



Office of Inspector General | United States Postal Service

Audit Report

Embargoes and Redirections at U.S. Postal Service Processing Facilities

Report Number 21-112-R21 | August 13, 2021



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Highlights

Objective

Our objective was to evaluate the operational impacts experienced by the U.S. Postal Service before and after the embargoes and redirections at mail processing facilities during the fiscal year (FY) 2021 peak mailing season.

Each year, increased mail volume during peak mailing season — November through January — significantly strains the Postal Service's processing and distribution network. During the peak mailing season of FY 2021, increased package volume and reduced employee availability resulting from the COVID-19 pandemic added even more strain on the distribution network and led to temporary embargoes of up to 17 days for certain mail types at nine mail processing facilities: the Birmingham, AL Annex; West Valley, AZ processing and distribution center (P&DC); Baltimore, MD P&DC; Detroit, MI network distribution center (NDC); New Jersey (City), NJ NDC; Northwest Rochester, NY NDC; Cleveland, OH P&DC; Springdale, OH Annex; and Philadelphia, PA NDC.

Package volume at these nine facilities increased by a range of 7 to 54 percent during the FY 2021 peak mailing season, which was more than the Postal Service anticipated or had the capacity to process. Facilities that accepted more packages than they could process experienced crowded conditions on the workroom floors which became so congested that employees could not move mail between the processing equipment and loading docks.

The types of mail that were embargoed are usually inducted into the Postal Service's mailstream through drop shipments, which are discounted mailings transported by a commercial mailer using their own or contracted vehicles at discounted rates.

We reviewed mail processing, employee availability, mail volume, and productivity data from October 1, 2019, through February 28, 2021, at each of the nine processing facilities that imposed embargoes. We conducted in-person observations at the Baltimore, MD P&DC, and performed virtual visits of the remaining eight facilities.

Findings

We found opportunities exist for the Postal Service to address the operational conditions that could result in imposed embargoes and redirections by enhancing communications throughout the agency and with its customers, improving its oversight of operations and conditions at its processing facilities, and strengthening internal controls over employee availability. Specifically, at the nine facilities:

- Management was not proactive in assessing the need for embargoes and redirections. The decision to embargo or redirect mail only came after facility conditions became so congested that mail could not be processed efficiently.
- Management was inconsistent in communicating to the affected processing facilities that embargoes or redirections had been imposed and did not announce the embargoes or redirections in enough time to allow mailers to make other transportation arrangements.
- The Postal Service did not acquire enough additional facility capacity prior to peak mailing season to receive, stage, and process the additional mail volume.
- Congested conditions at Postal Service processing facilities led management to direct that packages be processed and dispatched before other mail that arrived sooner. This practice helped clear space on workroom floors to process the backlogged mail volume; however, mail was not processed in first-in-first-out (FIFO) order to meet service standards.
- Employee availability was reduced during the FY 2021 peak mailing season even as the Postal Service struggled to hire and train enough temporary employees for peak season. While the COVID-19 pandemic had a major impact on the Postal Service's employee availability, insufficient internal controls over unscheduled employee absences that existed before the pandemic worsened the problem.

As a result, the Postal Service could not meet the operational demands of the FY 2021 peak mailing season at all locations. If the Postal Service does not address

these concerns, it will be challenged with making appropriate business decisions to effectively adjust to major disruptions in the future and prepare for increased package volumes and upcoming peak mailing seasons.

Recommendation

We recommended management:

- Develop, document, and implement standard operating procedures to improve communications about major disruptions in service across the division and processing facility levels of management.
- Develop a plan to promptly communicate information about major service disruptions to mailers so they can adjust their operations as needed.
- Develop a plan to identify facilities at risk of having their volume exceed processing and staging capacity and alleviate those conditions before they affect mail processing during peak season.
- Develop a plan to verify that mail is processed in FIFO order during high volume periods to ensure that it will meet its service standards.
- Strengthen internal controls over employee absences to ensure adequate employee availability during peak season.

Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

August 13, 2021

MEMORANDUM FOR: MICHAEL L. BARBER
VICE PRESIDENT, PROCESSING AND MAINTENANCE
OPERATIONS

A handwritten signature in cursive script, reading "Melinda M. Perez", is positioned above the typed name of the sender.

FROM: Melinda M. Perez
Deputy Assistant Inspector General
for Mission Operations

SUBJECT: Audit Report – Embargoes and Redirections at U.S. Postal
Service Processing Facilities (Project Number 21-112-R21)

This report presents the results of our audit of Embargoes and Redirections at U.S. Postal Service Processing Facilities.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Todd J. Watson, Director, Network Processing, or me at 703-248-2100.

Attachment

cc: Corporate Audit Response Management
Postmaster General

Results

Introduction/Objective

This report presents the results of our self-initiated audit of Embargoes and Redirections at U.S. Postal Service Processing Facilities (Project Number 21-112). Our objective was to evaluate the operational impacts experienced by the Postal Service before and after the embargoes and redirections at mail processing facilities during the fiscal year (FY) 2021 peak mailing season. See [Appendix A](#) for additional information about this audit.

Background

Each year, increased mail volume during the Postal Service's peak mailing season —November through January — significantly strains the Postal Service's processing and distribution network. During preparations for peak mailing season, the Postal Service leases temporary space in anticipation of additional volume. During the peak mailing season of FY 2021, increased package volume and reduced employee availability resulting from the COVID-19 pandemic added even more strain on the distribution network and led to temporary embargoes or redirections of up to 17 days for certain mail types at nine mail processing facilities (see Table 1).

Table 1. Embargoed and Redirected Processing Facilities

Facility	Dates of Embargo/Redirect	Number of Days	Embargoed/Redirected Mail Types
Cleveland, OH P&DC*	December 9-26, 2020	17	Marketing Mail Letters
Springdale, OH Annex*	December 14-26, 2020	12	Marketing Mail Flats
New Jersey (City), NJ NDC	December 14-17, 2020	3	Marketing Mail Flats and Parcels
West Valley, AZ P&DC	December 14-18, 2020	4	Marketing Mail Flats and Parcels
Philadelphia, PA NDC	December 14-19, 2020	5	Marketing Mail Flats, Letters and Parcels

¹ Industry Alerts are used to communicate current and breaking news to the postal mailing community via email.

² The embargoed mail types include Marketing Mail and Periodicals.

Facility	Dates of Embargo/Redirect	Number of Days	Embargoed/Redirected Mail Types
Birmingham, AL Annex	December 14-17, 2020	3	Marketing Mail Flats and Parcels
Detroit, MI NDC	December 14-19, 2020	5	Marketing Mail Flats and Parcels
Northwest Rochester, NY Annex*	December 17-29, 2020	12	Marketing Mail Flats and Periodicals
Baltimore, MD P&DC*	January 15-20, 2021	5	Marketing Mail Flats and Letters

Source: Postal Service Industry Alerts.

*Indicates the Postal Service redirected mail for these facilities to other nearby facilities.

The Postal Service has enacted embargoes and redirections at specific mail processing facilities in the past for major disruptions caused by natural disasters, but never during peak mailing season.

During the FY 2021 peak mailing season, the Postal Service notified mailers of the temporary embargoes or redirections imposed at nine processing facilities through its Industry Alert¹ communications. Once an embargo was imposed at a facility, that facility was no longer supposed to accept mailings of the embargoed mail types. At four facilities, the Postal Service instructed mailers to redirect their mailings to other facilities; at the remaining five, the Postal Service did not provide redirection guidance.

The types of mail that were embargoed² are usually inducted into the Postal Service's mailstream through drop shipments, which are discounted mailings transported by a mailer to destination Postal Service facilities. Commercial mailers use the Postal Service's Facility Access and Shipment Tracking (FAST) system to schedule appointments at a postal facility to deliver their drop shipments of mail for processing. By documenting the times that trucks

arrive, unload their mail, and depart, FAST allows the Postal Service to collect and monitor the timeliness of scheduled drop shipments.

This is a follow-up audit to the OIG's *Excessive Wait Times to Accept Commercial Mail Shipments at the Cleveland Processing and Distribution Center* management alert.³ In that alert we found that delayed mail processing operations and limited employee availability resulted in facility capacity issues, which further resulted in inefficiencies and delays in processing drop shipments at that location.

We reviewed mail processing, employee availability, mail volume, and productivity data for October 1, 2019, through February 28, 2021, to determine the factors that contributed to the embargoes or redirections imposed at the nine processing facilities. See [Appendix A](#) for additional information.

Findings Summary

Package volume at the nine facilities increased by a range of 7 to 54 percent during the FY 2021 peak mailing season, which was more than the Postal Service anticipated or had the capacity to process. The facilities that accepted more packages than they could process experienced crowded conditions on the workroom floors which became so congested that employees could not move mail between the processing equipment and loading docks. When possible, Headquarters management tried to move packages to other facilities for processing, but the facilities did not always have trailers and drivers available. Therefore, they imposed embargoes or redirections on the commercial mail that had not yet reached the facilities.

The amount of Priority Mail and First-Class Packages delivered on time through those facilities decreased by [REDACTED] percentage points, respectively, from October 2020 to December 2020. After the embargoes were imposed, these facilities were able to reduce the volume of incoming mail and create the physical space needed to process the buildup of mail already received. Subsequently, the amount of Priority Mail and First-Class Packages delivered on time through those facilities increased by [REDACTED] percentage points, respectively, from December 2020 to February 2021 (see Figure 1).

Figure 1. FY 2021 Comparison of Packages Processed to Service Performance



Source: The Postal Service's Enterprise Data Warehouse (EDW) and OIG analysis.

We found that opportunities exist for the Postal Service to address the operational conditions that could result in imposed embargoes and redirections by enhancing communications throughout the agency and with its customers, improving its oversight of conditions and operations at its processing facilities, and strengthening internal controls over employee availability.

Finding #1: Internal and External Communication

While management stated their implementation was largely effective, the Postal Service was not proactive in assessing the need for embargoes and redirections. Rather, the decision to embargo and redirect mail came only after facility conditions became so congested that mail could not be processed efficiently. Further, the Postal Service was inconsistent in communicating that embargoes or redirections had been imposed on the affected processing facilities and did not announce the embargoes or redirections in enough time to allow mailers to make other transportation arrangements.

³ Report Number 21-071-R21, dated March 10, 2021.

Internal Communication

Division management was not proactive in making the decision to impose the embargoes or redirections. Although they had regular discussions with facility management regarding congested facility conditions, division management was slow to impose embargoes or redirections at the affected facilities. For example, management at the Philadelphia, PA, NDC was using trailers to store excess mail to clear workroom floor space by the time the embargo was imposed on December 14, 2020.

Additionally, once an embargo was imposed, division management did not clearly communicate their embargo decision to local facility management. Specifically, managers at the Detroit, MI; New Jersey, NJ; and Philadelphia, PA NDCs stated they were not aware that embargoes had been imposed at their facilities and continued to accept embargoed mail, further contributing to congested conditions. Facility and division management stated they had not experienced congested conditions of this nature in previous peak mailing seasons and did not have a standard process for implementing embargoes or redirections.

External Communication

The Postal Service did not announce temporary embargoes or redirections promptly to allow mailers to notify their transportation vendors of announced redirects or for the mailers to make other arrangements for their mail. The Postal Service releases Industry Alerts, as well as Postal Service webinars, promotions, products, and other news, to inform mailers about important information regarding changes in service. We found mailers were notified of the embargoes or redirections for all nine processing facilities on the same day the embargoes or redirections were to take effect. Once embargoes or redirections were imposed, mailers were still able to schedule appointments to drop mail at the affected facilities because appointments in the FAST system could not be updated to prevent appointments for embargoed mail types (FAST can only be disabled by mail shape⁴ and not by mail product⁵). Therefore, mailers continued dispatching trucks to processing facilities that could not accommodate their mail, resulting in wait times of up to 23 hours, congested conditions in the

⁴ The predominant contour or form of a mail piece such as a letter, flat, or parcel, that generally corresponds to a mail processing category.

⁵ This category includes First-Class Mail, Standard Mail, Periodicals, and others.

processing facilities' truck yards, and delayed processing of the embargoed mail. In addition, mailers reported that their customers blamed them for delays when the Postal Service required them to redirect mail to another facility. As a result of ineffective and untimely communications, mailers stated they lost customers and the Postal Service risked losing the trust of and damaging their business relationship with mailers.

Recommendation #1

We recommend the **Vice President, Processing and Maintenance Operations**, develop, document, and implement standard operating procedures to improve communications about major disruptions in service across the division and processing facility levels of management.

Recommendation #2

We recommend the **Vice President, Processing and Maintenance Operations**, develop a plan to communicate information about major service disruptions with a 48-hour advance notice to mailers so they can adjust their operations as needed.

Finding #2: Facility Capacity and Processing Operations

The Postal Service could improve facility conditions during peak season by ensuring that adequate facility capacity is available to accommodate increased mail volume and that operations process mail in the order in which it is received.

Facility Capacity

Postal Service management at all nine embargoed facilities stated they did not have sufficient capacity to receive, stage, and process the additional package mail volume. Headquarters management stated when possible, they tried to ease congested conditions by moving packages to other facilities for processing, but trailers and drivers were not always available. So, they imposed embargoes or redirections on the commercial mail that had not yet reached the facilities. Overall, the nine facilities experienced an increase in package volume that ranged from 7 to 54 percent during the 2021 peak season compared to the prior peak season (see [Table 2](#)). The Birmingham, AL, Annex had a package volume

increase of [REDACTED] percent⁶ because management accepted mail from a new high volume package customer when a Postal Service competitor limited the amount of customer packages they would accept. Additionally, management at the Philadelphia, PA, NDC saw package volume increase by [REDACTED] percent and had to store unprocessed mail in empty trailers to relieve congestion on the loading dock and workroom floor.

Table 2. Peak Season Package Volume for the Embargoed/Redirected Facilities

Processing Facility	FY		Volume Increase	Percentage Increase
	2020	2021		
Detroit, MI, NDC	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
New Jersey (City), NJ, NDC	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Cleveland, OH, P&DC	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Baltimore, MD, P&DC	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Northwest Rochester, NY, P&DC	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
West Valley, AZ, P&DC	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Philadelphia, PA, NDC	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Springdale, OH, Annex	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Birmingham, AL, Annex*	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Source: Postal Service's EDW; OIG analysis.

*The Birmingham, AL, Annex only processed packages for one month (January) of the FY 2020 peak season.

6 Birmingham, AL Annex only processed packages for January 2020 of the FY 2020 peak season.

During the FY 2021 peak season, actual capacity was insufficient for the number of packages the Postal Service received at some locations, and package volume overflowed into staging areas and aisles. Management at the West Valley, AZ, P&DC, in particular stated that they tried to alleviate the congestion by requesting additional leased space to increase its processing capacity, a request that was approved at the area level but was denied by Postal Service Headquarters. When asked why the West Valley P&DC request was denied, Headquarters management stated they did not recall this particular request, but they are in the process of leasing additional space to accommodate package volume for the upcoming peak season. The level of congestion impaired all nine of the facilities' ability to effectively process the mail and they reached a point where employees could not move mail to the processing machines, resulting in delayed mail. For instance, the Baltimore, MD, and Cleveland, OH P&DCs staged mail waiting to be processed on workroom floor areas designed for other uses, such as areas for preparing mail and for transporting mail between sorting equipment and the dock. See Figure 2 and Figure 3.

Figure 2. Congested Conditions at the Baltimore, MD P&DC



Source: OIG picture taken at the Baltimore P&DC on March 8, 2021, at 3:52 p.m.

Figure 3. Congested Conditions at the Cleveland, OH P&DC



Source: OIG picture taken at the Cleveland P&DC on December 15, 2020, at 10:41 a.m.

The Postal Service's mission is to provide the nation with reliable and affordable universal mail service. When facilities exceed capacity and cannot effectively process mail, it affects their ability to meet the mission. Furthermore, overcrowded conditions create health and safety hazards for employees. For example, West Valley, AZ, P&DC management received a notice outlining safety and health hazards from the Occupational Safety and Health Administration during peak season, including overcrowded aisles and blocked fire extinguishers due to improper material storage.

First-In-First-Out Mail Processing Method

Congested conditions at the embargoed processing facilities made it very difficult to process mail using the first-in-first-out (FIFO) method. Specifically, once designated staging areas were full, processing facilities placed package volume overflow anywhere there was space, including trailers, walkways, and docks. Postal Service management then directed that package mail at the facilities be processed and dispatched quickly so the facilities could reclaim used floor space.

⁷ Postal Service's Lean Mail Delivery Training With a Lean Six Sigma Overview.

While this practice helped clear workroom floor space around mail processing machines to help process backlogged mail volume, facilities could not always access the mail first received for processing to comply with the FIFO method. Further, processing management acknowledged they delayed marketing mail processing for several days to focus on reducing the backlogged package volume. This led to significant delays in peak season mailings, which included mailers' time-sensitive mail such as catalogs and holiday promotional materials. Processing facilities stage and process mail using FIFO as a best practice⁷ to ensure timely mail processing and compliance with service standards.

Recommendation #3

We recommend the **Vice President, Processing and Maintenance Operations**, develop a plan to identify facilities at risk of having their volume exceed processing and staging capacity, and alleviate those conditions before they affect mail processing during peak mailing season.

Recommendation #4

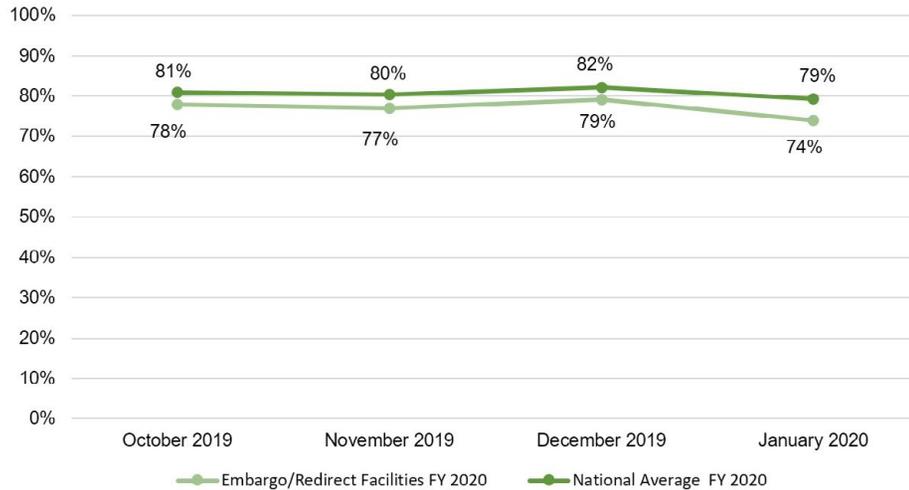
We recommend the **Vice President, Processing and Maintenance Operations**, develop a plan to verify that mail is processed in First-In-First-Out order during high volume periods to ensure that it will meet its service standards.

Finding #3: Employee Availability

Division and facility management stated the COVID-19 pandemic contributed to the decrease in employee availability, which contributed to their inability to process mail efficiently during the FY 2021 peak mailing season.

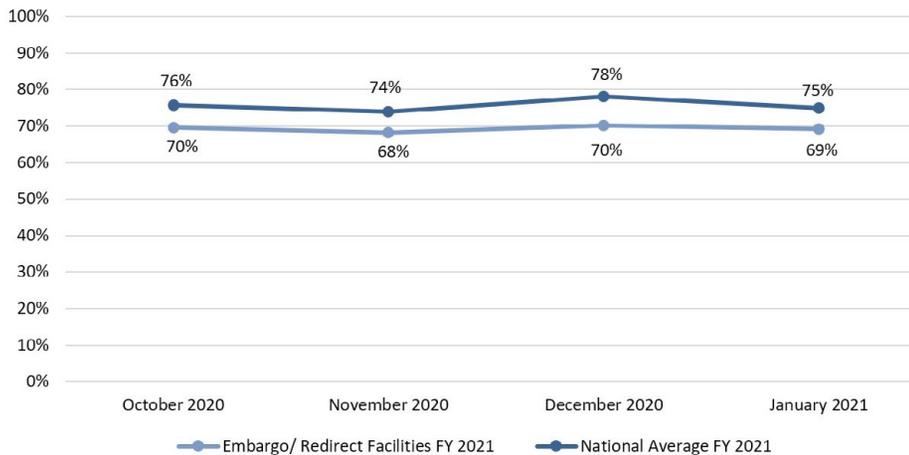
Although consistent with the national average during FY 2020 peak season, employee availability at the nine embargoed or redirected sites was lower than the national average. Specifically, for FY 2020, the employee availability national average was about 82 percent, compared to about 78 percent for FY 2021. In addition, for FY 2020, the employee availability average for the nine affected sites was almost 79 percent, compared to almost 70 percent for the affected sites during FY 2021 (see [Figure 4](#) and [Figure 5](#)).

Figure 4. FY 2020 Employee Availability at Embargoed and Redirected Facilities Versus National Average



Source: Postal Service's Time and Attendance Collection System (TACS); OIG analysis.

Figure 5. FY 2021 Employee Availability at Embargoed and Redirected Facilities Versus National Average



Source: Postal Service's TACS; OIG analysis.

While the pandemic was certainly a driver of employee availability, insufficient internal controls over employee absences that existed before the pandemic continued during FY 2021 and worsened the problem. Specifically, facility management did not monitor employees' unscheduled leave⁸ and implement effective measures to ensure employees were available to process mail during the FY 2021 peak season. Management is responsible for controlling unscheduled leave by analyzing absences and discussing attendance with employees when warranted.⁹ Without adequate employee availability, the facilities could not process mail efficiently to meet service standards.

Recommendation #5

We recommend the **Vice President, Processing and Maintenance Operations**, strengthen internal controls over employee absences to ensure adequate employee availability during peak season.

Addressing the causes that resulted in the embargoes and redirections will increase service performance, improve customer satisfaction, and enable the Postal Service to better meet the operational demands of increased package volume and future peak mailing seasons. When congested conditions delay mail processing and communication — internally and externally — is hindered, the Postal Service is at risk of not meeting its stated service performance standards, which can damage its brand.

“Addressing the causes that resulted in the embargoes and redirections will increase service performance, improve customer satisfaction, and enable the Postal Service to better meet the operational demands of increased package volume and future peak mailing seasons.”

⁸ Unscheduled leave is any absence from work that is not requested and approved in advance.
⁹ *Employee Labor Manual*, Section 511.42-Management Responsibilities, March 2021.

Management's Comments

Management partially agreed with recommendations 1 and 2, agreed with recommendations 3 and 5, and disagreed with recommendation 4. Subsequent to the Postal Service submitting its official comments, management stated that they agreed with our findings. See [Appendix B](#) for management's official comments in their entirety.

Regarding recommendation 1, management stated that they monitor conditions constantly and reacted to unprecedented conditions during the FY 2021 peak mailing season. Management added that the timing and location of some challenges were not predictable, but they used all available options to minimize service delays. Management stated that they review peak mailing season procedures every year and communicate the plan to processing facilities. Lastly, management stated that they will incorporate FY 2021 lessons learned into the FY 2022 peak mailing season plan. The target implementation date is September 30, 2021.

Regarding recommendation 2, management stated that they will review current policy related to major service disruptions and update it as appropriate. Management also stated that they avoid service disruptions whenever possible, but they cannot predict some of the root causes 48 hours in advance. The target implementation date is October 31, 2021.

Regarding recommendation 3, management stated that they identified facilities without adequate processing and staging capacity, initiated the process to lease space, and have begun installing additional equipment as necessary. The target implementation date is November 30, 2021.

Regarding recommendation 4, management stated that they have added mail processing machine capacity, increased staff complement, and increased floor space in annexes to avoid the gridlock caused by the COVID-19 pandemic that prevented FIFO processing in the FY 2021 peak mailing season. Management also stated that under normal operating conditions, FIFO is maintained using longstanding existing processes that include staging lanes and dated placards.

Regarding recommendation 5, management stated that they will collaborate with Labor Relations and Human Resources to explore viable options to ensure employee availability during peak mailing season. The target implementation date is November 19, 2021.

Evaluation of Management's Comments

We consider management's comments responsive to recommendations 2, 3, and 5 and the corrective actions should resolve the issues identified in the report. We consider management's comments nonresponsive to recommendations 1 and 4.

Regarding recommendation 1, although management stated that they monitor processing facility conditions constantly and communicate the peak mailing season plan to the processing facilities, management's proposed actions did not address improving communications about major disruptions across the division and processing facility levels of management. As stated in our report, management we interviewed at three NDCs were not aware that embargoes had been imposed for their facilities. While the proposed actions do not appear responsive to our recommendation, we will evaluate these actions once implemented to determine if they resolve the issue identified in our report.

Regarding recommendation 2, management stated that they will review current policy related to major service disruptions and update it as appropriate. While this action appears responsive, management added that they cannot predict some of the root causes 48 hours in advance. While we recognize it is not always possible to provide 48-hour advance notice of service disruptions, it does help mailers make changes to their processes and still meet the needs of their customers. As stated in our report, the embargo notifications were sent to mailers the same day they were imposed, which did not allow time for them to make alternate transportation arrangements. As a result of the lack of timely notice, mailers stated that they lost customers; therefore, we will evaluate management's proposed actions once implemented to verify that they meet the intent of the recommendation.

Regarding recommendation 4, management stated that staging lanes and dated placards are longstanding existing processes used to maintain FIFO under normal operating conditions. However, our recommendation is related

to mail processing during high volume operating periods, such as peak mailing season, when staging lanes are congested due to the increased number of packages received. Therefore, it is important for the Postal Service to develop a plan to ensure FIFO compliance during high mail volume periods. We view the disagreement on recommendation 4 as unresolved and will work with management through the audit resolution process.

All recommendations require OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. 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.

Appendices

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Appendix A: Additional Information

Scope and Methodology

The scope of this audit includes the nine embargo sites in the Industry Alerts issued during the FY 2021 peak mailing season from November 2020 through January 2021.

To accomplish our objective, we:

- Performed site observations and interviews to determine the causes for an embargo or redirect to be implemented.
- Analyzed and evaluated data from the Postal Service's, EDW, Informed Visibility (IV), and TACS systems.
- Reviewed nine processing facilities placed under embargo or redirect during the FY 2021 peak season including an on-site visit to the Baltimore, MD P&DC and conducted virtual interviews with the remaining eight sites.
 - Birmingham, AL, Annex
 - West Valley, AZ, P&DC
 - Detroit, MI, NDC
 - New Jersey, NJ, NDC
 - Northwest Rochester, NY, Annex
 - Cleveland, OH, P&DC
 - Springdale, OH, Annex
 - Philadelphia, PA, NDC

- Interviewed facility plant managers and mail processing managers at the selected sites to identify causes that led to the FY 2021 peak season embargoes and redirects.
- Interviewed division directors with reporting authority over the embargo sites to identify causes that led to the FY 2021 peak season embargoes and redirects.
- Interviewed mailers affected by the FY 2021 peak season embargoes and redirections.
- Interviewed Postal Service Headquarters officials to identify the causes of embargoes and redirections.

We conducted this performance audit from February through August 2021 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 July 16, 2021 and included their comments where appropriate.

We assessed the reliability of the Postal Service's EDW, IV, and TACS data by interviewing agency officials knowledgeable about the data and reviewing related documentation. 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>Excessive Wait Times to Accept Commercial Mail Shipments at the Cleveland Processing & Distribution Center</i>	Analyze commercial mailer wait times along with plant conditions at the Cleveland P&DC during FY 2021 peak season.	21-071-R21	3/10/2021	None

Appendix B: Management's Comments

MIKE L. BARBER
VICE PRESIDENT
PROCESSING AND MAINTENANCE OPERATIONS



7/29/21

JOSEPH WOLSKI
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Management Response: Embargoes and Redirections at United States Postal Service (USPS) Processing Facilities (Report Number 21-112-DRAFT)

Recommendation [1]:

We recommend the **Vice President, Processing and Maintenance Operations**, develop, document, and implement standard operating procedures to improve communications about major disruptions in service across the division and processing facility levels of management.

Management Response/Action Plan:

Management partially agrees with this recommendation. Processing and Maintenance Operations monitored conditions constantly and reacted to unprecedented conditions during the Fiscal Year (FY) 2021 peak season. The timing and location of some of the challenges were not predictable, but the management team utilized all available options to minimize service delays. USPS reviews peak season procedures every year and communicates the plan to the field. Lessons learned in FY 2021 will be incorporated into the FY 2022 plan.

Target Implementation Date: 09/30/2021

Responsible Official:

Vice President, Processing and Maintenance Operations

Recommendation [2]:

We recommend the **Vice President, Processing and Maintenance Operations**, develop a plan to communicate information about major service disruptions with a forty-eight-hour advance notice to mailers so they can adjust their operations as needed.

475 L'ENFANT PLAZA SW
WASHINGTON, DC 20260-0006
WWW.USPS.GOV

Management Response/Action Plan:

Management partially agrees with this recommendation. USPS will review current policies related to notification of major service disruptions and update those policies as appropriate. USPS avoids service disruptions wherever possible, but some of the root causes are not predictable forty-eight-hours in advance.

Target Implementation Date: 10/31/2021

Responsible Official:

Vice President, Processing and Maintenance Operations

Recommendation [3]:

We recommend the **Vice President, Processing and Maintenance Operations**, develop a plan to identify facilities at risk of having their volume exceed processing and staging capacity, and alleviate those conditions before they affect mail processing during peak mailing season.

Management Response/Action Plan:

Management agrees with the recommendation and has already completed most of the activity recommended by identifying facilities without adequate processing and staging capacity, initiating the process to lease space, and installing additional equipment as required.

Target Implementation Date: 11/30/2021

Responsible Official:

Vice President, Processing and Maintenance Operations

Recommendation [4]:

We recommend the **Vice President, Processing and Maintenance Operations**, develop a plan to verify that mail is processed in First-In-First-Out (FIFO) order during high volume periods to ensure that it will meet its service standards.

Management Response/Action Plan:

Management disagrees with this recommendation. USPS has added machine capacity, additional complement, and additional floor space in annexes to prevent the gridlock caused by the COVID pandemic that prevented FIFO processing in FY 2021 Peak Season. Under normal operating conditions, FIFO is maintained through the use of longstanding existing processes that use staging lanes, color coded placards, and dated placards to ensure FIFO is maintained.

Target Implementation Date: None

Responsible Official: N/A

Recommendation [5]:

We recommend the **Vice President, Processing and Maintenance Operations**, strengthen internal controls over employee absences to ensure adequate employee availability during peak season.

Management Response/Action Plan:

Management agrees with the recommendation. Processing and Maintenance Operations will collaborate with Labor Relations and Human Resources to explore viable options.

Target Implementation Date: 11/19/21

Responsible Official:

Vice President, Processing and Maintenance Operations



Mike L. Barber

cc: Manager, Corporate Audit Response Management

OFFICE OF
**INSPECTOR
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