburdened if it exceeds the standard of 55:47 hours.
12 The metric associated with this finding (Rural Routes Over Evaluation) was not identified by Postal Service management as one of the 23 key metrics but is included on the S&DC Scorecard as one of the 52 metrics. Due to issues uncovered during site observations, we added it to our analysis.

Table 1. Comparison of S&DC and National Delivery Unit Performance[13]

Count	Metric	Goal	S&DC Average Score	National Average Score	Difference
1	City Begin Tour[14]	> 8:00	8:19	7:57	0:22
2	Distribution Uptime[15]	< 8:30	8:24	8:15	0:09
3	Office Variance to 60 Minutes[16]	< 0%	13.79%	2.42%	11.37%
4	Hours per Route	< 8	8:01	7:30	0:31
5	City Carriers Out After 7 p.m.	0	368	75	293
6	First Mile Letters	> 0%	-0.73%	-3.20%	2.46%
7	First Mile Flats	> 0%			
8	Last Mile Letters	> 0%	-1.06%	-1.87%	0.82%
9	Last Mile Flats	> 0%	-2.86%	-3.43%	0.56%
10	Non-Delivery Indicator	< 3%	4.45%	4.82%	-0.36%
11	Sum of Routes Delivered Less Than 65 Percent	0	7.52	1.45	6.07
12	City Delivery Point Sequence (DPS)[17] Letters	> 95%	91.64%	91.36%	0.27%
13	DPS Out of Sequence[18]	< 0.25%	0.50%	0.48%	0.01%
14	Small Delivery Unit Sorter Operational Throughput[19]	> 2,500			
15	PO Box Uptime On Time[20]	> 90%			
16	City Unit Recorded Letters	< 3%	5.06%	5.54%	-0.48%
17	City Unit Recorded Flats	< 60%	65.97%	71.82%	-5.86%

Source: Postal Service First Mile and Last Mile Diagnostics reports, Integrated Operating Plan Scorecard, Last 24-Hour Report, Triangulation report, and OIG analysis.

Note: Metrics without results were either not comparable between an S&DC and a delivery unit or no data was available. A green shaded cell means the S&DCs outperformed delivery unit average. A red shaded cell means the S&DC performed below the delivery unit average.

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13 The timeframe of the data depends on the metric identified. Metrics numbered 1, 2, and 4 were obtained from July 27 to August 3, 2024. Metrics numbered 10 and 11 were obtained from July 29 to August 5, 2024, and the remaining metrics data was obtained from Quarter 4 to Date (July 1– August 3, 2024).
14 Start of operations for city carriers.
15 When all mail types are distributed to the carriers.
16 The amount of time that a city carrier spends in the delivery unit to prepare the mail and perform administrative duties before leaving to deliver the mail.
17 An automated process of sorting mail by carrier routes into delivery order, eliminating the need for carriers to sort the mail manually in the delivery unit prior to their departure to the routes.
18 Letter mail that was sorted to the correct carrier route but in the wrong delivery order.
19 Package processing machines with the capability of sorting machinable packages to a carrier route level. According to the Postal Service, use of the SDUS machines at S&DCs would standardize, streamline, and expedite package sortation and reduce package sortation costs.
20 The PO Box uptime is the time-of-day customers can expect to collect all committed mail for that day, and mail timeliness is measured with PO Box uptimes.

Finding #1: City Carrier Route Performance

Generally, S&DCs did not meet their city carrier route performance goals. Specifically, S&DCs did not meet the goal of 60 minutes of office time, the expected hours per route, or carriers returning after 7 p.m.[21] We analyzed data obtained from the S&DC Scorecard from January through April 2024 and found 25 of 29 (or about 86 percent) S&DCs did not meet the goal of 60 minutes of office time per route.

> **"23 of 29 (or about 79 percent) S&DCs did not meet the goal of eight hours per route."**

In addition, we found 23 of 29 (or about 79 percent) S&DCs did not meet the goal of eight hours per route. S&DCs that did not meet the goal were, on average, 16 minutes over per route from January through April 2024 (see Figure 1). While individually 16 minutes is not a significant amount of time over the goal of eight hours per route, the compound effect of 16 minutes late on more than 1,800 routes can be a significant cost to the Postal Service.

Figure 1. Hours Per Route Performance
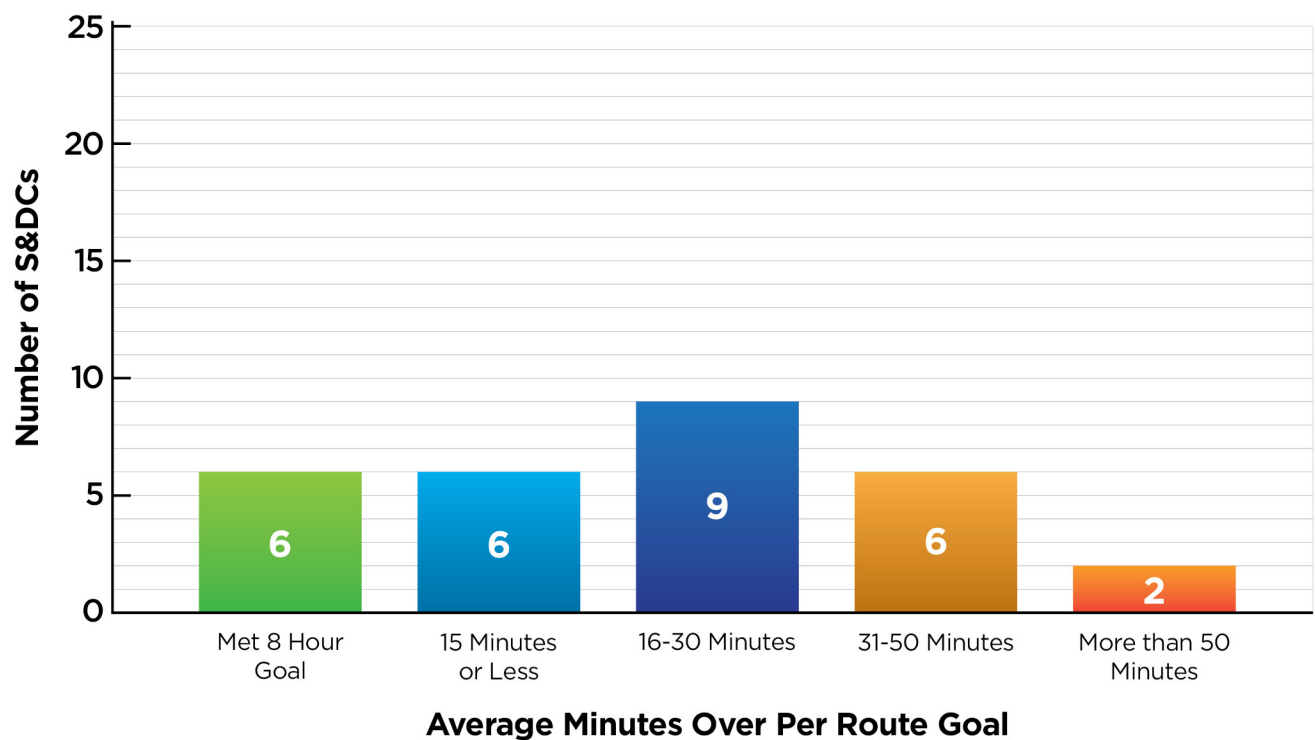
Source: OIG analysis of S&DC Scorecard Hours per Route data from January through April 2024 provided by Postal Service management on May 22, 2024.

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21   Carriers meeting these goals help the Postal Service ensure collection mail gets to processing facilities timely and reduces the likelihood of overtime utilized.

Further, none of the 29 S&DCs met the goal of no carriers returning after 7 p.m.

> " None of the 29 S&DCs met the goal of no carriers returning after 7 p.m. "

In order to identify why city carrier performance was a challenge in the S&DCs, we visited six S&DCs to observe delivery operations and interviewed Postal Service local management. We observed route performance impacted by both late arriving mail and poor mail quality received from the mail processing plant and a lack of management oversight. Specifically:

- *Timeliness of Mail*: Two of the six S&DCs (North Atlanta and Topeka) had issues with mail arriving late from the respective mail processing plant. For example, at the North Atlanta S&DC, we observed DPS letter mail for four city routes arrived three hours late to the facility. Management stated the mail was sent to the wrong delivery unit and had to be transported back to the S&DC. At the Topeka S&DC, DPS letter mail arrived eight hours late during observations. In addition, according to management, DPS letter mail was consistently 15 to 18 minutes late daily. From January through April 2024, about 16 percent of the transportation trips to the 29 S&DCs were late. The top three reasons for late trips were traffic, contractor failure, and postal vehicle service schedule failure.[22]

- *Mail Quality:* Three of the six S&DCs (North Atlanta, Bryan, and Topeka) had issues with mail received from the respective mail processing plant. This included DPS letter mail that was missent,[23]

missorted,[24] or mis-sequenced. Management at the North Atlanta and Bryan S&DCs stated the implementation of the additional processing facilities had either caused the timeliness and mail quality issues or increased the occurrences of those issues. When reviewing the S&DC Scorecard, 27 of the 29 S&DCs (93 percent) did not meet the City DPS letter goal or the DPS out-of-sequence goal from January through April 2024.[25]

- *Carrier Performance and Management Oversight:* Three of the six S&DCs (North Atlanta, Bryan, and Topeka) had issues with carriers' sense of urgency to complete operations timely and/or supervisors not engaging with employees. For example, we observed carriers talking on their cell phones and conversing with each other versus completing operations. Management at two S&DCs attributed this to inexperienced supervisors. Also, S&DC management acknowledged that there were additional areas for improvement to engage with carriers to meet operational goals and for management to complete required duties.

Postal Service policy[26] states:

1. Carriers are to expect daily supervision on the street just as they receive daily supervision in the office;

2. Carriers must be trained and motivated to complete their office work so that they may leave the office on time each day; and

3. Delivery managers must continually review carrier office routines to determine whether all unnecessary time-consuming practices have been eliminated or reduced to an absolute minimum.

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22 This could include postal vehicle service drivers not operating the trip according to plan or the trip was not running as scheduled.
23 Missent mail is mail that was sorted to the wrong delivery unit, station, or branch and has a barcode or ZIP Code for another office.
24 Missorted mail is mail that was sorted to the correct office or zone but received by the wrong carrier for delivery.
25 These metrics although based on the associated mail processing plant performance, are included on the scorecard and can provide additional context to S&DC performance.
26 Handbook M-39, Management of Delivery Services, Section 134, Scheduling Carriers, Section 122, and Adjustments, Section 14, dated June 2019.

In addition, if mail arrival varies from the operating plan,[27] Postal Service policy requires unit management to create a Mail Arrival Quality[28] case to notify the plant.

However, from January through April 2024, six of the 29 S&DCs (or about 21 percent) did not report any mail quality issues even though the majority were either not meeting DPS goals or received late trips from the plant. By not reporting issues, the Postal Service cannot determine issues with mail arrival and mail quality, or the frequency of these issues, to develop actionable solutions. In addition, without effective daily supervision, management cannot properly review, report, address, or follow up with key individuals to ensure carriers are efficiently performing their required duties.

We further observed unique issues that had impacts to route performance at specific locations. Most significantly, the North Atlanta S&DC shared a total of 14 arrow keys[29] between 30 carriers — which caused several carriers to wait for assistance to open and obtain collection box mail and deliver mail to cluster box units. This resulted in increased hours on the route. Most of the S&DC's existing keys were broken, and while management had ordered the replacements in January 2024, they did not receive the replacement arrow keys until April 2024.

Operational inefficiencies and inefficient practices can result in an increase in workhours and overtime. As a result of not effectively managing operations, the Postal Service incurred additional overtime costs of approximately $1.4 million from January through April 2024 at the 29 S&DCs, 13 percent above plan. Specifically, the Postal Service planned for overtime of about $11.2 million, but actually incurred about $12.6 million.

Recommendation #1

We recommend the **Chief Retail & Delivery Officer & Executive Vice President**, develop a process to monitor sorting and delivery center management's consistent use of the Mail Arrival Quality/Plant Arrival Quality system to report issues with the mail arrival profile.

Recommendation #2

We recommend the **Chief Retail & Delivery Officer & Executive Vice President**, develop a training for all sorting and delivery center supervisors specific to the network changes/impacts, including techniques to properly supervise route performance, and require all sorting and delivery center supervisors to complete.

Postal Service Response

Management partially agreed with the finding, agreed with recommendation 1, and disagreed with recommendation 2 and the monetary impact.

Regarding recommendation 1, management stated the Integrated Operating Plan (IOP) Dashboard was recently modified in May 2024, to display mail arrival conditions more distinctly and create a better understanding of the mail quality. Management expressed that this dashboard — along with the MAQ/PAQ dashboard — will be used to monitor mail arrival performance. In addition, focused training will be provided to delivery units to further support the consistent and proper use of the dashboard. The target implementation date for recommendation 1 is January 31, 2025.

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27 The integrated operating plan is an executive-sponsored initiative aimed at improving coordination and communication between mail processing and delivery unit facilities to ensure mail is processed, transported, and delivered timely.

28 The Mail Arrival Quality/Plant Arrival Quality (MAQ/PAQ) application is a centralized system for plants and delivery offices to report on variances from agreed-upon mail arrival profiles.

29 A specific key used by carriers to open mail-receiving receptacles, such as street collection boxes and panels of apartment mailboxes.

Regarding recommendation 2, management stated the S&DC Core Team, in conjunction with the Vice President, Delivery Operations, already utilizes a developed training regime to provide S&DC supervisors with necessary information related to supervision of route performance, and tracks completion of this training through logs. Management requested closure with issuance of the final report.

Regarding the monetary impact, management stated based on their analysis, they believe the amount is overstated and that the difference may be attributed to the date OIG extracted the data.

OIG Evaluation

Regarding recommendation 1, the OIG considers management's comments responsive to the recommendation, and corrective actions should resolve the issues identified in the report.

Regarding recommendation 2, while management stated they have developed training for S&DC supervisors on route performance supervision, and completion of training is documented for each S&DC supervisor, no documentation was provided. We view the disagreement as unresolved and will work with management through the formal audit resolution process.

Regarding the monetary impact, management provided subsequent documentation showing a difference between OIG's calculation and Postal Service's calculation. The methodology used to calculate the impact from January through April 2024 was the same; however, the OIG extracted the relevant data in June 2024 during the course of fieldwork, and the Postal Service used data obtained in August 2024, resulting in the difference.

Finding #2: Small Delivery Unit Sorter Throughput

S&DCs on average met the SDUS operational throughput goal of 2,500 pieces sorted per hour. We analyzed data obtained from the S&DC Scorecard from January through April 2024 and found 20 of 28[30] (or about 71 percent) met the SDUS operational throughput goal. However, the eight S&DCs that did not meet throughput ranged from 1,459 to 2,281 pieces per hour (see Figure 2).

Postal Service management stated that, to run efficiently, the SDUS requires a minimum of three employees, but could require a maximum of seven employees for an upgraded SDUS. However, there is no guidance to determine the appropriate number of employees required to run the SDUS efficiently. Several factors determine machine staffing, to include, but not limited to: size of the machine, number of bins, machine start time, and number of times the sort plan is changed. Employee responsibilities on the SDUS include: (1) staging packages properly and timely by the machine, which is critical to maintaining packages consistently on the SDUS; (2) facing packages on the machine, which is critical to attaining proper read rates and throughput; and (3) keeping the machine bins empty, which is critical to allowing the SDUS to continually sort packages into them.

Figure 2. SDUS Throughput Per Hour Performance
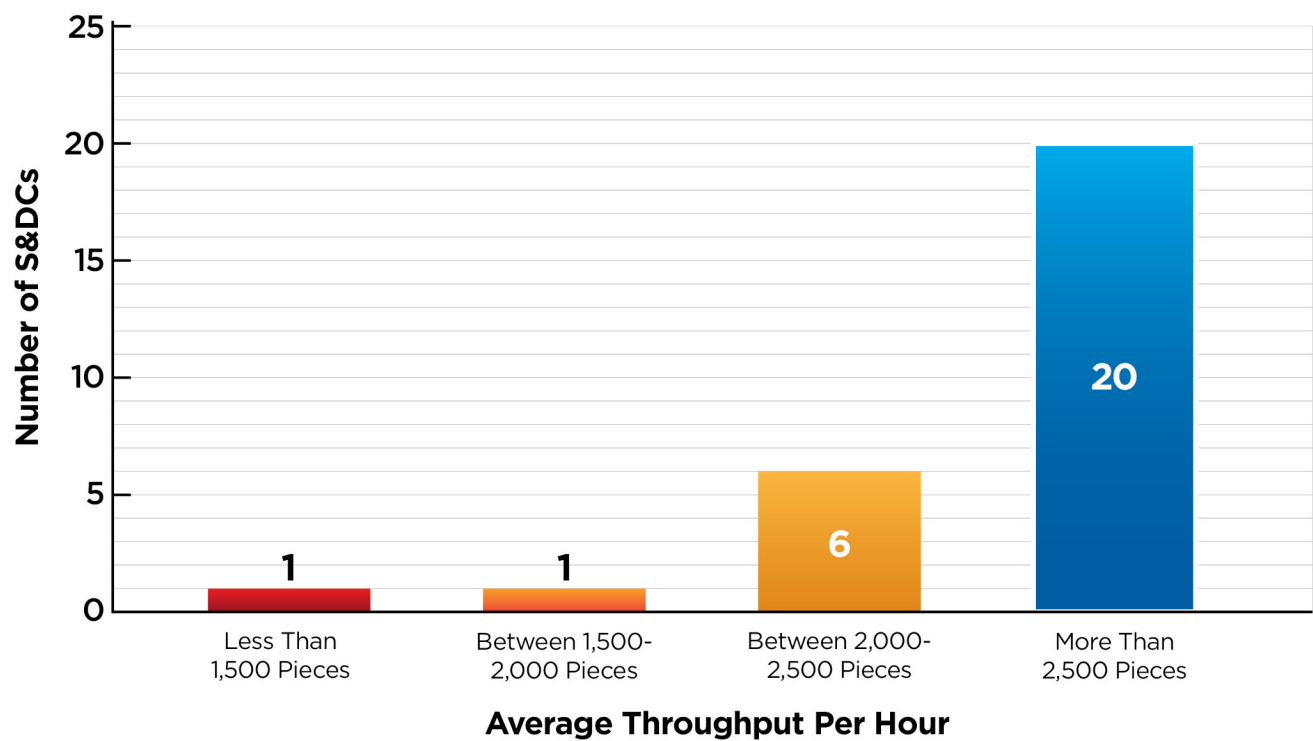
Source: OIG analysis of S&DC Scorecard SDUS Average Throughput data from January through April 2024 provided by Postal Service management on May 22, 2024.

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30 One S&DC did not contain data for this performance measurement because it did not have an SDUS machine; therefore, we excluded this site from our analysis.

During our site observations, three of the six (or 50 percent) S&DCs did not meet the SDUS operational throughput goal. Although throughput can be impacted by a variety of factors, we identified issues regarding the number and allocation of staff and other equipment issues. Specifically:

- At the North Atlanta S&DC, we observed three employees on the SDUS machine, however, local management stated they needed six employees[31] to achieve the throughput goal. In addition, five of the six tilters[32] were inoperable. Since they were inoperable, employees had to tear down or cut each cardboard box to reach packages, which did not allow for packages to be consistently maintained on the SDUS. In late February 2024, local management reported that most tilters were fixed.

- At the Bryan S&DC, we again observed three employees on the SDUS machine, however, local management stated they needed five employees to achieve the throughput goal.

Both S&DC's management stated they were in the process of hiring additional staff.

- At the Pasco S&DC, we observed three employees on the SDUS machine. Local management stated they had the appropriate number of employees (five) to achieve the throughput goal. However, the supervisor did not allocate the employees appropriately between the various processing tasks to ensure optimal efficiency. Specifically, there was only one employee responsible for both staging packages to be inducted into the machine and facing packages correctly to attain proper read rates. These are traditionally two separate jobs, requiring two employees, and are necessary to keep the machine running efficiently and meet operational throughputs.

> " During our site observations, three of the six (or 50 percent) S&DCs did not meet the SDUS operational throughput goal. Although throughput can be impacted by a variety of factors, we identified issues regarding the number and allocation of staff and other equipment issues. "

If machines do not run efficiently and throughput goals are not met, cost savings may not be realized. Additionally, inefficient package processing can result in the untimely delivery of packages, which can decrease service performance and impact customer satisfaction.

Recommendation #3

We recommend the **Chief Retail & Delivery Officer & Executive Vice President**, clearly define the parameters for appropriate staffing levels at sorting and delivery centers to meet the Small Delivery Unit Sorter operational throughput goal.

Recommendation #4

We recommend the **Chief Retail & Delivery Officer & Executive Vice President**, after defining appropriate staffing levels, develop a plan for sorting and delivery centers to maintain the correct number of staff, aligned properly across the various processing tasks, for the Small Delivery Unit Sorter.

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31   The appropriate number of employees was provided to the S&DC by headquarters management. The S&DC was not aware of any policy or guidance explaining how the number of employees were determined.
32   Tilters increase efficiency by raising and angling cardboard boxes or wire containers, so employees do not have to extend their reach, bend, or lift packages.

Postal Service Response

Management disagreed with finding 2, and recommendations 3 and 4.

Regarding recommendation 3, management stated the Vice President, Retail and Post Office Operations, in conjunction with the S&DC Core Team, established protocols that define the parameters for appropriate staffing levels at S&DCs. Management explained the initial staffing review process, the use of a template for future staffing needs, and the reasons behind why SDUS staffing requirements fluctuate. Management requested closure with issuance of the final report.

Regarding recommendation 4, management stated the Vice President, Retail and Post Office Operations, in conjunction with the S&DC Core Team, already follows approved protocols to maintain the correct number of staff on the SDUS. This includes units following specific Standard Work Instructions that clearly outline the duties and proper staffing levels of the primary SDUS functions performed. Management requested closure with issuance of the final report.

OIG Evaluation

Regarding recommendation 3, while management stated they established protocols that defined the parameters for appropriate staffing levels at S&DCs, no documentation was provided. In addition, the Standard Work Instructions referenced in the management response only defines optimal staffing levels and does not set parameters (taking into consideration all staffing factors listed) for the appropriate number of employees required to run the SDUS efficiently. We view the disagreement as unresolved and will work with management through the formal audit resolution process.

Regarding recommendation 4, while management stated they follow approved protocols to maintain the correct number of staff on the SDUS, no documentation was provided. Management also stated they follow specific work instructions that outline proper staffing levels, but those instructions do not outline how those staffing levels will be maintained. We view the disagreement as unresolved and will work with management through the formal audit resolution process.

Finding #3: Post Office Box Uptimes

S&DC spoke offices did not consistently meet their scheduled PO Box uptimes. We analyzed data obtained from the S&DC Scorecard from January through April 2024 and found that, on average, 22 out of 27 S&DCs[33] (or about 81 percent) did not meet the 90 percent on time goal.

Prior to S&DC implementation, PO Box mail was transported directly to the delivery unit from the processing plant and distributed to individual PO Boxes at the delivery unit. After the S&DC implementation, PO Box mail was transported directly to the S&DCs from the processing plant, where it was sorted and then transported by carriers to the S&DC spoke offices (or individual delivery units) for customer pickup. These additional steps must occur timely to ensure PO Box mail distributed to delivery units meets scheduled PO Box uptimes.

In two previous audits,[34] we reported issues meeting established PO Box uptimes. In response, the Postal Service addressed this issue by standardizing all PO Box uptimes at existing S&DCs and spoke offices to noon, effective June 24, 2024. In addition, they determined that any future S&DC will have a PO Box uptime of noon. As a result, we will not make a recommendation on this issue; however, we plan to evaluate this issue in future audits.

> "In two previous audits, we reported issues meeting established PO Box uptimes. In response, the Postal Service addressed this issue by standardizing all PO Box uptimes at existing S&DCs and spoke offices to noon, effective June 24, 2024. In addition, they determined that any future S&DC will have a PO Box uptime of noon."

Postal Service Response
Management agreed with finding 3. Management stated they appreciated the OIG's acknowledgement of the changes implemented in June 2024 to better meet scheduled PO Box uptimes at spoke offices.

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

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33 Two S&DCs did not contain data for this performance measurement because of a missing finance number that was corrected after our period of review, and the other does not have any spoke offices; therefore, we excluded these two S&DCs from our analysis.
34 *Review of USPS Sorting and Delivery Centers Opened in Quarters 1 and 2 of FY 2023* (Report Number 23-062-R23, dated September 12, 2023) and *Sorting and Delivery Center Impacts in the Florida 1 District* (Report Number 23-171-R24, dated May 28, 2024).

Finding #4: Overburdened Rural Routes

While not identified as one its 23 key metrics,[35] we found S&DCs had issues with overburdened rural routes — or routes that exceeded the weekly standard of 55:47 (hours and minutes).[36] We analyzed data obtained from the Rural Management Support System for the 25 S&DCs,[37] and as of July 15, 2024, found that over half of the S&DCs had overburdened rural routes. Specifically,
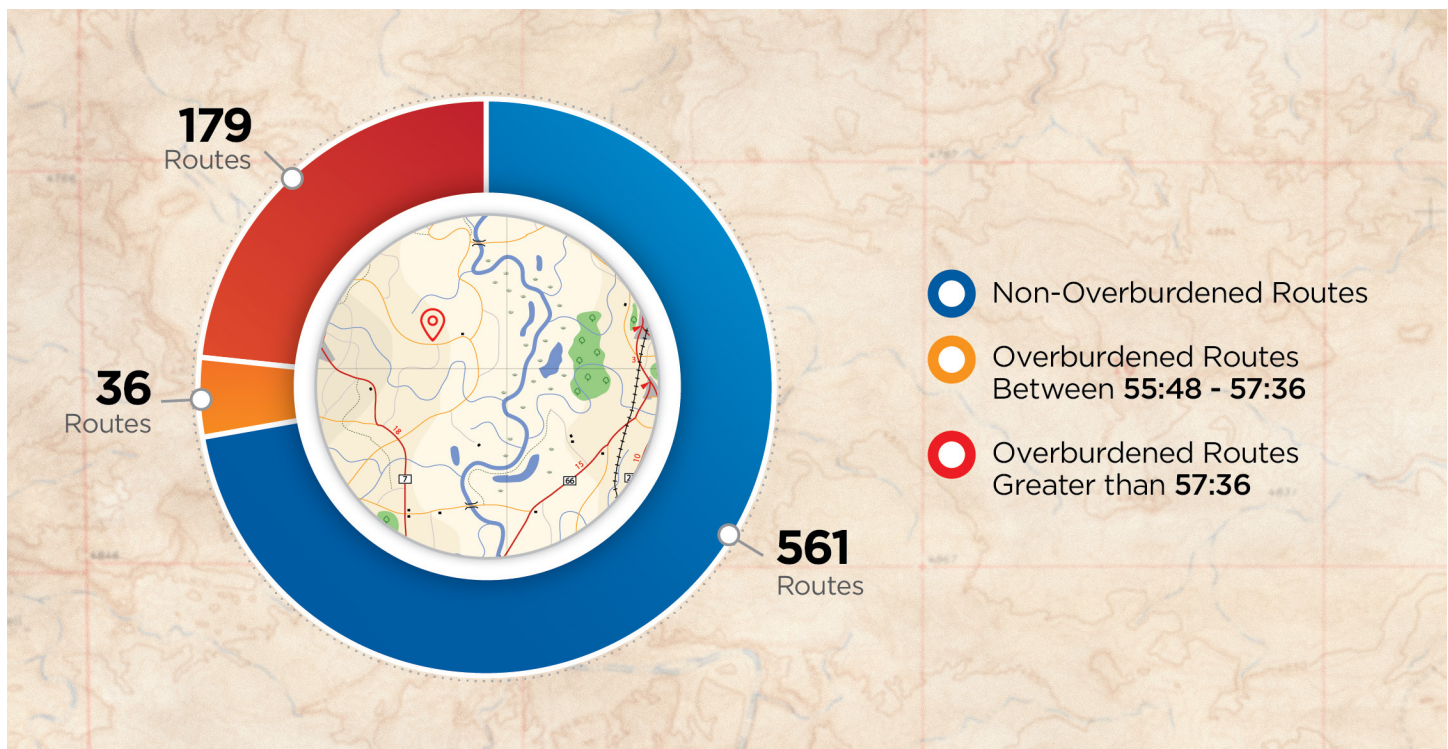
- Of the 25 S&DCs, 215 of their total 776 rural routes (or about 28 percent) were overburdened. Most of those routes exceeded the weekly standard by over 1 hour and 50 minutes – the maximum time the Postal Service allows for a weekly route (see Figure 3).

See Appendix E for additional details and overburdened route performance by S&DC.

With the implementation of S&DCs, the drive time for some routes increased as routes now started from the S&DC versus from the nearby delivery unit. This additional drive time caused overburdened routes or exacerbated routes already overburdened. According to Postal Service, these routes have been overburdened since S&DC implementation. Overburdened routes should be adjusted as quickly as possible. Auxiliary assistance (additional help from non-career employees) may be provided as a temporary means of providing relief for these routes.

However, management stated they could not adjust routes in the Rural Route Evaluation Compensation System (RRECS)[38] because the system follows contractual obligations and limits the maximum hourly input value for the route. Without the ability in the system to modify the hours to the route's actual hours, a route adjustment cannot be made.

Figure 3. S&DC Rural Route Performance

179 Routes

36 Routes

561 Routes

Non-Overburdened Routes

Overburdened Routes Between **55:48 - 57:36**

Overburdened Routes Greater than **57:36**

Source: OIG analysis of S&DC overburdened route data as of July 15, 2024, provided by Postal Service management on July 15, 2024.

35 This metric is still included on the S&DC Scorecard as one of the 52 metrics.
36 According to Postal Service policy, a route is considered overburdened when the hours for the route are greater than weekly standard hours. A standard route delivers mail in 55 hours and 47 minutes or less. A route would be considered overburdened if it exceeds that standard.
37 Not all S&DCs had rural routes.
38 A system that generates daily counts of work activities and calculates and updates evaluations of rural routes.

The Postal Service is in the process of manually updating and adjusting routes outside of RRECS,[39] with the goal of completing a review of S&DC routes by the end of July 2024. Specifically, the Postal Service made manual adjustments to 45 routes in June 2024 and an additional 183 routes in July 2024, at the S&DCs reviewed.[40]

When overburdened routes are not adjusted, the Postal Service risks incurring additional overtime costs, difficulties in retaining carriers, and increases in leave usage.

Recommendation #5

We recommend the **Chief Retail & Delivery Officer & Executive Vice President**, finalize an automated process within the Rural Route Evaluation Compensation System to make necessary adjustments to reduce the number of overburdened rural routes.

Recommendation #6

We recommend the **Chief Retail & Delivery Officer & Executive Vice President**, complete the ongoing review of sorting and delivery center routes and make necessary adjustments to reduce the number of overburdened rural routes.

Postal Service Response

Management disagreed with finding 4 and recommendations 5 and 6. Regarding the finding, management took issue with a paragraph in a draft of this report that discussed the RRECS and some system limitations.

Regarding recommendation 5, management stated the Postal Service is currently working to develop a technology-based method of reducing overburdened routes within the RRECS, and that there is a tentative pilot testing of the new process scheduled around the Summer of 2025, to determine the feasibility of this process.

Regarding recommendation 6, management stated S&DCs are adjusted equally as all other delivery units and are included in the RRECS, which reevaluates the routes semi-annually. After every semi-annual evaluation, the Postal Service reviews overburdened routes and manually updates and adjusts overburdened routes outside of RRECS, to include all S&DC routes.

OIG Evaluation

Regarding finding 4, after the exit conference and subsequent discussions with management, the OIG updated the paragraph regarding RRECS.

Regarding recommendation 5, while management disagreed, the stated actions meet the intent of the recommendation. The OIG understands that the feasibility of an automated process and the timeline for finalization if it is feasible, is undetermined; however, a status update can be provided after the pilot to show progress or completion of the testing if it is determined to not be attainable. We will work with management through the formal audit resolution process to obtain milestones on their development of a technology-based method of reducing overburdened routes.

Regarding recommendation 6, while management disagreed, the stated actions meet the intent of the recommendation. Additionally, management provided status updates of the ongoing review of S&DCs and the adjustments made to reduce the number of overburdened routes. As of September 16, 2024, only one more S&DC (out of the 29 included in our scope) needed to be reviewed. We will work with management through the formal audit resolution process to obtain documentation on the remaining S&DC needing review.

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39 The Postal Service completes adjustments outside of RRECS and then re-enters the updated routes into RRECS.
40 When reducing overburdened routes, the Postal Service may move delivery points to other routes; therefore, increasing the number of overall routes requiring adjustment.

Appendices

Appendix A: Additional Information

Scope and Methodology

Our objective was to evaluate whether the Postal Service established and met operational goals for the implementation of S&DCs. Specifically, we focused on S&DCs that began operations in November 2022 through September 2023.

To accomplish our objective, we:

- Identified 29 S&DCs opened in November 2022 through September 2023.

- Interviewed Postal Service Headquarters management to determine if operational goals were established to track/monitor the success of the S&DCs.

- Interviewed Postal Service Headquarters management responsible for collecting data for the S&DC Scorecard and updating the related Power BI Dashboard to gain an understanding of the scorecard and key metrics.

- Collected S&DC Scorecard data for the period of January through April 2024 for all 29 S&DCs and analyzed 17 key metrics to determine if S&DCs met operational goals.

- Obtained and analyzed 14 key metrics from July 1 through August 5, 2024, to determine how the average S&DC performance compared to national performance.

- Conducted site visits at six judgmentally selected S&DCs and associated spoke offices and interviewed key management and carriers to determine causes for facilities not meeting operational goals identified as relevant to the audit.

- Obtained overtime data for city carriers for the period of January through April 2024 to review and analyze the potential impact of S&DC's inefficiencies.

- Obtained and analyzed data as of July 15, 2024, on overburdened rural routes to determine potential impacts to rural operations.

- Reviewed applicable laws, policies, procedures, and relevant guidance related to city and rural routes management.

We conducted this performance audit from December 2023 through September 2024 in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. We discussed our observations and conclusions with management on August 26, 2024, and included their comments where appropriate.

In planning and conducting the audit, we obtained an understanding of Postal Service's S&DC Scorecard 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 two components were significant to our audit objective: control activities 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 and monitoring that were significant within the context of our objectives. Our recommendations, if implemented, should correct the weaknesses we identified.

We assessed the reliability of the S&DC Scorecard, eFlash, Mail Arrival Quality/Plant Arrival Quality, Enterprise Data Warehouse, Surface Visibility, and Rural Management Support System data when performing our data analysis. We performed tests for

data completeness, reasonableness, accuracy, and validity, and interviewing agency officials knowledgeable about the data. We determined that the data were sufficiently reliable for the purposes of this report.

Prior Audit Coverage

Report Title	Objective	Report Number	Final Report Date	Monetary Impact
Review of USPS Sorting and Delivery Centers Opened in Quarters 1 and 2 in FY 2023	To assess the effectiveness of communications with stakeholders and identify successes, opportunities, and lessons learned during the launch of the new S&DCs. Specifically, we focused on the first six S&DCs opened in November 2022 and February 2023.	23-062-R23	September 12, 2023	N/A
Sorting and Delivery Unit Impacts in the Florida 1 District	To assess the impact of the Postal Service's S&DC implementation in the Postal Service's Florida 1 District.	23-171-R24	May 28, 2024	▄▄▄▄▄▄

Appendix B: Implemented S&DCs and Site Visit Locations

From November 2022 through September 2023, 29 S&DCs were implemented. These S&DCs absorbed delivery operations (which included carrier routes and related mail and package sortation) from nearby spoke offices. See Table 2 for the S&DCs implemented, associated spoke offices, and sites selected for observations.

Table 2. S&DCs and Spoke Offices

S&DC and Spoke Offices	Implementation Date	Number of Impacted Routes
ATHENS, GA, S&DC		
Colbert Main Office		
Comer Main Office		
Crawford Main Office	November 2022	119
Hull Main Office		
Watkinsville Main Office		
Winterville Main Office		
BRYAN, TX, S&DC	February 2023	129
College Station Main Office		
GAINESVILLE, FL, S&DC		
Micanopy Main Office	February 2023	77
Newberry Main Office		
PANAMA CITY, FL, S&DC		
Lynn Haven Main Office		
Panama City – Beach (Moved One ZIP Code)	February 2023	96
Youngstown Main Office		
Panama City – Downtown Station		
Panama City – Northside Station	March 2024	
UTICA, NY, S&DC		
Barneveld Main Office		
Deansboro Main Office Modular		
Frankfort Main Office		
Holland Patent Main Office		
Ilion Main Office		
Marcy Main Office	February 2023	109
Newport Main Office		
Orinskany Main Office		
Poland Main Office		
Vernon Center Main Office		
Whitesboro Main Office		
Yorkville Main Office		

S&DC and Spoke Offices	Implementation Date	Number of Impacted Routes
WOBURN, MA, S&DC	February 2023	190
North Reading Main Office		
Wakefield Main Office		
ANNAPOLIS, MD, S&DC	June 2023	114
Annapolis Eastport Station		
Arnold Main Office		
Davidsonville Main Office		
HANOVER PARK, IL, S&DC	June 2023	105
Elgin Main Office		
Wayne Carrier Annex		
GOLDEN, CO, S&DC	June 2023	82
Evergreen Carrier Annex		
Morrison Main Office		
KOKOMO, IN, S&DC	June 2023	68
Forest Main Office		
Greentown Main Office		
Russiaville Main Office		
Sharpsville Main Office		
Windfall Main Office		
OWENSBORO, KY, S&DC	June 2023	69
PASCO WA S&DC	June 2023	158
Richland – West Richland Branch		
TOPEKA, KS, S&DC	June 2023	109
Rossville Main Office		
Silver Lake Main Office		
Topeka – Gage Center St		
Topeka – North Topeka Station		
Topeka – Sherwood Carrier Annex		
WILLIAMSPORT, PA, S&DC	June 2023	57
NORTH ATLANTA, GA, S&DC	September 2023	86
Briarcliff Branch (30359)		
Dunwoody Branch (30346, 30356)		
BRIDGEPORT, CT, S&DC	September 2023	43
CHULA VISTA, CA, S&DC	September 2023	105
Imperial Beach Main Office		
COLUMBIA, SC, S&DC	September 2023	84

S&DC and Spoke Offices	Implementation Date	Number of Impacted Routes
HUNTINGTON STATION, NY, S&DC	September 2023	83
Centerport Main Office		
Greenlawn Main Office		
IRVINE, CA, S&DC	September 2023	75
Silverado Main Office	February 2024	
JACKSON, MI, S&DC	September 2023	103
MORGANTOWN, WV, S&DC	September 2023	71
PALO ALTO, CA, S&DC	September 2023	118
Sunnyvale – Encinal Station		
ROCKFORD, IL, S&DC	September 2023	118
STEWART, NY, S&DC	September 2023	126
Beacon Main Office		
Clintondale Main Office		
Cornwall Main Office		
Cornwall On-Hudson Main Office		
Maybrook Main Office		
Newburgh Main Office		
Newburgh New Windsor Branch		
Rock Tavern Main Office		
Salisbury Mills Main Office		
Wallkill Main Office		
Fishkill Main Office	February 2024	
Montgomery Main Office		
Walden Main Office		
STOCKTON WEST LANE, CA, S&DC	September 2023	86
TERRE HAUTE, IN, S&DC	September 2023	83
Terre Haute Rose Station		
TULSA, OK, S&DC	September 2023	30
WACO, TX, S&DC	September 2023	106
Waco Downtown Station		
Hewitt Main Office	February 2024	
Lorena Main Office		
McGregor Main Office		

Source: Postal Regulatory Commission eDockets System and Postal Service Facilities Database.
Note: The S&DCs highlighted were judgmentally selected for site observations.

Appendix C: S&DC Scorecard Metrics and Goals

In January 2023, the Postal Service developed an S&DC Scorecard to monitor S&DCs over 52 metrics related to service performance, operational efficiency, and potential plant impacts. Of the 52 metrics, it identified 23 as key metrics needing to be tracked daily. We analyzed 17 of the 23 key metrics most relevant to our audit (see Table 3).

Table 3. S&DC Scorecard Metrics and Goals

Count	Metric	Goal
	Key Metrics	
1	City Begin Tour	Average hours greater than 8
2	Distribution Uptime	Average hours less than 8.5
3	Office Variance to 60 Minutes	Percentage of office hours over 60 minutes per route less than 0 percent
4	Hours per Route	Average hours per route less than 8 hours
5	City Carriers Out After 7 p.m.	No city carriers out after 7 p.m.
6	First Mile Letters	Any negative impact to first mile letter performance
7	First Mile Flats	Any negative impact to first mile flats performance
8	Last Mile Letters	Any negative impact to last mile letter performance
9	Last Mile Flats	Any negative impact to last mile flat performance
10	Non-Delivery Indicator	Total non-delivery percentage less than 3 percent
11	Sum of Routes Delivered Less Than 65 Percent	No routes less than 65 percent delivered
12	City Delivery Point Sequence (DPS) Letters	DPS letter volume greater than 95 percent
13	DPS Out of Sequence	Total DPS volume out of sequence less than 0.25 percent
14	Small Delivery Unit Sorter (SDUS) Operational Throughput	Total pieces fed on SDUS machine greater than 2,500 pieces per hour
15	PO Box Uptime On Time	Total on time PO Box scans greater than 90 percent
16	City Unit Recorded Letters	Unit recorded letter volume less than 3 percent
17	City Unit Recorded Flats	Unit recorded flats volume less than 60 percent
18	Survey Score	Gemba survey scores greater than 90 percent. These are based on selected leading indicators.
18a	Gemba End to End score	Gemba survey scores greater than 90 percent. These are based on selected leading indicators.
18b	Gemba Loading score	Gemba survey scores greater than 90 percent. These are based on selected leading indicators.
18c	Gemba Safety score	Gemba survey scores greater than 90 percent. These are based on selected leading indicators.
22	Interactive Voice Response to LPO Answer Rate	Total inbound Interactive Voice calls to unit answered greater than 80 percent
23	Average Load Time[41]	Carrier loading time less than 20 minutes

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41   Although identified on May 22, 2024, as a key metric, it was not available to analyze as it replaced a previous metric provided.

Count	Metric	Goal
		Additional Metrics
24	Rank	Rank number one or lowest for each 24-hour metric
25	Customer Service Variance Percent	Customer Service Variance greater than 92 percent
26	Geolocation Depart vs Time and Attendance Collection System Depart Average	Less than 5 departures
27	Street Variance to Base	Variance less than 0
28	Pivot Achieved	Percent Pivot achieved less than 0
29	Route Coverage	Total route coverage greater than 90 percent
30	Rural Carriers Out After 7 p.m.	No rural carriers out after 7 p.m.
31	All Carriers Out After 7 p.m.	No carriers out after 7 p.m.
32	Average Unload Time	Carrier unloading time less than 20 minutes
33	Geolocation Return vs Return Scan Average	Less than 5 returns
34	Parcel Select On Time	Performance by destinating ZIP Codes greater than ▇▇ percent
35	Last Mile Package	Scores greater than 99.7 percent
36	Rural Evaluated Variance	Variance less than 5 hours
37	Rural Routes Over Evaluation[42]	No rural routes over evaluated hours
38	Office Hours Over 3 Hours	No rural routes over 3 hours in office
39	Assist the Assigned Carrier	No assist the assigned carrier counts for rural routes
40	Carrier Route Letters	Routed letters volume less than 2 percent
41	Carrier Route Flats	Routed flats volume greater than 40 percent
42	Plant to Delivery Units – a.m. Trips On Time	Trips from plant to delivery units greater than 90 percent
43	Plant to Delivery Units – Extra Trips	Extra trips from plant to delivery units less than 1 percent
44	Plant to Delivery Units – Cancelled/Omitted Trips	Cancelled or omitted trips from plant to delivery units less than 3 percent
45	Plant to Delivery Units – Closed Not Loaded	Trips from plant to delivery units with containers closed less than .3 percent
46	Delivery Units to Plant – p.m. Trips On Time	Trips from delivery unit to plant greater than 90 percent
47	Delivery Units to Plant – Cancelled/Omitted Trips	Cancelled or omitted trips from delivery unit to plant less than 3 percent
48	Arrival at Unit / No Stop the Clock	No destinating packages receiving an Arrival at Unit/Out for Delivery and no stop-the-clock scan
49	Function 2B Availability	Employee availability for F2B workhours greater than 80 percent
50	Function 4 Availability	Employee availability for F4 workhours greater than 80 percent
51	Plant to Deliver Units – a.m. Trips On Time Count	Trips from plant to delivery unit greater than 90 percent
52	Plant to Delivery Units – a.m. Extra Trips Count	Extra trips count from plant to delivery units less than 1 percent

Source: S&DC Scorecard provided by Postal Service management on May 22, 2024.
Note: The metrics highlighted were used for OIG analysis.

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42 While not identified as one of the 23 key metrics, this metric was also evaluated for performance using data from the Rural Route Management System due to issues uncovered during site observations.

Appendix D: S&DC Scorecard Metric Details

From January to April 2024, the S&DCs on average met goals for only three of the 17 metrics reviewed.[43] In addition, eight missed the target by less than five percentage points.

Further, each S&DC met at least one of the 17 scorecard metrics reviewed. The S&DCs ranged from meeting one to nine metrics. See Table 4 for S&DC performance to the 17 metrics.

Table 4. S&DC Scorecard Key Metric Performance

S&DC	Key Metric Reviewed																
	City Begin Tour	DUT Complete	Office Var to 60 %	Hours per Route	Carriers after 7 p.m. City	First Mile Ltrs %	First Mile Flts %	Last Mile Ltrs %	Last Mile Flts %	NDI Non-Deliv %	Routes Delv < 65%	City DPS %	DPS Out of Sequence %	SDUS Avg Thput	PO Box Uptime Ontime %	City Unit Recorded Letters %	City Unit Recorded Flats %
S&DC Scorecard Goal	> 8	< 8.5	< 0%	< 8	0	> 0%	> 0%	> 0%	> 0%	< 3%	0	> 95%	< 0.25%	> 2,500	> 90%	< 3%	< 60%
ATHENS, GA	8.58	8.97	5.66	8.06	47	-10.80	-19.07	-0.76	-1.96	5.05	13	87.87	0.73	3,938	▬	6.40	69.63
BRYAN, TX	8.62	8.21	28.32	8.85	160	-2.86	-0.49	-2.39	-6.05	5.22	29	93.54	0.47	2,281	▬	4.81	62.69
GAINESVILLE, FL	8.13	9.04	28.01	8.50	73	-0.28	0.03	-0.95	-6.38	3.67	10	93.75	0.81	3,535	▬	3.82	70.67
PANAMA CITY, FL	8.36	8.91	10.46	8.48	57	-0.10	-0.24	-0.89	-1.34	4.94	14	93.86	0.48	2,641	46.75	3.72	64.17
UTICA, NY	8.09	8.32	24.43	8.52	79	-0.71	-0.24	-0.81	-3.13	3.21	9	94.00	0.39	2,753	▬	3.04	64.78
WOBURN, MA	8.08	8.58	12.76	8.09	198	-1.94	-2.89	-1.41	-4.42	2.66	11	89.91	0.58	2,668	▬	6.46	64.17
ANNAPOLIS, MD	8.66	9.16	38.64	7.81	207	-2.64	-6.53	-1.35	-1.01	2.96	21	94.51	0.58	2,670	▬	3.66	56.62
HANOVER PARK, IL	7.89	8.27	10.91	8.31	42	-0.92	-11.36	-0.98	-8.14	1.75	6	92.27	0.70	2,501	55.07	5.52	45.95
GOLDEN, CO	8.56	8.15	14.11	8.39	110	-2.46	-4.32	-1.21	-1.03	5.97	25	93.37	0.43	2,005	▬	3.19	68.02
KOKOMO, IN	7.75	8.39	19.94	8.62	42	-0.56	-2.28	-1.03	-2.54	4.90	6	94.19	0.51	2,788	▬	5.45	72.61
OWENSBORO, KY	8.33	7.84	-14.10	7.75	0	-0.42	0.00	-0.59	0.00	3.30	4	93.75	0.19	2,646	▬	5.61	79.32
PASCO, WA	8.47	8.63	25.74	9.50	436	0.02	0.26	-1.25	-1.29	5.57	45	93.48	0.21	2,211	▬	4.08	58.92
TOPEKA, KS	7.91	8.19	25.46	8.10	149	-3.13	-11.94	-1.95	-0.21	5.36	30	92.14	0.33	2,717	▬	5.19	55.75
WILLIAMSPORT, PA	8.53	8.75	16.47	8.33	62	-0.67	0.00	-0.27	-0.98	3.50	2	94.72	0.41	2,631	▬	4.21	69.13
NORTH ATLANTA, GA	8.69	8.77	50.75	8.95	333	-7.55	-4.76	-1.67	-5.22	2.17	5	90.43	0.59	2,206	▬	6.90	71.66
BRIDGEPORT, CT	8.15	8.21	-12.24	7.89	25	0.00	0.31	-0.83	-0.67	4.91	8	90.55	0.63	—	▬	5.12	65.53
CHULA VISTA, CA	7.97	8.28	6.29	8.31	21	0.06	0.00	-1.39	-2.07	1.41	3	94.68	0.39	2,822	▬	2.98	56.20
COLUMBIA, SC	8.38	8.69	17.17	8.53	141	0.07	0.00	-0.98	-2.18	6.41	19	94.26	0.43	1,459	▬	4.07	76.03
HUNTINGTON STATION, NY	8.32	8.53	43.12	8.21	94	-0.36	-0.79	-0.45	-0.75	1.79	13	93.34	0.36	2,533	▬	4.51	63.56
IRVINE, CA	8.67	8.16	1.62	8.31	63	0.00	0.00	-0.32	-1.84	1.91	10	93.05	0.51	2,546	▬	4.74	62.96

43   The data was analyzed by pay periods and included weeks 14 through 31; or December 30 to May 3, 2024.

S&DC	City Begin Tour	DUT Complete	Office Var to 60%	Hours per Route	Carriers after 7 p.m. City	First Mile Ltrs %	First Mile Flts %	Last Mile Ltrs %	Last Mile Flts %	NDI Non-Delv %	Routes Delv < 65%	City DPS %	DPS Out of Sequence %	SDUS Avg Thput	PO Box Uptime Ontime %	City Unit Recorded Letters %	City Unit Recorded Flats %
S&DC Scorecard Goal	> 8	< 8.5	< 0%	< 8	0	> 0%	> 0%	> 0%	> 0%	< 3%	0	> 95%	< 0.25%	> 2,500	> 90%	< 3%	< 60%
JACKSON, MI	7.85	7.96	22.96	8.18	19	-0.34	-0.29	-1.19	-2.39	3.77	5	88.02	0.42	2,701	72.16	8.43	69.14
MORGANTOWN, WV	7.77	7.98	32.86	8.55	13	-0.09	-2.08	-1.32	-2.14	5.21	15	87.34	0.47	1,801	—	9.42	73.24
PALO ALTO, CA	7.86	7.88	-8.75	7.66	200	-0.02	-0.02	-0.20	-1.04	2.14	7	95.37	0.44	2,223	▮	3.33	76.72
ROCKFORD, IL	8.15	8.38	6.79	7.55	28	-1.77	-11.93	-1.02	-2.79	3.97	7	91.39	0.44	2,230	▮	5.14	65.35
STEWART, NY	8.10	8.22	18.76	8.30	111	-0.47	-0.23	-1.17	-2.00	3.86	4	88.87	0.45	3,078	▮	7.11	74.97
STOCKTON WEST LANE, CA	7.46	7.37	9.64	8.57	33	0.02	-0.06	-1.58	-2.41	3.96	11	94.62	0.58	2,540	▮	3.24	70.12
TERRE HAUTE, IN	8.23	8.81	9.08	8.48	78	-4.46	-5.08	-0.46	-2.33	5.41	9	93.65	0.41	2,908	▮	5.85	46.10
TULSA, OK	7.93	7.99	1.57	7.02	16	0.07	-6.43	-0.42	0.00	6.47	3	89.30	0.47	2,721	—	8.67	70.19
WACO, TX	8.01	8.24	-17.93	8.17	23	-1.68	-8.42	-0.39	-3.55	4.06	4	95.17	0.41	2,634	▮	2.43	58.35
Average S&DC Performance	8.19	8.37	14.78%	8.28	99	-1.52%	-3.41%	1.01%	2.41%	3.98%	12	92.46%	0.48%	2,585	60.50%	5.07%	65.61%

Source: S&DC Scorecard data from January through April 2024 provided by Postal Service management on May 22, 2024.

Note: Metrics met are highlighted green while metrics not met are highlighted in red. Light red shaded cell means the S&DC on average performed within five percentage points of the goal.

Appendix E: Overburdened Rural Routes Details

We analyzed data obtained from Rural Management Support System for the 29 S&DCs, and as of July 15, 2024, we found 13 of 25 S&DCs[44] (or about 52 percent) had overburdened rural routes. S&DCs with overburdened rural routes ranged from 6 percent to 92 percent of total rural routes overburdened (see Table 5).

Table 5. S&DC Scorecard Key Metric Performance

S&DC	Non-Overburdened Routes	Overburdened Routes Between 55:48 – 57:36	Overburdened Routes Greater than 57:36	Total Overburdened Routes	Total Rural Routes	Percent Overburdened (%)
ANNAPOLIS, MD	45	4	3	7	52	13
ATHENS, GA	64	0	4	4	68	6
BRYAN, TX	36	0	31	31	67	46
COLUMBIA, SC	4	1	1	2	6	33
GAINESVILLE, FL	36	8	11	19	55	35
GOLDEN, CO	42	1	2	3	45	7
MORGANTOWN, WV	5	8	20	28	33	85
PANAMA CITY, FL	11	0	14	14	25	56
PASCO, WA	22	5	43	48	70	69
ROCKFORD, IL	17	2	8	10	27	37
STEWART, NY	29	4	4	8	37	22
WACO, TX	3	2	34	36	39	92
WOBURN, MA	7	1	4	5	12	42

Source: Rural Management Support System data provided by Postal Service management on July 15, 2024.

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44 Not all S&DCs reviewed had rural routes.

Appendix F: Management's Comments

UNITED STATES POSTAL SERVICE

September 12, 2024

JOHN CIHOTA
DIRECTOR, AUDIT SERVICES

SUBJECT: Measuring Performance of Sorting and Delivery Centers (24-040-DRAFT)

Thank you for providing the Postal Service an opportunity to review and comment on the findings contained in the draft audit report titled: *Measuring Performance of Sorting and Delivery Centers*.

Finding 1a: Mail arrival quality
Management agrees with the importance of creating a Mail Arrival Quality (MAQ) case to notify the plant when mail arrival varies from the operating plan. Regarding supervisor experience, the Vice President of Delivery Operations utilizes a developed training regime to provide supervisors at S&DCs with the necessary information related to supervision of route performance.

Finding 1b: Inexperienced supervisors at S&DCs
Management disagrees that adequate training was not provided. The S&DC Core Team in conjunction with the Vice President Delivery Operations utilizes a developed training regime to provide supervisors at Sorting and Delivery Centers with the necessary information related to supervision of route performance.

Finding 2: Established guidance on staffing
Management disagrees that the S&DC were not properly staffed, and that local management was not aware of staffing processes. Both locations cited in the audit show appropriate staffing levels were utilized when compared to the earned count for Function 4 operations. North Atlanta, GA has 14 full time employees on the rolls compared to an earned complement of 13 full time positions with 1 PSE on the rolls. Bryan, TX has 30 full time employees on the rolls with an earned complement of 28 full time positions with 4 PSEs on the rolls.

Finding 3: Spoke offices not meeting scheduled PO Box uptimes
Management agrees and appreciates the OIG's acknowledgement of the changes implemented in June 2024 to better meet scheduled PO Box uptimes at spoke offices, including changes to carriers' line of travel and the modification of P.O. Box uptimes.

Finding 4: Overburdened Rural Routes
The first paragraph on page 11 is inaccurate and therefore should be removed or corrected. The paragraph reads:

"However, management stated they could not adjust routes in the Rural Route Evaluation Compensation System (RRECS) because the system limits the maximum hourly input value for the route. Without the ability in the system to modify the hours to the route's actual hours, a route adjustment cannot be made."

RRECS modifies to evaluated hours and not actual hours based on contractual language. Hour calculation is made on a "calculator" program outside of RRECS but and information is then incorporated. The RRECS system was developed to align with existing handbooks, manuals, and agreements. The "Table of Evaluated Hours" found within the EL902 (NRLCA/USPS National Agreement) defines standard and evaluated hours for rural routes.

While Management appreciates the adjustment to the originally stated monetary impact, based on our analysis, we believe the amount is still overstated. The difference in the OIG's calculation and the Postal Service's may be attributed to when the OIG extracted the data prior to it being reconciled. The breakdown of management's calculation of $1,192,254 cost variance will be shared with the OIG in a separate communication.

Following are our comments on the six recommendations.

Recommendation 1: We recommend the Chief Retail & Delivery Officer & Executive Vice President, develop a process to monitor sorting and delivery center management's consistent use of the Mail Arrival Quality/Plant Arrival Quality system to report issues with the mail arrival profile.

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

Postal Management recently modified the Integrated Operating Plan (IOP) Dashboard in May 2024, to display mail arrival conditions more distinctly and create a better understanding of the mail quality. Management will continue to utilize the updated IOP Dashboard – along with the MAQ/PAQ dashboard - to monitor mail arrival performance. In addition, focused training will be provided to delivery units to further support the consistent/proper use of MAQPAQ for data entry to report issues with the mail arrival profile.

Target Implementation Date: 1/31/2025

Responsible Official: Manager, Integrated Operations Processing & Logistics

Recommendation 2: We recommend the Chief Retail & Delivery Officer & Executive Vice President, develop a training for all sorting and delivery center supervisors specific

to the network changes/impacts, including techniques to properly supervise route performance, and require all sorting and delivery center supervisors to complete.

Management Response/Action Plan:
Management disagrees with this recommendation as written.

The S&DC Core Team in conjunction with the Vice President Delivery Operations already utilizes a developed training regime to provide supervisors at Sorting and Delivery Centers with necessary information related to supervision of route performance. The training for the supervisors is documented in the Launch Action Log and each Supervisor has a PS form 2548 on file.

Management suggests closure with issuance of the final report based on documentation supporting training already exists and is being utilized.

Target Implementation Date: N/A

Responsible Official: N/A

Recommendation 3: We recommend the Chief Retail & Delivery Officer & Executive Vice President, clearly define the parameters for appropriate staffing levels at sorting and delivery centers to meet the Small Delivery Unit Sorter operational throughput goal.

Management Response/Action Plan:
Management disagrees with this recommendation as written.

The Vice President Retail and Post Office Operations in conjunction with the S&DC Core Team already has establish protocols that define the parameters for appropriate staffing levels at Sorting and Delivery Centers. These parameters align across the various processing tasks related to the Small Delivery Unit Sorter (SDUS) and operational throughput goals.

As part of the initial S&DC Core F4 Staffing Review, volume data is gathered from the Customer Service Variance (CSV) by Labor Distribution Code (LDC) to determine future earned hours based on workload. Historical data is likewise compiled to determine parcel volume for SDUS run ties. Future earned hours are entered into the 1994 template to determine future staffing needs. Using the 1994 template, management, builds to earned staffing with a goal to meet Distribution Up Time (DUT) and properly staff SDUS. Management reviews the 1994 with Labor Relations and Human Resources and ultimately finalizes 1994 with local leadership.

Specifically, for SDUS, staffing requirements are expected to fluctuate depending on the type of sortation being performed and the critical end time required for the sort. Other factors impacting staffing may include - but are not limited to - size of the machine, number of bins, machine start time, and number of times the sort plans are switched over. While optimal staffing (although not required) for a F4 sortation consists of 2 Facers, 1

Stager, and 1 Sweeper (sweeper is not required at start up) there may be the need for flexibility when staffing SDUS based on circumstances. *Reference Small Delivery Unit Sorter (SDUS) Process and Standard Work Instructions Training, pg. 18-19 for recommended optimal staffing.*

Management suggests closing upon issuance of the final report given processes already exist and were shared with the OIG.

Target Implementation Date: NA

Responsible Official: NA

Recommendation 4: We recommend the Chief Retail & Delivery Officer & Executive Vice President, after defining appropriate staffing levels, develop a plan for sorting and delivery centers to maintain the correct number of staff, aligned properly across the various processing tasks, for the Small Delivery Unit Sorter.

Management Response/Action Plan:
Management disagrees with this recommendation as written.

The Vice President Retail and Post Office Operations in conjunction with the S&DC Core Team already follows approved protocols to maintain the correct number of staff to maintain proper alignment across the various processing tasks for the Small Delivery Unit Sorter (SDUS).

In addition to information provided in the response to Recommendation #3, management contends that it has created/follows specific Standard Work Instructions that clearly outline the duties of the primary SDUS functions performed. Following these instructions/plan ensures management maintains the proper staffing levels needed to perform each key SDUS function. Key duties include facing, staging, and sweeping. *Reference Small Delivery Unit Sorter (SDUS) Process and Standard Work Instructions Training, pg. 20-25.* Training that includes CSV reporting and SDUS is also provided to local Management at S&DCs prior to implementation.

Management suggests closing with issuance of the final report given processes already exist and were shared with the OIG.

Target Implementation Date: NA

Responsible Official: NA

Recommendation 5: We recommend the Chief Retail & Delivery Officer & Executive Vice President, finalize an automated process within the Rural Route Evaluation Compensation System to make necessary adjustments to reduce the number of overburdened rural routes.

Management Response/Action Plan:
Management disagrees with this recommendation as written.

The United States Postal Service is currently working to develop a technology- based method of reducing overburdened routes within the Rural Route Evaluation Compensation System (RRECS). The ability to create and implement this technology nationwide is unpredictable. There is a tentative pilot testing of the new process scheduled around the Summer of 2025. There are several stages within the timeline of this ask to accomplish the targeted pilot, which is undetermined. However, a final result cannot be determined on whether the process will be feasible or attainable. This process as stated is already implemented.

Target Implementation Date: N/A

Responsible Official: N/A

Recommendation 6: We recommend the Chief Retail & Delivery Officer & Executive Vice President, complete the ongoing review of sorting and delivery center routes and make necessary adjustments to reduce the number of overburdened rural routes.

Management Response/Action Plan:
Management disagrees with this recommendation as written.

Sorting & Delivery Centers are adjusted equally as all other Delivery Units and are included in the Rural Route Evaluation Compensation System (RRECS) which re-evaluates the routes semi-annually. After every semi-annual evaluation, the Postal Service reviews overburdened routes and manually updates and adjusts overburdened routes outside of RRECS, to include all S&DC routes. This process as stated is already implemented.

Target Implementation Date: N/A

Responsible Official: N/A

E-SIGNED by JOSHUA.D COLIN
   on 2024-09-12 12:48:50 EDT
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Joshua Colin, PhD
Chief Retail and Delivery Officer

cc: Corporate Audit Response Management

Contact us via our Hotline and FOIA forms. Follow us on social networks. Stay informed.

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