Audit Report

Mail Excluded from Service Performance Measurement

Service **Measured**

Service **NOT** Measured

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Highlights

Objective

Our objective was to determine the reasons certain full-service mail volume is excluded from the U.S. Postal Service's service performance measurement.

The Postal Service uses Intelligent Mail Barcodes (IMb) on mailpieces to sort and track mail. The IMb allows mailers and the Postal Service to track each mailpiece from acceptance to delivery, which helps calculate the service performance of each piece. In exchange for putting IMbs on mailpieces, the Postal Service offers mailers free address corrections on their mailpieces, eliminates permit fees for mailing from more than one location, and provides automation discounts. These services are called full-service mail. However, full-service mail that does not meet mail preparation requirements or comply with certain business rules, such as missing key scan data, is excluded from service performance measurement.

Beginning in FY 2019, the Postal Service began using the Service Performance Measurement (SPM) system as it's official measurement system. This system replaced the External First-Class Measurement (EXFC) and Intelligent Mail Accuracy and Performance (iMAP) systems. This change was approved by the Postal Regulatory Commission (PRC) in 2018. The Postal Service stated the new measurement system would provide more accurate, reliable, and representative service performance reporting by gathering data from multiple sources and including live scans of the billions of mailpieces moving through the postal network, rather than relying on samples of test pieces and test recipients. Both the SPM and iMAP systems used "stop-the-clock" scans on sampled mailpieces to extrapolate service performance over the population of full-service mail. When mail is excluded from measurement, it is not part of the service performance calculation.

On September 30, 2015, the Government Accountability Office (GAO) issued the report *Actions Needed to Make Delivery Performance Information More Complete, Useful, and Transparent* (Report No. GAO-15-756). This report found the Postal Service's service performance scores did not include certain mailpieces that should have been measured. GAO found that 45 percent of market dominant mail was excluded from measurement because of untrackable barcodes, unknown acceptance times, no barcode scans, or inaccuracies in

mail preparation. As a result, the PRC initiated a public proceeding to address the completeness of the Postal Service's service performance measurement. This led, in FY 2016, to the Postal Service reporting mail volume excluded from service performance measurement to the PRC on a quarterly basis.

Findings

While the number of full-service mailpieces excluded from service performance measurement decreased by 2 billion pieces, or 8.4 percent, from FY 2017 to 2018, over 21.7 billion mailpieces, or 21.7 percent of all full-service mail, was excluded from service performance measurement in FY 2018. Additionally, through the first three quarters of FY 2019, more than 17.4 billion mailpieces, or 23.4 percent of all full-service mailpieces, were excluded from service performance measurement.

Almost 74 percent of the excluded mail in FY 2019 was excluded for one of three reasons: no start-the-clock scan, no piece scan, and long haul. As of the third quarter of FY 2019, we noted:

- More than 6.1 billion mailpieces, or 35.1 percent of total excluded pieces, were excluded from service performance measurement due to no start-the-clock scan. A start-the-clock is when the Postal Service collects an initial scan of the mailpiece. This scan may be missing when employees do not scan the containers of mail when they are received or if a container is missing its barcode.

> "*While the number of full-service mailpieces excluded from service performance measurement decreased by 2 billion pieces, or 8.4 percent, from FY 2017 to 2018, over 21.7 billion mailpieces, or 21.7 percent of all full-service mail, was excluded from service performance measurement in FY 2018.*"

Start-the-clock scans may also be missing as a result of how mailers manage their consolidated mail. When mailers create mailings, their planned manifest assigns individual mailpieces to barcoded containers. However, mailers may consolidate mail to reduce containers when loading trucks but fail to update the manifest to reassign mailpieces to their actual containers. As a result, the mailpieces that were reassigned to new containers will not receive a start-the-clock scan. According to Postal Service data, only 48 percent of expected bundled flat containers in FY 2019 were scanned as entering the network, indicating that this is a significant issue.

- More than 4 billion mailpieces, or 23.3 percent of total excluded pieces, were excluded from service performance measurement due to no piece scans. No piece scans occur when there is no processing scan for the mailpiece, or when mailer manifests do not reflect the actual mailpieces entered into the Postal Service network.

- More than 2.6 billion mailpieces, or 15 percent of total excluded pieces, were excluded from service performance measurement due to long haul. Long haul occurs when a mailpiece at a mailer's facility, or detached mail unit, is transported by the Postal Service to a mail processing facility in a different district. Currently, there is no automated process to determine the specific time mail leaves a detached mail unit to start its service performance measurement. Therefore, that mail is excluded from service measurement. According to Postal Service management, a mobile software application (app) is being developed to enable this mail to be included in service performance measurement. Postal Service management stated they started a pilot with select mailers in September 2019 to test this app.

These exclusions occurred because the Postal Service has not addressed the various root causes for mail excluded from service performance measurement. While the Postal Service has identified 15 reason categories for exclusions, such as no start-the-clock, no piece scan and long haul, there could be multiple causes within each exclusion category for why it was excluded. We interviewed the mailers with the most no start-the-clock scans, no piece scans, and long haul exclusions and none had been notified by the Postal Service their mail was excluded from service performance measurement. These mailers had

almost 3.7 billion mailpieces excluded from service performance measurement through the first three quarters of FY 2019. The Postal Service publishes a weekly exclusions report on Informed Visibility, its platform to report service performance measurement and diagnostics of market dominant products. However, these reports show exclusions by reason category and do not identify the root-causes of exclusions. Further, the mailers we interviewed did not know this data existed, nor did they have access to this data or report.

While service exclusions were not on the agenda for the Mailer Technical Advisory Committee (MTAC) meetings, the Postal Service did communicate causes of service exclusion at a high level to mailers during MTAC meetings. The main communication with individual mailers regarding root-causes of exclusions should come from area and district personnel. However, we found area and district staff had an inconsistent understanding of their roles concerning service exclusions. Staff in one area stated they were instructed not to contact large mailers about mailpiece exclusions. In another example, staff in one area stated they contact mailers related to mail quality but not exclusions, while staff in another area stated there are not enough resources dedicated to reducing mailpieces excluded from service performance measurement.

By excluding almost one-quarter of full-service mail from measurement, the Postal Service does not have visibility into the mailpieces at various points in the mail cycle. When the Postal Service does not have visibility into the acceptance, processing, or transporting of excluded mailpieces, the Postal Service and mailers do not have complete performance information to help manage their operations.

"These exclusions occurred because the Postal Service has not addressed the various root causes for mail excluded from service performance measurement."

Recommendations

We recommended management:

- Form a workgroup with mailers that have the largest amount of mail excluded from measurement to develop an action plan, with goals, timelines and practical opportunities to address root causes of service performance exclusions.

- Ensure area and district offices understand their roles and responsibilities regarding addressing causes of mail excluded from service performance measurement.

Transmittal Letter

OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

December 13, 2019

MEMORANDUM FOR: JEFFREY JOHNSON
VICE PRESIDENT, ENTERPRISE ANALYTICS

DR. JOSHUA D. COLIN
ACTING VICE PRESIDENT, PROCESSING AND
MAINTENANCE

E-Signed by Inspector General
VERIFY authenticity with eSign Desktop

FROM: Darrell E. Benjamin, Jr.
Deputy Assistant Inspector General
 for Mission Operations

SUBJECT: Audit Report – Mail Excluded from Service Performance
Measurement (Report Number 19XG009NO000-R20)

This report presents the results of our audit of Mail Excluded from Service
Performance Measurement.

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

Attachment

cc: Corporate Audit Response Management
Postmaster General

Results

Introduction/Objective

This report presents the results of our self-initiated audit of Mail Excluded from Service Performance Measurement (Project Number 19XG009NO000). The objective of our audit was to determine the reasons certain full-service mail volume is excluded from the U.S. Postal Service's service performance measurement system.

Background

The Postal Accountability and Enhancement Act of 2006 (PAEA) requires the Postal Service to establish service standards for market-dominant products and report each market-dominant product's level of service. The Postal Service developed service standards in 2007 in a joint operation with the Mailers Technical Advisory Committee (MTAC)[1].

The Postal Service has service standards (timeliness goals) for delivering mail after receiving it from a customer. The service standard is determined by the class of mail, where it originates (comes from), and where it is destined (goes to). The Postal Service considers these standards to be one of the primary operational goals or benchmarks against which it measures performance.

The Postal Service uses Intelligent Mail Barcodes[2] (IMb) on mailpieces to sort mail. The IMb allows mailers and the Postal Service to track each mailpiece from acceptance to delivery, which helps calculate the service performance of each piece. In exchange for putting IMbs on mailpieces, the Postal Service offers mailers free address corrections on their mailpieces, eliminates permit fees for mailing from more than one location, and provides automation discounts. These services are called full-service mail. Full-service mail includes the following mail types: First-Class mail postcards, letters, and flats; Marketing Mail letters and flats; Periodicals letters and flats; and Bound Printed Matter flats. However, full-service mail that does not meet mail preparation requirements or comply with certain business rules, such as missing key scan data, is excluded from service performance measurement.

Beginning in fiscal year (FY) 2019, the Postal Service began using the Service Performance Measurement (SPM) system as its official measurement system. This system replaced the External First-Class Measurement (EXFC) and Intelligent Mail Accuracy and Performance (iMAP) systems. This change was approved by the Postal Regulatory Commission (PRC) in 2018. The Postal Service stated the new measurement system would provide more accurate, reliable, and representative service performance reporting by gathering data from multiple sources and including live scans of the billions of mailpieces moving through the postal network, rather than relying on samples of test pieces and test recipients. Both the SPM and iMAP systems used stop-the-clock[3] scans on sampled mailpieces to extrapolate service performance over the population of full-service mail.

On September 30, 2015, the Government Accountability Office (GAO) issued a report[4] that found the Postal Service's service performance scores did not include certain mailpieces that should have been measured. The GAO found that 45 percent of market-dominant mail was excluded from measurement because of untrackable barcodes, unknown acceptance times, no barcode scans, or inaccuracies in mail preparation. As a result, the PRC initiated

> *"Full-service mail that does not meet mail preparation requirements or comply with certain business rules, such as missing key scan data, is excluded from service performance measurement."*

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1   MTAC is a venue for the Postal Service to share technical information with mailers and receive their advice and recommendations on matters concerning mail-related products and services in order to enhance customer value and expand the use of these products and services for the mutual benefit of mailing industry stakeholders and the Postal Service.

2   IMbs are used to sort and track letters, cards, and flats on automated equipment. The barcode encodes tracking information that identifies the mailer, type of service, and serial number and the routing code and routing information that contains the delivery point ZIP Code.

3   The recorded date and time when a mailpiece is delivered, stopping the clock for measuring its service performance.

4   *Actions Needed to Make Delivery Performance Information More Complete, Useful, and Transparent* (Report Number GAO-15-756).

a public proceeding[5] to address the completeness of Postal Service's service performance measurement. This led, in FY 2016, to the Postal Service reporting mail volume excluded from the service performance measurement to the PRC on a quarterly basis[6].

When mail is excluded from measurement, it is not part of the service performance calculation. The Postal Service has identified 15 reasons mail can be excluded from measurement (see Table 1).

Table 1. Service Exclusion Reasons

Exclusion Reason	Exclusion Description
No Start-the-Clock[7]	Lack of a container unload scan or inability to identify the Facility Access and Shipment Tracking (FAST) appointment associated to the container.
No Piece Scan	No automation scan observed for the mailpiece.
Non-Compliant	Mail identified as non-compliant due to inaccuracies in mail preparation.
Invalid Entry Point for Discount Claimed	Entry Point for Entry Discount claimed in electronic documentation (eDoc) is invalid for the entry point and destination of the mail.
Non-Unique IMb	eDoc contains mailpieces with a non-unique IMb.
Postal Automated Redirection System (PARS)	Undeliverable-as-Addressed mail as indicated by Address Change Service and/or PARS operation when mailpiece is processed.

Exclusion Reason	Exclusion Description
Incorrect Entry Facility	eDoc entry facility does not match the facility specified in the associated FAST appointment.
FAST Appointment Irregularity	Irregularity with the mailing/trip captured by FAST (e.g., contents not matching 8125).
Non-Unique Physical Intelligent Mail container barcodes (IMcb)	Physical containers with non-unique IMcb on the placard.
Inconsistent Service Performance Measurement Data	Mailpiece received inconsistent scan events when calculating service performance measurement.
Orphan Handling Unit[8]	Mailpiece associated with an Orphan Handling Unit not inducted at a Business Mail Entry Unit.
Inaccurate Scheduled Ship Date	eDoc scheduled ship date time is 48+ hours earlier than the postage statement finalization date time.
Long Haul	Mail verified at a Detached Mail Unit (DMU), then transported by USPS to a mail processing facility in a different district than the DMU. Currently there is no way to determine when mail left the DMU to start its service performance measurement.
Excluded ZIPs	Excluded due to 3-digit delivery ZIP Codes that are not measured.
Other	All other reasons.

Source: PRC.

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5 Inquiry Concerning Service Performance Measurement Data (PI2016-1).
6 Mail can be excluded for more than one reason; however, the Postal Service reconciles the data before presenting it to the PRC to avoid double counting excluded mail.
7 The recorded date and time when a mailpiece enters the mailstream, and starting the clock for measuring its service performance.
8 A tray or sack that is not nested to a container.

Finding #1: Service Exclusion Root Causes Not Identified

While the number of full-service mailpieces excluded from service performance measurement decreased by 2 billion pieces, or 8.4 percent, from FY 2017 to 2018, over 21.7 billion mailpieces, or 21.7 percent of all full-service mail, was excluded from service performance measurement in FY 2018.

Additionally, through the first three quarters of FY 2019, more than 17.4 billion mailpieces, or 23.4 percent of all full-service mailpieces, were excluded from service performance measurement (see Table 2).
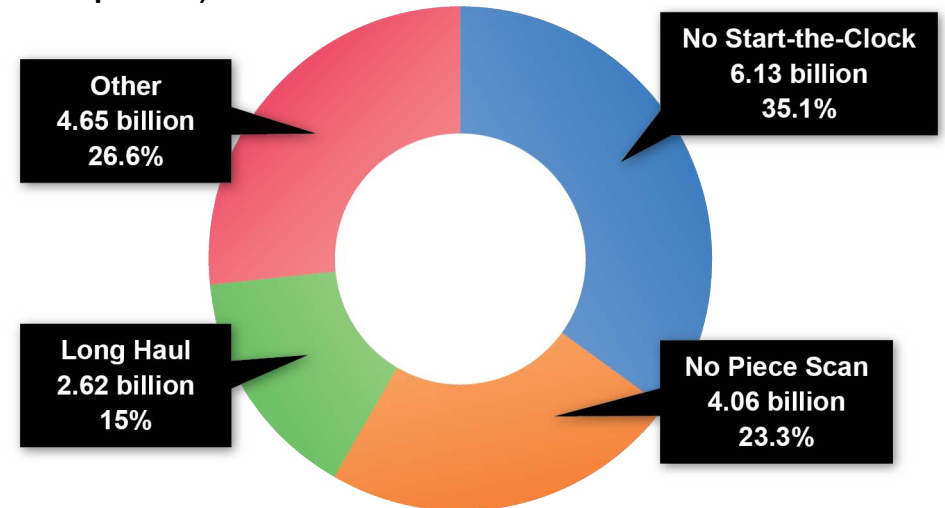
Table 2. Measured and Excluded Full-Service Mail Volume

FY	Total	Measured	Measured (Percent)	Excluded	Excluded (Percent)
2017	100,560,384,023	76,787,017,356	76.4%	23,773,366,667	23.6%
2018	100,136,444,138	78,369,089,104	78.3%	21,767,355,034	21.7%
2019[9]	74,710,967,409	57,251,586,594	76.6%	17,459,380,815	23.4%

Source: Postal Service quarterly reports and OIG analysis.

Almost 74 percent of the excluded mail in FY 2019 was excluded for one of three reasons: no start-the-clock scan, no piece scan, and long haul (see Figure 1).

> *"As of the third quarter of FY 2019, more than 6.1 billion mailpieces of total excluded pieces, or 35.1 percent, were excluded from service performance measurement due to no start-the-clock scan."*

Figure 1. Top Three Exclusion Reasons in FY 2019 (through three quarters)

No Start-the-Clock 6.13 billion 35.1%
Other 4.65 billion 26.6%
Long Haul 2.62 billion 15%
No Piece Scan 4.06 billion 23.3%

Source: Postal Service quarterly reports and OIG analysis.

No Start-the-Clock

As of the third quarter of FY 2019, more than 6.1 billion mailpieces of total excluded pieces, or 35.1 percent, were excluded from service performance measurement due to no start-the-clock scan (see Table 3). No start-the-clock is when a mailpiece or container of mail does not have an initial scan and the Postal Service does not know when the mailpiece or container was entered into its network to start measuring its service performance. Since FY 2017, no start-the-clock exclusions have been decreasing each year. However, this has been the top reason for exclusions since FY 2017 and has accounted for the exclusion of over 23.4 billion total mailpieces from FY 2017 to FY 2019.

9   Through the first three quarters.

Table 3. No Start-the-Clock Exclusions
FY 2017 – FY 2019 (through three quarters)

FY	No Start-the-Clock Pieces	Percentage of Total Exclusions
2017	9,464,780,971	39.8%
2018	7,897,658,217	36.3%
2019	6,126,850,444	35.1%

Source: Postal Service quarterly reports and OIG calculations.

A no start-the-clock status may happen when employees fail to scan containers of mail when they are received or if a container is missing its barcode. Start-the-clock scans may also be missing as a result of how mailers manage their consolidated mail. When mailers create mailings, their planned manifest assigns individual mailpieces to barcoded containers. However, mailers may consolidate mail to reduce containers when loading trucks but fail to update the manifest to reassign mailpieces to the actual containers. As a result, the mailpieces that were reassigned to new containers will not receive a start-the-clock scan.

> "Since FY 2017, more than 15.2 billion mailpieces have been excluded from service performance measurement because there was no piece scan."

The mailer with the most no start-the-clock exclusions in FY 2019 provided data showing that the number of containers on their planned manifests exceeded the actual number of physical containers entered into the mailstream. From August 3-14, 2019, the mailer had 3,526 containers on their manifest, but only 1,499 physical containers, or 42.5 percent, entered into the Postal Service network (see Table 4). Therefore, the mailer's digital manifest did not match the physical mailing, resulting in mailpieces being excluded because they had no start-the-clock scans.

Table 4. Mailer Planned vs Actual Containers
August 3 – 14, 2019

Job ID	Number of Containers on Manifest	Number of Actual Containers Entered into Postal Service Network	Percentage
▬	266	113	42.5%
▬	432	176	40.7%
▬	288	135	46.9%
▬	357	148	41.5%
▬	404	171	42.3%
▬	378	160	42.3%
▬	307	132	43.0%
▬	251	110	43.8%
▬	482	203	42.1%
▬	361	151	41.8%
Total	**3,526**	**1,499**	**42.5%**

Source: Mailer and Informed Visibility data.

No Piece Scan

As of the third quarter of FY 2019, more than 4 billion mailpieces, or 23.3 percent of total excluded pieces, were excluded from service performance measurement due to no piece scan. A no piece scan status occurs when there is no processing scan for the mailpiece. This can happen for various reasons such as, mail that bypasses processing entirely, mail that should be processed on a machine but that is actually sorted manually, or when mailer manifests do not reflect the actual pieces entered into the Postal Service network. Since FY 2017, more than 15.2 billion mailpieces have been excluded from service performance measurement because there was no piece scan (see Table 5).

**Table 5. No Piece Scan Exclusions
FY 2017 – FY 2019 (through three quarters)**

FY	No Piece Scan	Percentage of Total Exclusions
2017	5,407,053,513	22.7%
2018	5,798,333,349	26.6%
2019	4,063,113,513	23.3%

Source: Postal Service quarterly reports and OIG calculations.

**Table 6. Long Haul Exclusions
FY 2017 – FY 2019 (through three quarters)**

FY	Long Haul Mailpieces	Percentage of Total Exclusions
2017	3,851,036,518	16.2%
2018	3,832,404,304	17.6%
2019	2,623,119,600	15.0%

Source: Postal Service quarterly reports and OIG calculations.

The mailer with the most no piece scan exclusions in FY 2019 stated they believed the problem was related to carrier route bundles.[10] They stated that 85 percent of their mail is carrier routed meaning it wouldn't receive a processing scan but should receive a container scan, but only 58 percent of the bundles received a container scan. However, Postal Service management disagreed with the mailer's comments and stated that the carrier route bundles should have received a scan. According to Postal Service data, only 48 percent of expected bundled flat containers in FY 2019 were scanned as entering the network, indicating that this is a significant issue.

Long Haul

As of the third quarter of FY 2019, more than 2.6 billion mailpieces, or 15 percent of total excluded pieces, were excluded from service performance measurement due to long haul. A long haul exclusion occurs when a mailpiece at a mailer's facility, or detached mail unit,[11] is transported by the Postal Service to a mail processing facility in a different Postal Service district. Since FY 2017, long haul exclusions have been decreasing (see Table 6).

According to Postal Service management, there is currently no automated process to determine the exact time mail leaves a detached mail unit to start its service performance measurement. Further, it may take several days to load the truck to its capacity, resulting in mail sitting on the truck.

Postal Service management indicated that a mobile software application (app) is being developed to enable this mail to be included in service performance measurement. As of September 2019, Postal Service management stated they had started a pilot with select mailers to test this app.

> *"As of the third quarter of FY 2019, more than 2.6 billion mailpieces, or 15 percent of total excluded pieces, were excluded from service performance measurement due to long haul."*

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10   Mail sorted by the mailer at a carrier level that bypasses machine processing.
11   An area in mailer's facility where postal employees perform mail verification, acceptance, dispatch, and other postal functions.

Root Causes of Exclusions

These exclusions occurred because the Postal Service has not addressed with individual mailers the various root causes for why mail was excluded from service performance measurement. While the Postal Service has identified 15 reason categories for exclusions, such as no start-the-clock, no piece scan and long haul, there could be multiple causes within each exclusion category for why it was excluded. Since FY 2016, the Postal Service has made progress in decreasing the amount of full-service mail excluded from service performance measurement. However, actions are needed to further reduce the volume of mailpieces that are excluded from measurement.

Communication

We interviewed the mailers with the most no start-the-clock, no piece scan, and long haul exclusions and none had been notified by the Postal Service that their mail was excluded from service performance measurement. These three mailers alone accounted for almost 3.7 billion mailpieces which were excluded through the first three quarters of FY 2019.

The Postal Service publishes a weekly exclusions report on its Informed Visibility application, its platform to report service performance measurement and diagnostics of market dominant products for each Postal Service area. This report includes the raw data on service exclusions, but also includes a mailer summary; however, these reports do not identify the root causes of exclusions. Further, the mailers we interviewed did not know this data existed, nor did they have access to this data or report. Additionally, during our interviews with the Postal Service and mailers, each could only speculate on the root causes for exclusions.

While service exclusions were not on the agenda for the MTAC meetings, the Postal Service did communicate causes of service exclusions at a high level to mailers during some of the MTAC meetings. The Postal Service was able to provide to the OIG some direct correspondence with individual mailers regarding their specific exclusions. According to the Postal Service Director, Corporate

Reporting, the primary communication with individual mailers regarding root causes of exclusions should come from area and district personnel. However, we found area and district staff had an inconsistent understanding of their roles in service exclusions. Staff in one area stated they were instructed not to contact large mailers about mailpiece exclusions. As another example, staff in one area stated they contacted mailers related to mail quality but not exclusions, while staff in another area stated there are not enough resources dedicated to reducing mailpieces from being excluded from service performance measurement.

Without direct communication between the Postal Service and mailers, it will be difficult to address the root causes of exclusions and reduce the volume of mail excluded from measurement.

Inaccurate Data

The Postal Service has not held mailers accountable for ensuring their manifests are accurate, which has led to the reporting of inaccurate data on mailers' manifests. Mailers consolidate mail to reduce containers when loading trucks, but they do not always update their manifest to reassign mailpieces to the actual containers. As a result, the mailpieces that were reassigned into consolidated containers will not be included in measurement.

Postal Service management stated this issue was discussed at the August 2019 meeting of the MTAC and they are working with mailers to address this issue.

> "Without direct communication between the Postal Service and mailers, it will be difficult to address the root causes of exclusions and reduce the volume of mail excluded from measurement."

Impact

The PAEA requires the Postal Service to measure the quality of service for each market dominant mail product. However, by excluding almost one-quarter of mail the Postal Service does not have visibility into the mailpieces at various points in the mail cycle. When the Postal Service does not have visibility into the acceptance, processing, or transporting of excluded mailpieces, the Postal Service and mailers do not have complete service performance information to help manage their operations.

Recommendation #1

The **Vice President, Enterprise Analytics** and **Acting Vice President, Processing and Maintenance**, form a workgroup with mailers that have the largest amount of mail excluded from measurement to develop an action plan, with goals, timelines and practical opportunities to address root causes of service performance exclusions.

Recommendation #2

The **Vice President, Enterprise Analytics** and **Acting Vice President, Processing and Maintenance**, ensure area and district offices understand their roles and responsibilities regarding addressing causes of mail excluded from service performance measurement.

"When the Postal Service does not have visibility into the acceptance, processing, or transporting of excluded mailpieces, the Postal Service and mailers do not have complete service performance information to help manage their operations."

Management's Comments

Management agreed with both recommendations, but partially disagreed with the overall finding and disagreed with the methodology used to calculate the excluded volume.

Regarding recommendation 1, management stated they will work with the mailing industry to reduce the number of mailpieces excluded from measurement and determine whether creating an MTAC workgroup would add value in increasing the amount of mail in measurement. The target implementation date is February 2020.

Regarding recommendation 2, management stated they will provide more formal and consistent communication to area and district offices regarding their roles and responsibilities in addressing causes of mail excluded from service performance measurement. The target implementation date is February 2020.

Regarding the overall finding, management stated they have a comprehensive list of root causes for excluding mail from measurement. In addition, they have a cross-functional team to identify top opportunities and drive improvements to the percentage of mail in measurement.

Management also disagreed with the methodology the OIG used in calculating the volume excluded by exclusion reason. Management stated that full-service mailpieces could be flagged for more than one reason causing the mailpiece to be counted more than once. In conversations with management, they did agree with the total number of mailpieces excluded from measurement (see Table 2) but disagreed with the amount of exclusions reported for each exclusion reason (see Tables 3, 5 and 6). Management noted a mailpiece can be excluded for multiple reasons thus a mailpiece could be counted in more than one exclusion reason. The OIGs methodology did not double count these mailpieces among each exclusion reason thus the Postal Service feels the amount of exclusions reported for each reason is under reported and inaccurate.

See Appendix B for management's comments in their entirety.

Evaluation of Management's Comments

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

Regarding management's partial disagreement with the finding, the OIG found the Postal Service had identified general reasons for exclusions as shown in Table 1, but had not identified the specific root causes as to why each exclusion reason occurs. The Postal Service does have a working group assessing the reasons for mailpieces excluded from measurement and as noted in the report the number of pieces excluded has decreased since FY 2017. However, the percentage of mail excluded through the first three quarters of FY 2019 is greater than the previous year and without direct communication between the Postal Service and mailers it would be difficult to determine root causes and reduce exclusions.

Regarding management's disagreement with the OIG's methodology for determining volumes excluded by reason, the Postal Service did agree with the total number of mailpieces excluded from measurement but didn't agree with the number of mailpieces excluded by exclusion reason. The Postal Service stated a mailpiece can be excluded for multiple reasons thus a mailpiece could be counted in more than one exclusion reason. This results in a higher total of excluded mailpieces by reason than were actually excluded. After our discussions with management, we feel our methodology is appropriate. The OIG's calculations present an accurate volume of full-service mail excluded from measurement without double counting mailpieces and used publicly available data from the PRC, including the total amount of full-service mail excluded from measurement and the percentage of mail with an exclusion reason.

All recommendations require OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. Recommendations 1 and 2 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 was nationwide mail excluded from service performance measurement from FY 2017 – FY 2019, Quarter 3. Data for FY 2016 was not available by exclusion reason.

To accomplish our objective, we:

- Reviewed requirements for reporting mailpieces excluded from service performance measurement.

- Analyzed mailpiece exclusion data to determine the top three reasons for exclusions.

- Interviewed Postal Service managers at headquarters and area offices.

- Interviewed the top mailer for the top three exclusion reasons.

- Reviewed MTAC files and presentations related to mailpieces excluded from measurement.

We conducted this performance audit from April through December 2019 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 November 12, 2019 and included their comments where appropriate.

We assessed the reliability of full-service mail exclusion data from Informed Visibility 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
Actions Needed to Make Delivery Performance Information More Complete, Useful, and Transparent	Assess the Postal Service's measurement of mail delivery performance and the PRC's oversight of this measurement and the Postal Service's and PRC's reporting of this information.	GAO-15-756	9/30/2015	None

Appendix B: Management's Comments

JEFFREY C. JOHNSON
VICE PRESIDENT
ENTERPRISE ANALYTICS

UNITED STATES POSTAL SERVICE

December 3, 2019

LAZERICK POLAND
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Mail Excluded from Service Performance Measurement (Report Number 19XG009NO000-DRAFT)

We appreciate the OIG's recognition that in a short time frame the USPS has successfully implemented an operating Internal Service Performance Measurement system using ~76% of the mail to represent the service performance. USPS has achieved direct measurement of ~79 Billion pieces of live commercial mailpieces in FY19 and generated statistically valid, 3rd party audited service measurement results. This demonstrates a marked improvement in capability and representation over the legacy system which was based on thousands of seeded mailpieces manually injected and recorded.

USPS partially disagrees with the overall finding that service exclusion root causes have not been identified. As documented in the report, USPS has a comprehensive list of root causes of why mail is excluded from measurement. In addition, the USPS has a cross-functional team comprised of members from Enterprise Analytics, Mail Entry and Payment Technology, Network Operations, Field Marketing and Field Operations to continue to identify top opportunities and drive improvements to the percentage of mail in measurement. This team has developed a comprehensive resolution guide that provides potential root causes and mitigation strategies for each measurement exclusion reason. USPS recognizes the top opportunities noted in the report and will continue to work with industry on the business value of mail in measurement with consideration of cost.

USPS would like to clarify the exclusion metrics stated in the report, specifically the mail volume excluded by exclusion reason. In order to help ensure the accuracy of commercial mail service measurement, USPS only evaluates the service performance of Full-Service mailpieces. Therefore, mailpieces that do not qualify for Full-Service are inherently excluded from measurement. A Full-Service mailpiece eligible for measurement could be flagged for more than one exclusion reason causing the mailpiece to be counted more than once if the exclusion volume by exclusion reason is aggregated inflating the numerator. As a result, the

methodology used in the audit report to derive volume excluded by exclusion reason doesn't provide the actual volume excluded by exclusion reason. USPS looks forward to working with the OIG to update the methodology and exclusion metrics reflected in the report.

Recommendation 1:

Form a workgroup with mailers that have the largest amount of mail excluded from measurement to develop an action plan, with goals, timelines and practical opportunities to address root causes of service performance exclusions.

Management Response/Action Plan:

USPS agrees with the recommendation.

USPS will continue to work collaboratively with the mailing industry to increase the percentage of mail in measurement. USPS will work with the industry to determine if the creation of an MTAC workgroup can add value and help determine business value with consideration to cost of increasing mail in measurement.

Target Implementation Date:

February 2020

Responsible Official:

VP, Enterprise Analytics and VP, Processing and Maintenance

Recommendation 2:

Ensure area and district offices understand their roles and responsibilities regarding addressing causes of mail excluded from service performance measurement.

Management Response/Action Plan:

USPS agrees with the recommendation.

USPS will work towards providing more formalized and consistent communication to area and district offices. This will ensure clarity in their roles and responsibilities regarding addressing causes of mail excluded from service performance measurement

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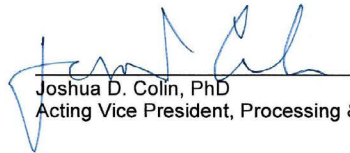
Target Implementation Date:

February 2020

Responsible Official:

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