Office of Inspector General | United States Postal Service

Audit Report

Misrouted Mail Within the U.S. Postal Service Network

Report Number 20-252-R21 | February 23, 2021

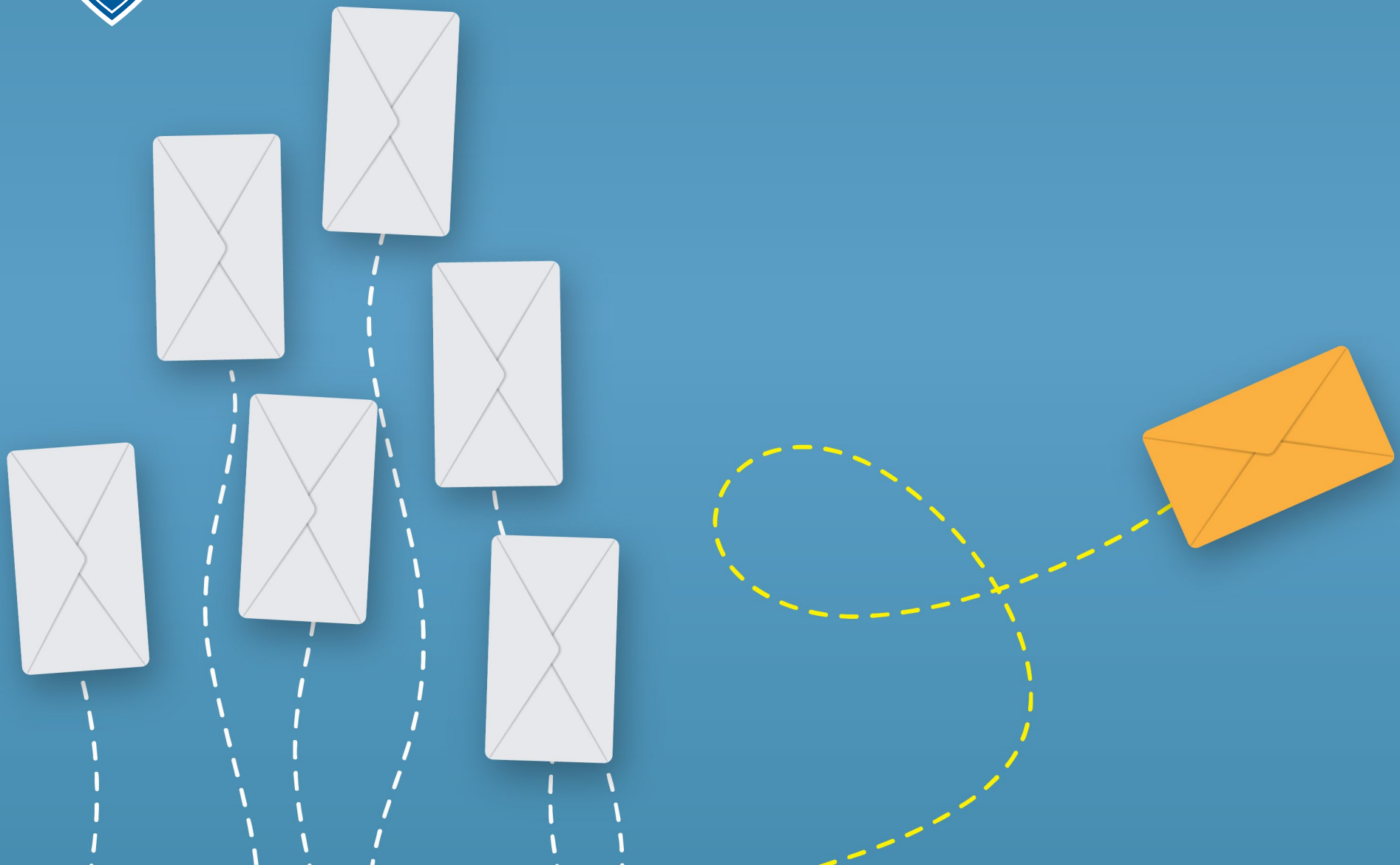


Table of Contents

Highlights

Objective

Our objective was to determine why there is misrouted mail and its impact on the U.S. Postal Service.

Service standards are the Postal Service's stated delivery performance goals for each mail class measured in days from point of entry into the mailstream to final destination. These standards are one of the primary operational goals or benchmarks against which the Postal Service measures its performance.

The Postal Service defines misrouted or missent mail as mail sent from an originating facility to the wrong destinating facility. For example, mail originating in Albany, NY, that is addressed to Tampa, FL, but is received in San Francisco, CA.

The Postal Service captures misrouted mail data for First-Class letters in the Mail History Tracking System (MHTS) and for First-Class packages and Priority Mail in the Service and Field Operations Performance Management (SFOPM) system.

The Postal Service processed over 47 billion First-Class letters and over [redacted] First-Class packages and Priority Mail from March 1 through to September 30, 2020.

We judgmentally selected 21 processing and distribution centers (P&DC) across the country for review based on misrouted mail and mail volume data from March 1 through September 30, 2020. We selected high-, medium-, and low-risk sites based on the amount of misrouted mail relative to overall mail volume.

We visited six of the 21 selected P&DCs in person and performed virtual visits for the remaining 15 P&DCs.

Findings

While the overall percentage of misrouted mail is small compared to total volume processed, there are opportunities for the Postal Service to improve its oversight and reduce misrouted mail.

From March 1 through September 30, 2020, the Postal Service reported almost 73 million misrouted First-Class letters, or .15 percent of total First-Class letter volume processed. During this same period, the Postal Service also reported almost [redacted] misrouted First-Class packages and Priority Mail, or about [redacted] percent of total First-Class packages and Priority Mail volume processed.

Our audit was conducted during a challenging period for the Postal Service as the number of employees available to work was lower than usual and the number of packages mailed increased significantly during the COVID-19 pandemic. Postal Service headquarters management said this impacted management's ability to properly oversee misrouted mail and to ensure proper handling procedures of employees. This aligns with our observations as we found management did not:

- Ensure that employees removed old mail routing labels from reusable mail trays and bags for transportation and delivery.
- Always follow automated standard work instructions for package sorting machines or ensure that machine belt calibrations were completed to prevent packages from missing the intended mail bins and landing on the mail processing floor.
- Ensure that employees removed full mail bins timely from processing machines to prevent mail from building up and obstructing the mail chute (overflow) causing incoming mail pieces to be deflected into the wrong mail bin.

As a result, the Postal Service spent almost $110 million between March 1 and September 30, 2020, to reprocess, rehandle, and redirect misrouted mail. Further, misrouted mail has a high risk of not meeting its stated service performance standards, which could hurt the Postal Service's brand.

Additionally, opportunities exist for the Postal Service to improve the reliability of misrouted mail data. Postal Service misrouted mail data did not always identify the correct originating facility responsible for the misrouted mail. We found that when mail is diverted from the intended originating facility to a different sorting facility and that facility sends the mail to an incorrect destinating facility, the MHTS

and SFOPM system assigns misrouted mail to the intended origination facility rather than the actual diverted mail processing facility.

The Postal Service has long-term mail agreements with various facilities to divert mail for processing to meet service standards. If the intended processing facility has challenges such as employee availability or insufficient capacity that could prevent it from processing mail timely, management can divert mail to another facility that can process it timely and meet service standards. For example, the Madison, WI, P&DC diverted mail to other facilities for processing. However, when any of this mail was misrouted, it was reported as misrouted from the Madison P&DC facility, not the facility where the mail was diverted to and actually processed. Specifically, the Madison P&DC has routinely diverted mail to two other P&DCs for at least seven years, but any diverted mail that is subsequently misrouted from those facilities is identified as being misrouted by the Madison P&DC.

As a result, the Postal Service cannot always reliably monitor misrouted mail, identify the originating facility, and make appropriate business decisions to resolve issues with misrouted mail.

During our site visits, we identified best practices at four P&DCs related to management and oversight of misrouted mail that included:

- Communicating with other facilities regarding misrouted mail received and including pictures of misrouted mail and corresponding placards and labels.
- Ensuring sorting bins for similar numeric ZIP Codes were not placed next to each other at the end of the mail chute.
- Adding extra containers next to high-volume ZIP Codes so employees can easily replace containers to catch packages that could flyover the intended sorting bin and onto the floor as it flows down the chute.
- Ensuring sorting bins for high-volume ZIP Codes are not placed directly next to each other to prevent mail from quickly building up in the chute (overflow).
- Conducting misrouted mail studies to identify areas for improvement and develop improvement actions.

Recommendations

We recommended management:

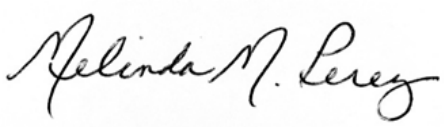
- Provide written communication to employees reinforcing the standard operating procedures requiring employees to remove old routing labels from mail trays and bags before reuse.
- Require supervisors to ensure that employees comply with standard work instructions for removing nonmachinable mail from automated processing machines and complete preventive maintenance to ensure packages are sorted to mail bins correctly.
- Provide written communication to employees reinforcing the policy requiring employees to remove mail bins timely from the processing machines to prevent overflow.
- Implement the management and oversight best practices identified at four P&DCs at other facilities nationwide, where feasible.
- Review the feasibility of updating the MHTS and SFOPM system or develop alternatives to ensure they accurately reflect the correct facility processing and misrouting the mail.

Transmittal Letter

OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

February 23, 2021

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



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

SUBJECT: Audit Report – Misrouted Mail Within the
U.S. Postal Service Network (Report Number 20-252-R21)

This report presents the results of our audit of Misrouted Mail Within the U.S. Postal Service Network.

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: Postmaster General
Corporate Audit Response Management

Results

Introduction/Objective

This report presents the results of our self-initiated audit of Misrouted Mail Within the U.S. Postal Service Network (Project Number 20-252). Our objective was to determine why there is misrouted mail and its impact on the Postal Service. See Appendix A for additional information about this audit.

Background

Service standards represent the level of service the Postal Service strives to provide its customers. The Postal Service defines them as the stated delivery performance goals for each mail class and product usually measured in days for the time taken to handle the mail from end-to-end (that is, from the point of entry into the mailstream to delivery to the final destination). These standards are one of the primary operational goals or benchmarks against which the Postal Service measures its performance.

During a recent audit,[1] Postal Service management named misrouted mail as the number one cause for service failure. The Postal Service defines misrouted or missent mail as mail sent from an originating facility to the wrong destinating facility (this includes processing facility, post office, station, or branch).[2] For example, mail originating in Albany, NY, that is addressed to Tampa, FL, but is received in San Francisco, CA. This includes mail not dispatched according to official schemes,[3] schedules, or special orders.

The Postal Service generally processes mail in five interdependent phases which have timelines for moving mail from one phase to the next (outlined below). The focus of our audit was misrouted mail that occurs during the mail processing and transportation phases.

- Collections/Acceptance – collecting mail from all induction points which include blue collection boxes, retail units, businesses, and residences. Customers who mail in bulk can also induct their mail at various locations.
- Originating Mail Processing – sorting of mail originating within a facility's boundary. Mail destined within the same boundary will be sent to delivery after processing and mail not destined within the same boundary is sent to another Postal Service facility for additional processing.
- Transportation – moving mail between facilities. The Postal Service transports mail primarily by air and truck using both Postal Service and contracted transportation.
- Destinating Mail Processing – sorting of mail destinating within a facility's boundary for delivery.
- Delivery – delivering mail to the final address.

"During a recent audit, Postal Service management named misrouted mail as the number one cause for service failure."

The Postal Service captures misrouted mail data for First-Class letters in the Mail History Tracking System (MHTS) and for First-Class packages and Priority Mail in the Service and Field Operations Performance Management (SFOPM) system.

We judgmentally selected 21 processing and distribution centers (P&DC) across the country for review based on misrouted mail and mail volume data from March 1 through September 30, 2020. We selected high-, medium-, and low-risk sites based on the amount of misrouted mail relative to overall mail volume. We visited six of the 21 selected P&DCs in person and performed virtual visits for the remaining 15 P&DCs. See Appendix A for additional information.

1 The U.S. Postal Service Office of Inspector General (OIG) issued an audit report titled *Assessment of the U.S. Postal Service's Service Performance and Costs* (Report Number NO-AR-19-008, dated September 17, 2019). The audit objective was to analyze service performance and cost trends within the Postal Service over the last five years.
2 Publication 32, *Glossary of Postal Terms*, July 2013.
3 A systematic plan to guide the effective distribution of mail to a destination.

Findings Summary

While the overall percentage of misrouted mail is low compared to total volume processed, there are opportunities for the Postal Service to improve its oversight and reduce misrouted mail. Specifically, the Postal Service would benefit from increased management oversight of mail handling procedures and ensuring more accurate misrouted mail reporting.

Finding #1: Misrouted Mail

From March 1 through September 30, 2020, the Postal Service reported almost 73 million misrouted First-Class letters, or .15 percent of total First-Class letter volume processed. During this same period, the Postal Service also reported almost [redacted] misrouted First-Class packages and Priority Mail, or about [redacted] percent of total First-Class packages and Priority Mail volume processed (see Table 1).

Table 1. Total Misrouted Mail Volume Compared to Total Mail Volume

Mail Type	Total Misrouted Volume	Total Mail Volume[4]	Misrouted Mail Percentage to Total Volume
First-Class Letters	72,516,750	47,908,879,052	.15%
Priority Mail	[redacted]	[redacted]	[redacted]
First Class Packages	[redacted]		
Total	[redacted]	[redacted]	[redacted]

Source: Postal Service's Mail History Tracking System (MHTS), Service & Field Operations Performance Measurement (SFOPM) and Enterprise Data Warehouse (EDW) systems; OIG calculations.

For the 21 facilities in our scope, the average distance for misrouted mail between the expected facility and the actual facility where the mail was received and processed was [redacted] miles for First-Class packages and [redacted] miles for Priority Mail (see Table 2).

"While the overall percentage of misrouted mail is low compared to total volume processed, there are opportunities for the Postal Service to improve its oversight and reduce misrouted mail."

Table 2. Average Mileage

Sample	Facility	Average Mileage Between Expected and Actual Facility (First-Class Packages)	Average Mileage Between Expected and Actual Facility (Priority Mail)
1	Richmond, VA P&DC	[redacted]	[redacted]
2	Charleston, SC P&DC	[redacted]	[redacted]
3	Greensboro, NC P&DC	[redacted]	[redacted]
4	Lancaster, PA P&DC	[redacted]	[redacted]
5	Columbus, OH P&DC	[redacted]	[redacted]
6	Harrisburg, PA P&DC	[redacted]	[redacted]
7	Kingsford, MI Mail Processing Facility	[redacted]	[redacted]
8	Fort Wayne, IN P&DC	[redacted]	[redacted]
9	Madison, WI P&DC	[redacted]	[redacted]
10	Morgan Station, NY P&DC	[redacted]	[redacted]
11	Albany, NY P&DC	[redacted]	[redacted]
12	Brooklyn, NY P&DC	[redacted]	[redacted]

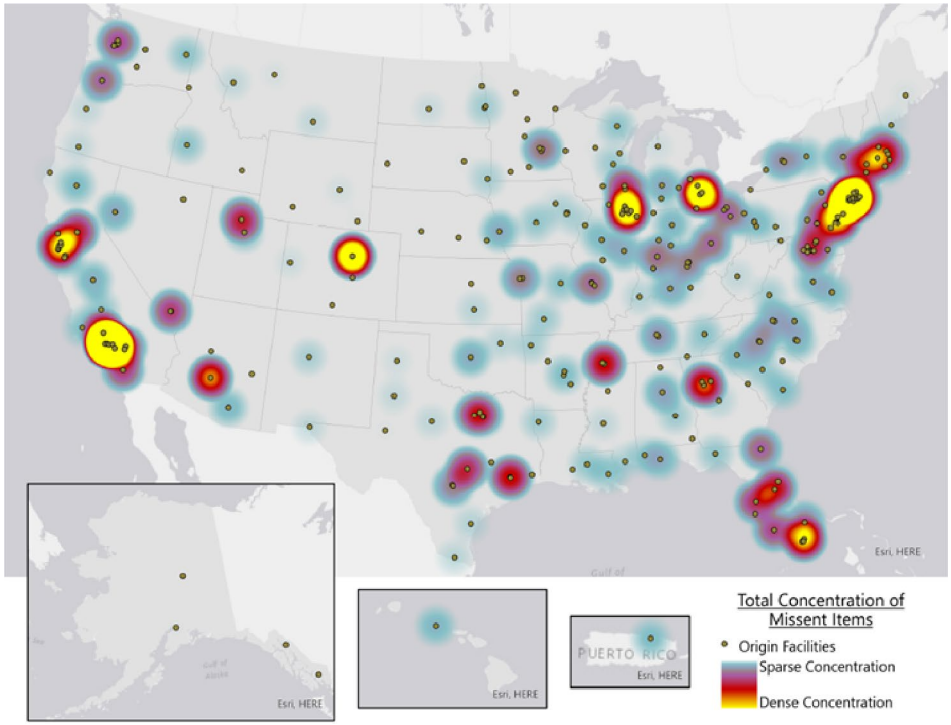
4 Total first handled piece volume consists of Labor Distribution Codes (LDC) 11 for letters and LDC 13 for packages.

Sample	Facility	Average Mileage Between Expected and Actual Facility (First-Class Packages)	Average Mileage Between Expected and Actual Facility (Priority Mail)
13	Los Angeles, CA P&DC	[redacted]	[redacted]
14	Santa Clarita, CA P&DC	[redacted]	[redacted]
15	San Jose, CA P&DC	[redacted]	[redacted]
16	Ft. Myers, FL P&DC	[redacted]	[redacted]
17	Dallas, TX P&DC	[redacted]	[redacted]
18	Miami, FL P&DC	[redacted]	[redacted]
19	Denver, CO P&DC	[redacted]	[redacted]
20	Sioux Falls, SD P&DC	[redacted]	[redacted]
21	Minneapolis, MN P&DC	[redacted]	[redacted]
Total Average Miles		[redacted]	[redacted]

Source: Postal Service's EDW and SFOPM systems; OIG analysis.

Geographically, misrouted mail is concentrated in more densely populated areas of the country where mail volume is higher such as Los Angeles, CA, Chicago, IL, and New York, NY, as shown in Figure 1.

Figure 1. First-Class Packages and Priority Mail Misrouted Mail Aggregate Volume



Source: Postal Service's EDW and SFOPM systems; OIG analysis.

Our audit was conducted during a challenging period for the Postal Service as the number of employees available to work was lower than usual and the number of packages mailed increased significantly during the COVID-19 pandemic. Postal Service headquarters management said this impacted management's ability to properly oversee misrouted mail and to ensure proper handling

procedures of employees. This aligns with our observations as we found management not ensuring employees complied with mail handling procedures. Specifically, we noted employees did not:

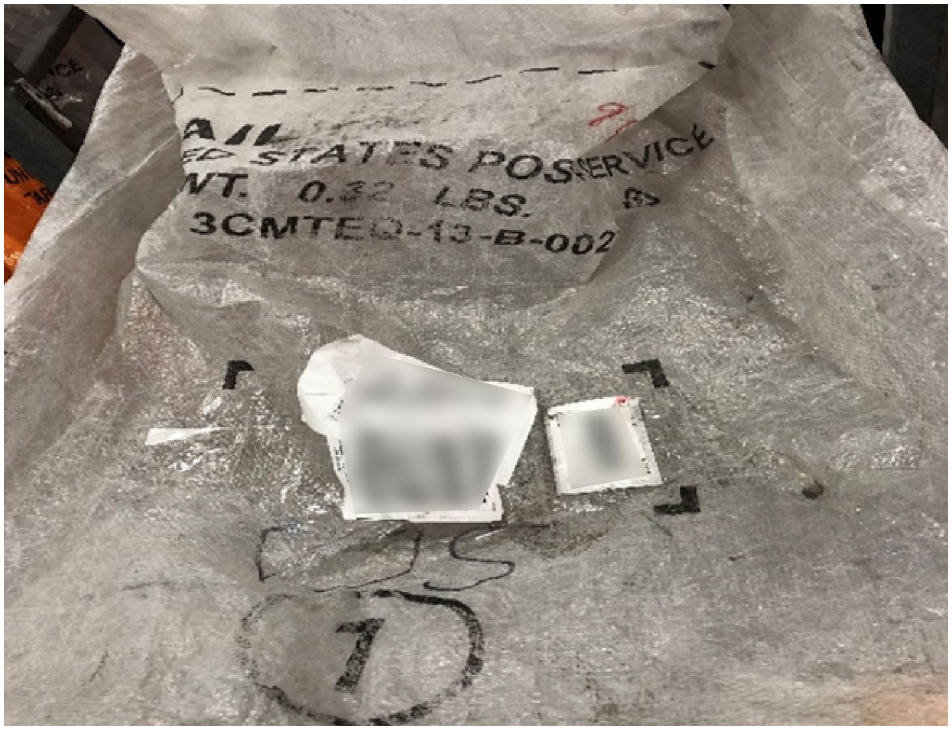
- Ensure old routing mail labels were removed so only new mail routing labels were visible;
- Consistently remove nonmachinable mail from mail processing machines; or
- Remove machine processed mail timely to prevent packages from obstructing the mail chute.

Ensure Removal of Old Routing Labels

During our observations at the Los Angeles, CA, Denver, CO, Albany, NY, Harrisburg, PA, Dallas, TX, and Richmond, VA, P&DCs, we found that management did not ensure employees removed old routing labels from reusable mail trays and bags for transportation and delivery. At the Los Angeles, CA, Denver, CO, Harrisburg, PA, and Richmond, VA P&DCs, we also observed new distribution and routing (D&R) air mail labels[5] placed on air mail sacks without removing the old label, as shown in Figure 2.

"P&DC management indicated that placing a new routing label over the old routing label was sufficient; however, Postal Service policy requires completely covering or disabling D&R tags before the mail bag is reused."

Figure 2. Mail Sack with the Old D&R Tag Still Exposed Under the New D&R Tag



Source: OIG photograph taken at the Richmond, VA P&DC on July 28, 2020 at 5:35 p.m. of a mail sack with an old D&R tag exposed under new the new tag.

P&DC management indicated that placing a new routing label over the old routing label was sufficient; however, Postal Service policy[6] requires completely covering or disabling D&R tags before the mail bag is reused. Disabling old D&R tags prevents employees from scanning incorrect labels, which reduces the possibility of misrouted mail, thereby allowing the Postal Service to reduce mail processing costs and increase operational efficiency.

5 D&R labels are self-adhesive barcoded tags which includes routing and parcel description information.
6 Standard Operating Procedures, *Mail Transport Equipment Return Handling Procedures for Processing Facilities*, dated May 2017 and Handbook PO-413, Platform Operations, Section 8-7, dated December 2013.

> *"Additionally, management did not ensure preventative maintenance on mail sorting machines, such as machine belt calibrations, were completed to prevent packages from missing the intended sortation bins and landing on the mail processing floor."*

At the six P&DCs we visited in person, we found employees did not always check mail trays to ensure the mail routing labels were accurate. Further, management at those six sites and at the 12 sites we reviewed virtually stated that they did not assign responsibility to employees to periodically check mail trays for accuracy and document completion on the mail placard for verification. Postal Service policy[7] states that management should assign an employee to check mail trays periodically and indicate verification is complete by maintaining a check off log. Management from 14 P&DCs stated they perform misrouted mail spot checks but could not provide documented evidence of those checks.

Nonmachinable Mail Removal and Preventative Maintenance

P&DC management did not always follow automated induction standard work instructions[8] for package sorting machines, such as ensuring nonmachinable[9] package removal and the continuous even flow of mail. At the Richmond, VA P&DC, we observed a package stuck on the machine while the conveyor belt repeatedly pushed it against a guard rail, appearing to damage the package as shown in Figure 3. The package could have caused a blockage that prevented other packages from being sorted into the correct bins, increasing the possibility of misrouted packages. By conducting spot checks to ensure non machinable mail is removed, management could have avoided this from occurring.

Figure 3. Nonmachinable Mail

Click here to watch the video.

Source: OIG video taken July 27, 2020 at 1:52 p.m. in Richmond.

Additionally, management did not ensure preventative maintenance on mail sorting machines, such as machine belt calibrations, were completed to prevent packages from missing the intended sortation bins and landing on the mail processing floor. Thirteen of 21 P&DC locations did not meet the 95 percent preventive maintenance goal.[10] During our site visits, management cited machine error as a cause for misrouted mail. Management indicated machine timing issues, such as belt timing on Automated Package Processing System machines, can cause mail to be sorted into the wrong bin.

7 Handbook PO-441, *Rehandling of Mail Best Practices*, Section 4-8.1, dated April 2002.
8 Small Package Sorting System, *Standard Work Instruction: SPSS Dispatch*, dated July 2015.
9 Publication 32, *Glossary of Postal Terms*, dated July 2013, Nonmachinable is defined as the incapacity of a mailpiece to be sorted on mail processing equipment because of size, shape, content, or address legibility.
10 Electronic Maintenance Activity Reporting and Scheduling system reports preventative maintenance using a red, yellow green status alert. Completion percentages 95 percent or above are indicated as green, 90 to 95 percent as yellow and 90 percent and below as red.

> *"Additionally, misrouted mail has a higher risk of not meeting the Postal Service's stated service performance standards, which could hurt the Postal Service brand."*

Postal Service headquarters maintenance management provided an analysis of preventative maintenance tasks they felt if not completed could contribute to misrouted mail. The analysis consisted of four different maintenance tasks for two package sorting machine types[11] at the 21 sites we reviewed. Management found these maintenance tasks were completed between 62.5 and 100 percent of the time, and based on this analysis, felt preventative maintenance was not a contributing factor to misrouted mail. However, completing preventative maintenance reduces the Postal Service's risk that packages will not be sorted properly.

Timely Removal of Mail Processed on Sorting Machines

P&DC management did not ensure employees removed bins full of machine processed mail timely. During our audit, management at eight P&DCs stated employees did not remove mail pieces from machines timely. Postal Service policy[12] states mail should be removed from machines frequently to prevent overflows and rehandling mail. P&DC management stated not removing mail pieces timely can result in mail pieces falling into the wrong mail bin. At the Los Angeles, CA, P&DC, we found packages backed up on the mail processing equipment and obstructing the mail chute which caused incoming mail to be deflected into the wrong mail bin, as shown in Figure 4. Headquarters maintenance management also stated a lack of staffing potentially contributed to employees not removing mail from the mail chutes timely to prevent back-ups.

Figure 4. Overflow of Packages on the Machine Belt

Source: OIG photograph of packages backing up and obstructing the mail chute taken at the Los Angeles P&DC on August 19, 2020 at 5:35 a.m. The backed-up packages could obstruct the conveyor belt causing packages to bounce off obstruction and into an incorrect bin.

Correcting the causes of misrouted mail will reduce processing costs and increase operational savings. We calculated the Postal Service incurred almost $110 million in questioned costs from March 1 through September 30, 2020, to reprocess, rehandle, and redirect misrouted mail. Additionally, misrouted mail has a higher risk of not meeting the Postal Service's stated service performance standards, which could hurt the Postal Service brand.

11 The analysis focused on one preventative maintenance task for the Automated Parcel and Bundle Sorter and three tasks for the Automated Package Processing System.
12 Handbook PO-441, *Rehandling of Mail Best Practices*, Section 4-5 dated April 2002.

Best Practices

We identified best practices at the Greensboro, NC, Albany, NY, Columbus, OH, and Richmond, VA, P&DCs related to management and oversight of misrouted mail that included:

- Communicating with other facilities regarding misrouted mail received and including pictures of misrouted mail and corresponding placards and labels.
- Ensuring sorting bins for similar numeric ZIP Codes were not placed next to each other at the end of the mail chute (as shown in Figure 5).
- Adding extra containers next to high-volume ZIP Codes so employees can easily replace containers to catch packages that could flyover the intended sorting bin and onto the floor as it flows down the chute.
- Ensuring sorting bins for high-volume ZIP Codes are not placed directly next to each other to prevent mail from quickly building up in the chute (overflow).
- Conducting misrouted mail studies to identify areas for improvement and develop improvement actions.

"Effective use of these best practices, where feasible, could allow P&DC management to limit misrouted mail, decrease its risk to service performance, and reduce associated processing costs."

Effective use of these best practices, where feasible, could allow P&DC management to limit misrouted mail, decrease its risk to service performance, and reduce associated processing costs.

Figure 5. Best Practice: Bins with Different ZIP Codes Placed Next to Each Other

Source: OIG photograph taken August 3, 2020 at 2:51 p.m. at the Albany, NY P&DC. The two bins display placards where the last three digits of the ZIP Code are different.

Recommendation #1

We recommend the **Vice President, Processing and Maintenance Operations**, provide written communication to employees reinforcing the standard operating procedures requiring employees to remove old labels from mail trays and bags before reuse.

Recommendation #2
We recommend the **Vice President, Processing and Maintenance Operations**, require supervisors to ensure employees comply with standard work instructions for removing nonmachinable mail from automated processing machines and complete preventive maintenance to ensure packages are sorted to mail bins correctly.

Recommendation #3
We recommend the **Vice President, Processing and Maintenance Operations**, provide written communication to employees reinforcing the policy requiring employees to remove mail bins timely from the processing machines to prevent overflow.

Recommendation #4
We recommend the **Vice President, Processing and Maintenance Operations**, implement the management and oversight best practices identified at four processing and distribution centers at other facilities nationwide, where feasible.

Finding #2: Misrouted Mail Not Accurately Reported

Postal Service misrouted mail data did not always identify the correct originating facility responsible for misrouting the mail. Specifically, we found that when mail is diverted[13] from the intended originating facility to a different sorting facility and that facility misroutes the mail to an incorrect destinating facility, the MHTS and SFOPM system assigns misrouted mail to the originally intended origination facility rather than the facility where the mail was actually processed and misrouted.

If a processing facility has challenges such as employee availability or insufficient capacity that could prevent it from processing mail timely, management can divert that mail to another facility that can process it timely and meet service standards. The Postal Service has long-term mail agreements with various facilities to divert mail for processing to meet service standards.

The Fort Wayne, IN, Morgan, NY, Lancaster, PA, and Madison, WI, P&DCs had long-term diversion arrangements to divert First-Class packages to other facilities for processing. However, when the other facilities processed and misrouted packages, SFOPM recorded the misroutes under the original facilities, not the facilities that actually processed and misrouted the mail. For example, the Madison, WI, P&DC routinely diverted First-Class packages and Priority Mail to the Milwaukee mail processing annex (MPA) for at least seven years because of limited capacity. However, when the Milwaukee MPA misrouted mail, it was reported in SFOPM as misrouted mail originating from the Madison, WI, P&DC. Further, First-Class letters from the Lancaster, PA, P&DC were diverted to the Harrisburg, PA, P&DC for processing, but when the Harrisburg P&DC misrouted letters, it was reported in MHTS as misrouted mail originating from the Lancaster, PA, P&DC (see Table 3).

Table 3. Misrouted Mail Reported

Mail Class	Originating Facility	Diverted to for Processing	Reported in SFOPM / MHTS as Misrouted From
First-Class Packages	Madison, WI PD&C	Milwaukee MPA	Madison, WI PD&C
Priority Mail			
Priority Mail	Morgan, NY P&DC	New Jersey NDC	Morgan, NY PDC
Priority Mail	Ft Wayne, IN P&DC	Indianapolis, IN MPA	Ft. Wayne, IN P&DC
First-Class Letters	Lancaster, PA P&DC	Harrisburg, PA P&DC	Lancaster, PA P&DC

Source: Postal Service's EDW, MHTS and SFOPM systems; OIG analysis.

We also found that misrouted Priority Mail originating from Ft. Wayne, IN, and expected to be received at the Atlanta, GA, P&DC was reported as misrouted when it was received at the Atlanta, GA, NDC, about 12 miles away. However, it is not clear whether the mail should have been reported as misrouted because

13 Short-term diversions occurred because of adverse weather conditions, which prevent timely processing, and because of the COVID-19 pandemic. Long-term diversions to alternate facilities occurred because of limited processing capacity at the origination facility.

the diversion to the other facility for processing may have been a deliberate action to meet service standards.

When long-term diversion arrangements are not identified in the MHTS and SFOPM system, the Postal Service does not always have accurate data and cannot always reliably monitor misrouted mail to identify the facilities where misrouted mail originated to make appropriate business decisions to resolve issues with misrouted mail.

Recommendation #5

We recommend the **Vice President, Processing and Maintenance Operations**, review the feasibility of updating the Mail History Tracking System (MHTS) and the Service Field Operations Performance Management (SFOPM) system or develop alternatives to ensure that MHTS and SFOPM can accurately reflect the correct facility processing and misrouting mail.

Management's Comments

Management partially agreed with the findings and either agreed or partially agreed with recommendations 1, 2, 3, and 4; but disagreed with recommendation 5 and the monetary impact. See Appendix D for management's comments in their entirety.

Management disagreed with the monetary impact calculation because it assumed offloaded mail would require additional handling and, therefore, incur additional costs. Management stated that it was largely based on data which included intentionally offloaded mail due to operational capacity limitations and contended that while the offloaded mail is processed at an alternate processing facility, it is not misrouted, does not receive additional handling, and is processed at no additional cost. Management noted they were unable to provide separate dollar amounts related to the impact of misrouted mail.

Regarding recommendation 1, management stated that they will communicate standard operating procedures to employees and post the procedures in a prominent location. The target implementation date is August 31, 2021.

Regarding recommendation 2, management stated that they will continue to communicate on a regular basis with supervisors to ensure employees comply with standard work instructions related to automated processing machines. Management also stated that their internal review in January 2021 did not support the OIG's finding that incomplete preventative maintenance contributed to misrouted packages. Management stated that they monitor preventative maintenance completion rates and acknowledged misrouted mail can occur even on well-maintained processing equipment. The targeted implementation date is September 30, 2021.

Regarding recommendation 3, management stated that they will communicate the policy requiring timely removal of mail from bins to employees and post it in a prominent location. The target implementation date is August 31, 2021.

Regarding recommendation 4, management stated that there is no correlation between best practices and misrouted mail volume from the locations named in the report. Management agreed with the best practice of facilities communicating with other facilitates regarding misrouted mail and including pictures of misrouted mail and associated placards. Management added that this process is already in use in high volume misrouted mail facilities and will look to improve the visibility of this optional reporting. The targeted implementation date is September 30, 2021.

Regarding recommendation 5, management disagreed with the recommendation and stated that the MHTS and SFOPM systems are diagnostic tools not designed to generate precise data on misrouted mail. Management also stated that only a small percentage of misrouted mail reported is true misrouted mail. Management stated the misrouted mail reported at the Lancaster, PA P&DC was related to the movement of Postal Automated Redirection System equipment and the lift unit database was not updated as required.

Evaluation of Management's Comments

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

Regarding the monetary impact disagreement, while there is no way to determine how much mail was offloaded but not entered into the tracking systems, the average distance between the origin facility and the next facility that processed the mail was [redacted] miles, or greater than the distance between [redacted] and [redacted] This indicates the data are more likely misrouted mail than an offload to a facility (which is typically done for short distances). We believe our calculation is a reasonable estimate of costs incurred due to misrouted mail based on the best available data.

Regarding recommendation 2, although management monitors preventive maintenance completion rates and takes corrective action as needed, our data analysis found that 13 of the 21 P&DC locations did not meet the 95 percent preventative maintenance goal. Furthermore, P&DC managers who we interviewed at 14 of the 21 locations cited machine error as a cause for misrouted mail.

Regarding recommendation 4, P&DC management interviewed at the four locations we note in the report identified the procedures we listed and confirmed that they were effective best practices for minimizing misrouted mail. However, we believe management's alternative proposed action sufficiently addresses the recommendation.

Regarding recommendation 5, management stated that only a fraction of misrouted mail reported was truly misrouted due to intentional mail offloading. However, management also stated that the MHTS and SFOPM systems cannot distinguish between actual misrouted mail and offloaded mail. Without updating these systems or an taking an alternative effective action, the Postal Service will be unable to identify facilities responsible for misrouted mail and take corrective actions. Misrouted mail has a higher risk of not meeting the Postal Service's stated performance standards, which could hurt the Postal Service's brand. Therefore, it is important for the Postal Service to have the ability to identify the amount of mail actually misrouted and at which facilities it occurred. We view the disagreement on recommendation 5 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. The recommendations should not be closed in the Postal Service's follow-up tracking system until we provide written confirmation that the recommendations can be closed.

Appendices

Click on the appendix title below to navigate to the section content.

Appendix A: Additional Information

Scope and Methodology

The scope of this audit includes misrouted First-Class Letters, Priority Mail, and First-Class packages from to March 1 through September 30, 2020.

To accomplish our objective, we:

- Performed site observations and interviews to determine causes for misrouted mail.
- Analyzed and evaluated data from the Postal Service's EDW, MHTS, and SFOPM systems to determine overall and misrouted mail volume.
- We judgmentally selected 21 facilities nationwide for review based on misrouted mail and mail volume data from March 1 to September 30, 2020. We selected high-, medium-, and low-risk sites based on the amount of misrouted mail relative to overall mail volume. We visited the following six of the 21 selected sites in person, to observe and evaluate mail handling procedures and compare them to required policies, procedures, and best practices:
  - Los Angeles, CA, PD&C
  - Denver, CO, PD&C
  - Albany, NY, PD&C
  - Harrisburg, PA, PD&C
  - Dallas, TX, PD&C
  - Richmond, VA, PD&C

  We conducted virtual interviews with management at the remaining 15 sites
- Interviewed mail processing managers and supervisors at the selected sites to identify misrouted mail causes and mail handling best practices.

We conducted this performance audit from July 2020 through February 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 January 22, 2021 and included their comments where appropriate.

We assessed the reliability of EDW, MHTS, and the SFOPM systems 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
Assessment of U.S. Postal Service's Service Performance and Costs	Analyze service performance and cost trends within the Postal Service over the last five years.	NO-AR-19-008	9/17/2019	None

Appendix B: Misrouted Volume as a Percentage of Total Volume

We applied a risk-based approach to identify higher risk locations. The primary risk factor was the amount of misrouted mail for each location relative to the total volume processed. For example, facilities with relatively large amounts of misrouted mail but with relatively low amounts of total volume processed were identified as higher risk. Facilities with a smaller amount of misrouted mail with relatively high amounts of total volume processed were identified as lower risk. Based on these risk indicators, 21 locations were identified as high-, medium-, and low-risk sites, as shown in Table 4.

Table 4. Selected Locations

Sample	Facility[14]	Misrouted Volume	Percentage of Total Volume
1	**Richmond, VA, P&DC**	[redacted]	[redacted]
2	Charleston, SC, P&DC	[redacted]	[redacted]
3	Greensboro, NC, P&DC	[redacted]	[redacted]
4	Lancaster, PA, P&DC	[redacted]	[redacted]
5	Columbus, OH, P&DC	[redacted]	[redacted]
6	**Harrisburg, PA, P&DC**	[redacted]	[redacted]
7	Kingsford, MI, Mail Processing Facility	[redacted]	[redacted]
8	Fort Wayne, IN, P&DC	[redacted]	[redacted]
9	Madison, WI, P&DC	[redacted]	[redacted]
10	Morgan Station, NY, P&DC	[redacted]	[redacted]
11	**Albany, NY, P&DC**	[redacted]	[redacted]
12	Brooklyn, NY, P&DC	[redacted]	[redacted]
13	**Los Angeles, CA, P&DC**	[redacted]	[redacted]
14	Santa Clarita, CA, P&DC	[redacted]	[redacted]
15	San Jose, CA, P&DC	[redacted]	[redacted]
16	Ft. Myers, FL, P&DC	[redacted]	[redacted]
17	**Dallas, TX, P&DC**	[redacted]	[redacted]
18	Miami, FL, P&DC	[redacted]	[redacted]
19	**Denver, CO, P&DC**	[redacted]	[redacted]
20	Sioux Falls, SD, P&DC	[redacted]	[redacted]
21	Minneapolis, MN, P&DC	[redacted]	[redacted]

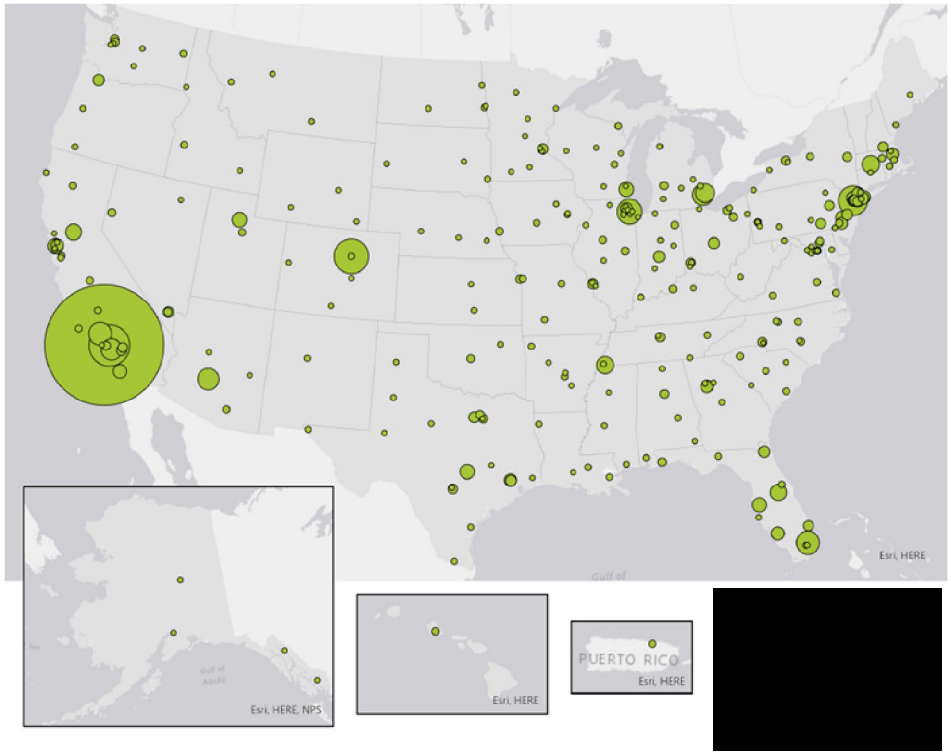
Source: Postal Service's EDW, MHTS, and SFOPM systems; OIG analysis.

14 The facilities in bold font represent in-person site visits.

Appendix C: Illustrative Geographical Misrouted Data

This map depicts the total aggregate misrouted First-Class Package and Priority Mail items by facility. Each dot represents a facility. The larger the dot, the greater the number of misrouted items, as shown in Figure 6.[15]

Figure 6. Total Aggregate Misrouted First-Class Packages and Priority Mail by Facility



Source: Postal Service's EDW and SFOPM systems; OIG analysis.

15 This map does not illustrate mail diversion instances, as mentioned in Finding 2, and therefore may not accurately depict all misrouted mail origination locations.

Appendix D: Management's Comments

MIKE L. BARBER
VICE PRESIDENT
PROCESSING AND MAINTENANCE OPERATIONS

UNITED STATES POSTAL SERVICE

February 10, 2021

JOSEPH WOLSKI
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Misrouted Mail Within the U. S. Postal Service Network
(Project Number 20-252-DRAFT)

Thank you for the opportunity to review and comment on the Office of the Inspector General (OIG) Audit: Misrouted Mail Within the U. S. Postal Service Network – Project Number 20-252-Draft. Postal Management is committed to routing all mail efficiently to minimize costs while providing timely mail delivery.

Postal Management agrees partially with the findings and recommendations. USPS maintains programs to monitor misrouted mail and take corrective action. Periodic training programs and the search for best practices in all operations is part of the corporate culture. The Maintenance team constantly reviews procedures and monitors compliance. These ongoing efforts have contributed to the low overall percentage of misrouted mail reported in the audit.

Postal Management disagrees with the Monetary Impact Questionable Costs estimates. The cost estimates are over-stated based on inaccurate assumptions regarding the data available in USPS reports. Management is unable to specify alternative dollar amounts at this time. Most of the examples cited in the audit were due to situations where an offload occurred due to operational capacity at the designated processing center. In the case of offloaded mail, the offloaded pieces would typically not incur any additional handlings. The OIG assumed the worst-case scenario and calculated that every offloaded piece would require an extra handling. Current data does not distinguish between an actual missent piece and pieces intentionally redirected.

We appreciate the OIG's efforts while evaluating the efficiency of mail processing, possible routing failures, and potential opportunities for improvement. Management continues to be proactive in improving processes and finding solutions to minimize misrouted mail.

475 L'ENFANT PLAZA SW RM. 7015
WASHINGTON, DC 20260-7607
202 268-7418

Recommendation #1:
We recommend the Vice President, Processing and Maintenance Operations, provide written communication to employees reinforcing the standard operating procedures requiring employees to remove old labels from mail trays and bags before reuse.

Management Response/Action Plan:
Management agrees with this recommendation. The standard operating procedures will be communicated to employees and posted in a prominent location.

Target Implementation Date:
August 2021

Responsible Official:
Director, Processing Operations

Recommendation #2:
We recommend the Vice President, Processing and Maintenance Operations, require supervisors to ensure employees comply with standard work instructions for removing nonmachinable mail from automated processing machines and complete preventative maintenance to ensure packages are sorted to mail bins correctly.

Management Response/Action Plan:
Management partially agrees with the recommendation. Supervisors are required to ensure employees comply with standard work instructions related to automated processing machines. This is an integral part of their duties. These duties will continue to be communicated on a regular basis.

An internal review of the audit data and our systems in January 2021 did not support the finding that preventative maintenance failures contributed to the misrouted packages as described in the audit. Preventative maintenance completion rates are monitored, and corrective action taken as needed. There is an ambient level of missents in even the most optimally performing mail processing equipment.

Target Implementation Date:
September 2021

Responsible Official:
Director, Processing Operations; Director, Maintenance Operations

Recommendation #3:
We recommend the Vice President, Processing and Maintenance Operations, provide written communication to employees reinforcing the policy requiring

employees to remove mail bins timely from the processing machines to prevent overflow.

Management Response/Action Plan:
Management agrees with this recommendation. The policy will be communicated to employees and posted in a prominent location.

Target Implementation Date:
August 2021

Responsible Official:
Director, Processing Operations

Recommendation #4:
We recommend the Vice President, Processing and Maintenance Operations, implement the management and oversight best practices identified at four processing and distribution centers at other facilities nationwide, where feasible.

Management Response/Action Plan:
Management disagrees with most of this recommendation. There is no correlation/causation between the "best practices" suggested and the misrouted, volume from these sites and/or the practices are not feasible for nationwide use.

Management partially agrees with the best practice of communicating with other facilities regarding misrouted mail received and including pictures of misrouted mail and corresponding placards and labels. This process is already in place for high volume or repetitive misrouting's. While it is not practical to utilize this process for every misrouted piece, Management will explore options to improve visibility of the optional reporting.

Target Implementation Date:
September 2021

Responsible Official:
Director, Processing Operations

Recommendation #5:
We recommend the Vice President, Processing and Maintenance Operations review the feasibility of updating the Mail History Tracking System (MHTS) and the Service Field Operations Performance Management (SFOPM) system or develop alternatives to ensure that MHTS and SFOPM can accurately reflect the correct facility processing and misrouting mail.

Management Response/Action Plan:
Management disagrees with this recommendation. The logic in the MHTS and SFOPM systems performs as designed. These systems are diagnostic tools and

not designed to generate precise data on misrouted mail. OIG is using the percentages out of context and attributing data to the systems for which they were not designed. Only a fraction of the pieces enumerated are due to unintended routing.

The OIG findings in Lancaster were related to an anomaly during a permanent Postal Automated Redirection System (PARS) processing move. At the time of the review, Lancaster had not updated the data in the Lift Unit Database as required. MHTS and SFOPM handle any Originating offloads properly since the report identifies the Origin with the first processing scan.

Mike L. Barber

cc: Jason R. DeChambeau, Director, In Plant Support
Sally K. Haring, Manager Corporate Audit and Response

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UNITED STATES POSTAL SERVICE

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

For media inquiries, contact Agapi Doulaveris
Telephone: 703-248-2286
adoulaveris@uspsoig.gov