

# U.S. Postal Service's Plans to Resolve Post Office Suspensions

## AUDIT REPORT

Report Number 21-239-R23 | May 17, 2023



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# Highlights

## Background

A post office suspension occurs when the U.S. Postal Service temporarily stops operations at a Postal Service–operated retail facility. A facility may be suspended due to a natural disaster, termination of a lease or rental agreement, lack of qualified personnel to operate the office, irreparable or severe damage to the retail facility, or the lack of adequate measures to safeguard the retail facility or its revenues. The Postal Service’s policy requires a post office suspension be resolved by either re–opening or permanently closing the facility, which is typically completed between 180 to 280 days.

Post office suspensions have long been an interest of the Postal Regulatory Commission (PRC), Congress, and other stakeholders. The PRC has publicly expressed concerns over the years about the number of unresolved post office suspensions. The Postal Service has been trying to clear a backlog of post office suspensions that developed over many decades. As of the end of fiscal year (FY) 2022, the Postal Service reported 381 unresolved post office suspensions.

Since FY 2020, the PRC has required the Postal Service to provide a detailed plan to resolve post office suspensions in its Annual Compliance Report (ACR). The Postal Service has used its Change Suspension Discontinuance Center (CSDC) system since 2012 to track information on facilities throughout the post office suspension process.

## What We Did

Our objective was to assess the effectiveness of the Postal Service’s plans to resolve post office suspensions.

## What We Found

The Postal Service lacked documentation to support implementation of its publicly reported plans to resolve post office suspensions. This primarily occurred due to changes in the Postal Service’s organizational structure and assigned responsibilities for the post office suspension process. In addition, the Postal Service’s system used for tracking post office suspensions had data reliability issues.

## Recommendations

We recommended management (1) update policies and procedures applicable to the post office suspension process to reflect current organizational structure and assigned responsibilities; (2) develop a process to formally document and monitor implementation of current and future plans to resolve post office suspensions as reported in the ACRs; and (3) develop and implement formally documented quality assurance processes over the data in the post office suspension tracking system.

# Transmittal Letter



OFFICE OF INSPECTOR GENERAL  
UNITED STATES POSTAL SERVICE

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May 17, 2023

**MEMORANDUM FOR:** ELVIN MERCADO  
VICE PRESIDENT, RETAIL AND POST OFFICE OPERATIONS

A handwritten signature in black ink, reading "Alan S. MacMullin", is centered below the memorandum header.

**FROM:** Alan S. MacMullin  
Deputy Assistant Inspector General  
for Finance, Pricing, and Human Capital

**SUBJECT:** Audit Report – U.S. Postal Service's Plans to Resolve Post Office  
Suspensions (Report Number 21-239-R23)

This report presents the results of our audit of the Postal Service's plans to resolve post office suspensions.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact JeVon Holland, Acting Director, Cost and Pricing, or me at 703-248-2100.

Attachment

cc: Postmaster General  
Corporate Audit Response Management

# Results

## Introduction/Objective

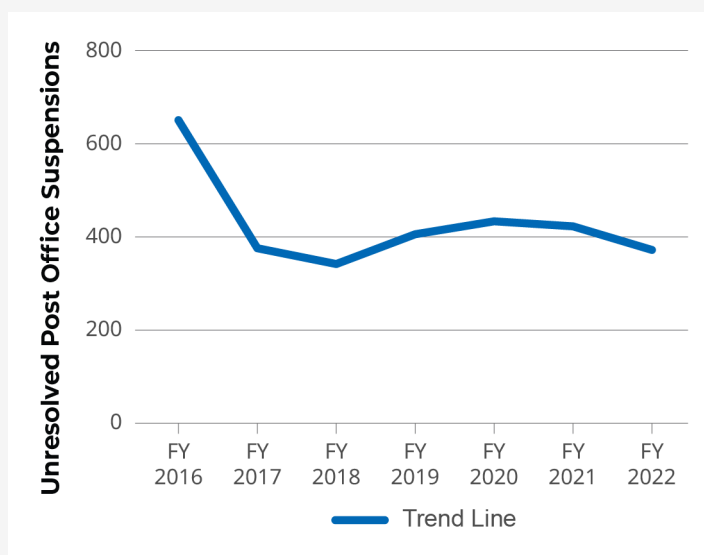
This report presents the results of our self-initiated audit of the U.S. Postal Service's plans to resolve suspended Postal Service-operated retail facilities, hereafter referred to as post office suspensions (Project Number 21-239). Our objective was to assess the effectiveness of the Postal Service's plans to resolve post office suspensions. See [Appendix A](#) for additional information about this audit.

## Background

A post office suspension occurs when the U.S. Postal Service temporarily stops operations at a Postal Service-operated retail facility. A facility may be suspended due to a natural disaster, termination of a lease or rental agreement, lack of qualified personnel to operate the office, irreparable or severe damage to the retail facility, or the lack of adequate measures to safeguard the retail facility or its revenues. The Postal Service's policy requires a post office suspension be resolved by either re-opening or permanently closing the facility, which is typically completed in 180 days and potentially up to 280 days if a discontinuance study is required, looking for alternate quarters, or awaiting building repairs.

Post office suspensions have long been an interest of the Postal Regulatory Commission (PRC), Congress, and other stakeholders. The PRC has publicly expressed concerns over the years about the number of unresolved post office suspensions. The Postal Service has been trying to clear a backlog of post office suspensions that developed over many decades. As of the end of fiscal year (FY) 2022, the Postal Service reported 381 unresolved post office suspensions as shown in Figure 1.

Figure 1. Trend of Unresolved Post Office Suspensions



Source: Total number of unresolved post office suspensions at the end of the fiscal year, according to the PRC's *Annual Compliance Determination* reports from FY 2016 through FY 2022.

Since FY 2020, the PRC has required the Postal Service to provide a detailed plan to resolve post office suspensions in its Annual Compliance Report (ACR). The Postal Service has used its Change Suspension Discontinuance Center system since 2012 to track information on individual facilities throughout the post office suspension process.

## Finding #1: Plans to Resolve Post Office Suspensions

Although the Postal Service has policies and procedures applicable to the post office suspension process<sup>1</sup>, it lacked documentation to support implementation of its publicly reported plans to resolve post office suspensions. This primarily occurred due to changes in the Postal Service's organizational structure and assigned responsibilities for the post office suspension process. In addition, the Postal Service's system used for tracking post office suspensions had data reliability issues.

<sup>1</sup> The Postal Service developed and implemented the following policies and procedures applicable to the post office suspension process: *Postal Service-Operated Retail Facilities Discontinuance Guide*, October 2012 (PO-101); and *Emergency Suspension (CSDC) Standard Operating Procedures*, October 2018. Management stated that it is in process of revising PO-101, which should be tentatively completed in May 2023.

## Documentation to Support Implementation of Reported Plans

The Postal Service has been publicly reporting in its ACR how it plans to resolve post office suspensions since at least FY 2018. The plans include administering field personnel educational sessions on the post office suspension process, which was implemented beginning in FY 2022; conducting teleconferences on how to submit documentation accurately, completely, and timely; providing data and instructions on how to resolve post office suspensions; and dedicating resources to tracking system and policy efforts.

Although the Postal Service has been publicly reporting plans to resolve post office suspensions in its ACR for several years, management could not provide documentation to support implementation of its plans prior to FY 2022. The lack of documentation can be attributed to changes in the Postal Service's organizational structure and assigned responsibilities for the post office suspension process and the Postal Service's lack of prioritization to resolve post office suspensions timely. The Postal Service's tracking system contained some information on the status of individual post offices but did not have any records related to the Postal Service's publicly reported plans.

A team within the Postal Service's Delivery Operations business unit was responsible for the post office suspension process prior to August 2020. On August 7, 2020, the Postal Service announced an organizational restructuring that transferred the responsibility from its Delivery Operations business unit to its Retail and Post Office Operations business unit. Retail and Post Office Operations management did not assign a team responsibility for the post office suspension process until August 2021, which was approximately one year after the organizational restructuring. In addition, the new team could only provide documentation from FY 2022 forward to support implementation of the Postal Service's publicly reported plans to resolve post office suspensions.

Starting in FY 2020, the Postal Service reported several challenges that disrupted its ability to address unresolved post office suspensions timely, including the COVID-19 pandemic, self-adopted policies that placed a pause on all unresolved post office suspensions' customer-facing activities (e.g., community meeting to explain the proposed

change in service), and its decision to restructure. The Postal Service's challenges to address unresolved post office suspensions timely were compounded by outdated policies and procedures applicable to the post office suspension process that reflected the prior organizational structure and assigned responsibilities.

According to the Committee of Sponsoring Organizations of the Treadway Commission's (COSO)<sup>2</sup> *Internal Control-Integrated Framework*, management and the board of directors are responsible for assigning responsibilities at various levels of the organization in the pursuit of objectives. Furthermore, documentation of policies and procedures being executed can provide evidence of internal control effectiveness, enable proper monitoring, and support reporting.

Although the Postal Service has made some progress resolving post office suspensions over the years, it reported over 380 unresolved post office suspensions as of the end of FY 2022. The Postal Service's execution of its publicly reported plans to resolve post office suspensions was affected by changes in its organizational structure and assigned responsibilities for the post office suspension process, and its lack of prioritization to resolve post office suspensions timely. As a result, post office suspensions may be unresolved longer than necessary and can negatively impact the customer experience.

### Recommendation #1

We recommend the **Vice President, Retail and Post Office Operations** update policies and procedures applicable to the post office suspension process to reflect current organizational structure and assigned responsibilities.

### Recommendation #2

We recommend the **Vice President, Retail and Post Office Operations** develop a process to formally document and monitor implementation of current and future plans to resolve post office suspensions as reported in the Annual Compliance Reports.

## Reliability of Suspension Data

Although the Postal Service has submitted quarterly statistical reports to the PRC on post office suspensions for several years, we found reliability issues with post office suspension data as of the end of FY 2022. The data reliability issues can be attributed to the Postal Service's lack of quality assurance

<sup>2</sup> COSO's *Internal Control-Integrated Framework* can help organizations develop and implement internal control.

policies and procedures to monitor the accuracy and completeness of post office suspension data.

The Postal Service uses the Change Suspension Discontinuance Center system to track facilities throughout the post office suspension process; however, we found reliability issues with the system's post office suspension data. For example, we found 53 out of 130 (41 percent) of the sample records we reviewed had suspension forms without complete information. Specifically, these forms did not have information within 90 days of the suspension, as required, on whether to restore service, secure suitable alternate quarters, or take other necessary corrective action to resolve the suspended post office. In addition, we found 25 out of 25 (100 percent) of the sites we visited had inaccurate suspension status information. For example, in one instance, the status of a facility we visited was recorded in the tracking system on October 6, 2005, as suspended when it should have been subsequently recorded as permanently closed. Specifically, the U.S. Postal Service Office of Inspector General (OIG) observed that the facility no longer even physically existed as shown in Figure 2.

**Figure 2. Example of an Unresolved Post Office Suspension that Closed**



Source: OIG photograph taken during an onsite visit to a facility in Norristown, GA, on December 6, 2021.

In another instance, the status of a facility we visited was recorded in the tracking system on April 12, 1984, as suspended when it should have been subsequently recorded as re-opened. Specifically, the OIG observed that the facility has resumed operations as shown in Figure 3.

**Figure 3. Example of an Unresolved Post Office Suspension that Re-opened**



Source: OIG photograph taken during an onsite visit to a facility in Layton, NJ, on December 1, 2021.

According to COSO's *Internal Control-Integrated Framework*, management is responsible for selecting and developing control activities over the technology infrastructure, which are designed and implemented to help ensure the completeness, accuracy, and availability of the data.

Management stated that it monitors the accuracy and completeness of post office suspension data in practice; however, it does not have formally documented quality assurance processes to monitor the data and timely respond to unanticipated deviations.

It is important that the system's data is reliable because it can impact the efficiency and effectiveness of the post office suspension process. In addition, providing inaccurate post office suspension data can negatively impact customer service and hinder effective oversight by the PRC and Congress.

### **Recommendation #3**

We recommend the **Vice President, Retail and Post Office Operations** develop and implement formally documented quality assurance processes over the data in the post office suspension tracking system.

## **Management's Comments**

Management agreed with the finding and recommendations. See [Appendix B](#) for management's comments in their entirety.

Regarding recommendation 1, management noted it is reviewing and identifying necessary updates to Handbook PO-101, *Postal Service-Operated Retail Facilities Discontinuance Guide*, to include current organizational structure and assigned responsibilities. The target implementation date is October 31, 2023.

Regarding recommendation 2, management noted it will continue to deploy current systems, including Handbook PO-101 and accompanying software, to effectively resolve suspensions that are pending discontinuance. The target implementation date is January 31, 2024.

Regarding recommendation 3, management noted it is developing and implementing a dashboard using the data in the post office suspension tracking system to help inform other Postal Service Headquarters' stakeholders of the status of suspended post offices. The target implementation date is October 31, 2023.

## **Evaluation of Management's Comments**

We consider management's comments responsive to the recommendations and corrective actions should resolve the issues identified in the report.

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



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# Appendix A: Additional Information

## Scope and Methodology

The scope of our audit included unresolved post office suspensions from FY 2016 through FY 2022. To accomplish our objective, we:

- Visited the locations of facilities for the 25 oldest post office suspensions, which were confirmed by management at the time, to observe the physical condition and confirm their current suspension status of suspended, re-opened, or closed. The Postal Service subsequently closed nine of these facilities during the audit.
- Analyzed post office suspension data in the Postal Service's tracking system. In addition, we reviewed a sample of post office suspension records for completeness. To achieve a 95 percent confidence level, we selected a statistical sample of 130 of a universe of 372 post office suspensions that occurred, but were not resolved, between April 12, 1984, and September 30, 2021.
- Interviewed management to gain a better understanding of the post office suspension process and its plans to resolve post office suspensions timely.
- Reviewed Postal Service's internal policies, procedures, and other guidance applicable to the post office suspension process and tracking system.

- Reviewed publicly available reports (e.g., Postal Service, PRC) that describe Postal Service's plans to resolve post office suspensions.

We conducted this performance audit from September 2021 through May 2023, 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 April 6, 2023, and included their comments, where appropriate.

We assessed the reliability of CSDC tracking system data by observing management extract the raw data from the system, reviewing related supporting documentation, observing the physical condition and current status of suspended facilities in person during site visits, and interviewing knowledgeable Postal Service employees. We determined that the data were not sufficiently reliable for the purposes of this report.

## Prior Audit Coverage

Report Title	Objective	Report Number	Final Report Date	Monetary Impact
<i>U.S. Postal Service Emergency Suspension Process</i>	To assess whether emergency suspensions of Postal Service facilities in the Eastern Area are executed in compliance with policies and procedures, including actions taken to reopen or discontinue facilities.	SM-AR-18-007	September 24, 2018	\$0

# Appendix B: Management's Comments

ELVIN MERCADO  
VICE PRESIDENT, RETAIL AND POST OFFICE OPERATIONS  
HEADQUARTERS



May 1, 2023

JOHN E. CIHOTA  
DIRECTOR, AUDIT SERVICES

**SUBJECT: Management Response: U.S. Postal Service's Plans to Resolve Post Office Suspensions Report Number 21-239-DRAFT**

Thank you for providing Postal Service Management with an opportunity to review and comment on the findings and recommendations contained in the draft audit report, U.S. Postal Service's Plans to Resolve Post Office Suspensions Report Number 21-239. We respectfully request the photo on the cover of the draft report be corrected. The USPS logo is distorted and does not follow our official brand standards and guides.

While the Draft report acknowledges that "the Postal Service has been trying to clear a backlog of Post Office suspensions that developed over many decades," management submits that the report does not acknowledge current efforts and significant gains made.

Management believes the document does not provide a full view of the suspension process and how the number and/or frequency of suspended Post Offices is often fluid. Counts and locations will fluctuate over time as a result of natural disasters, termination of lease/rental agreements or irreparable damage to a retail facility. Some suspensions may be short term and resolved quickly. Others may extend beyond the targeted time period while attempting to find permanent alternate quarters. In those cases, services are typically moved to a neighboring facility so there is minimal negative impact to the community. Ultimately, as one suspension is resolved, another may be added to the process.

Management is also concerned that the report utilizes dated information collected prior to 2021 and falls short on providing specific details for actions taken from 2022 through the end of the audit in March 2023. Electing to forgo the inclusion of more current information minimizes the progress and commitment made by postal management to seek a speedy resolution for any suspended location.

For clarity, management noted some corrections within the report, including Norristown, GA, which was incorrectly factored in as one of the 25 oldest data points, and Figure 3 which showed a visual of the Layton, NJ, Post Office when in fact, Wallpack Center was the suspended location (6.5 miles away).

475 L'ENFANT PLAZA SW  
WASHINGTON DC 20260-1600  
[REDACTED]  
FAX: (202) 268-3331  
WWW.USPS.COM

With the recent Postal Service restructuring, a new team was developed within Retail and Post Office Operations that took on the responsibility for the suspension and discontinuance process. A three-pronged approach was implemented that included:

- An extensive (page by page) review and quality assurance process of the initial dockets to ensure accuracy and completeness.
- The categorization of underlying causes for each instance.
- The mapping of steps for facilities which would officially be discontinued.

In April 2022, a list of offices was compiled that had been identified for discontinuance and a timeline developed to address those outstanding instances. Since then, 128 offices have received an official decision for discontinuance; 200 sites have moved to the Postal Service's Facilities and Leasing groups for alternate quarters search for units with irreparable situations; 41 units are continuing to progress through the official discontinuance process; and 256 units are in the review process. These instances were not shared in the audit report.

In the end, postal management is committed to resolving Post Office suspensions and has taken a systemic and comprehensive cross-functional approach in addressing those issues in a timely manner.

**Recommendation [1]:**

We recommend the Vice President, Retail and Post Office Operations update policies and procedures applicable to the Post Office suspension process to reflect current organizational structure and assigned responsibilities.

**Management Response/Action Plan:**

Management agrees with this recommendation. Postal management is currently engaged in reviewing the PO-101 Handbook, *Postal Service-Operated Retail Facilities Discontinuance Guide*, and identifying necessary updates to include current organizational structure and assigned responsibilities.

**Target Implementation Date:** 10/31/2023

**Responsible Official:**

Vice President, Retail and Post Office Operations

**Recommendation [2]:**

We recommend the Vice President, Retail and Post Office Operations develop a process to formally document and monitor implementation of current and future plans to resolve Post Office suspensions as reported in the Annual Compliance Reports.

**Management Response/Action Plan:**

Management agrees with this recommendation. Management will continue employing current systems, including Handbook PO-101, *Postal Service-Operated Retail Facilities Discontinuance Guide*, and accompanying software, so that field units will be able to effectively resolve suspensions which are pending discontinuance.

**Target Implementation Date:** 01/31/2024

**Responsible Official:**

Vice President, Retail and Post Office Operations

**Recommendation [3]:**

We recommend the Vice President, Retail and Post Office Operations develop and implement formally documented quality assurance processes over the data in the Post Office suspension tracking system.


**Management Response/Action Plan:**

Management agrees with this recommendation. Postal management is currently developing and implementing an assurance processes dashboard over the data in the Post Office suspension tracking system.

**Target Implementation Date:** 10/31/2023

**Responsible Official:**

Vice President, Retail and Post Office Operations

 E-SIGNED by Elvin Mercado  
on 2023-05-01 12:28:46 CDT

Elvin Mercado

cc: Corporate Audit & Response Management

# OFFICE OF INSPECTOR GENERAL

UNITED STATES



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

For media inquiries, please email [press@uspsig.gov](mailto:press@uspsig.gov)  
or call (703) 248-2100