

Progress Made to Reduce Mail Excluded From Service Measurement

AUDIT REPORT

Report Number 23-035-R23 | September 14, 2023



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Highlights

Background

The Postal Accountability and Enhancement Act of 2006 required the Postal Service to establish and report on service standards, or timeliness goals. The Postal Service considers these standards to be one of the primary operational goals against which it measures performance. The Postal Service uses an internal system to capture mail information and report on the percent of mail that met timeliness goals. The data is also used to identify and correct service issues and for customers to track timeliness of mailpieces. However, mail can be excluded when it doesn't comply with Postal Service business rules. The more mail included in measurement, the more representative the measurement is overall, enabling the Postal Service to have the best operational data possible to help its goal for delivering mail timely to the American people.

What We Did

Our objective was to evaluate the progress made to reduce mail excluded from service performance measurement. We interviewed and surveyed judgmentally selected Postal Service facilities and commercial mailers with high rates of mailpiece exclusions.

What We Found

The Postal Service developed several initiatives to reduce the amount of mail excluded from measurement. However, mail excluded from measurement has remained largely unchanged ranging between 23-27 percent over the last three years. The biggest challenge to reducing the amount of mail excluded from measurement is the awareness, ability, and willingness of mailers and the Postal Service to identify why mail was excluded and take corrective actions. We surveyed 10 mailers with large volumes of mail exclusions and five said they do not take action to resolve mail exclusions.

We identified opportunities to improve the current initiatives and include more mail in measurement. Specifically, management was not identifying and tracking defect codes for why mail was excluded and did not communicate exclusion information to mailers and postal facilities with high rates of exclusions. Without working to increase mailer engagement, the Postal Service will continue to limit its progress to reduce mail excluded from measurement.

Recommendations

We recommended management: (1) explore incentivizing mailers to resolve exclusions; (2) communicate and provide training to Full-Service mailers on the online portal and exclusion tool, and on how to identify root causes and resolve mail exclusions; (3) track, identify, and record defect codes and root causes; and (4) determine the feasibility of providing exclusion information at the mailpiece level.

Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

September 14, 2023

MEMORANDUM FOR: STEPHEN M. DEARING
VICE PRESIDENT, CHIEF DATA AND ANALYTICS OFFICER

Mary K. Lloyd

FROM: Mary K. Lloyd
Deputy Assistant Inspector General
for Mission Operations

SUBJECT: Audit Report – Progress Made to Reduce Mail Excluded From Service
Measurement (Report Number 23-035-R23)

This report presents the results of our audit of the Progress Made to Reduce Mail Excluded From Service Measurement.

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 the Postal Service's Progress Made to Reduce Mail Excluded From Service Measurement (Project Number 23-035). Our objective was to evaluate the progress made to reduce mail excluded from the Service Performance Measurement (SPM). See [Appendix A](#) for additional information about this audit.

Background

The Postal Accountability and Enhancement Act of 2006 required the Postal Service to establish service standards for Mailing Service products and report each Mailing Service 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 service standards are 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 against which it measures performance.

Full-Service² processing requires an Intelligent Mail Barcode (IMb) (see [Figure 1](#)) in order to scan, track, and measure mail. An IMb printed on each mailpiece can be tracked from acceptance, through processing, and to delivery. This tracking data is used to calculate the SPM of the mail and is provided to commercial mailers. In exchange for putting an IMb on a mailpiece, the Postal Service offers Full-Service commercial mailers free address corrections, eliminates permit fees for mailing from more than one location, and provides discounted mailing rates. Only Full-Service mail is included in SPM³ as other mail does not have barcodes that can be scanned and tracked.

“Full-Service processing requires an Intelligent Mail Barcode in order to scan, track, and measure mail.”

Figure 1. Intelligent Mail Barcode



Source: USPS PostalPro.

While the Postal Service has been using the internal SPM system since 2017, it became the official measurement system in fiscal year (FY) 2019. This system, approved by the Postal Regulatory Commission (PRC) in 2018, replaced prior systems. In the PRC filing, the Postal Service stated the new measurement system would be more accurate, reliable, and representative of 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.

SPM provides information on how long it takes their mail to be delivered. Generally, the more mail included in measurement, the more representative SPM is for all mail. The internal SPM system uses Full-Service mail data from IMb scans to determine the time mail was accepted (Start-the-Clock), processed (machine scans), and delivered (Stop-the-Clock). However, when Full-Service mail does not meet mail preparation requirements or comply with certain business rules, such as when it is missing key IMb scan data, the mail is excluded from SPM. An SPM exclusion can occur when either commercial mailers and/or the Postal Service does not follow proper procedures.

In our prior audit⁴, we found the number of Full-Service mailpieces excluded from SPM decreased by 8.4 percent, from FY 2017 to 2018, with 21.7 percent of all Full-Service mail excluded. Additionally, through the first three quarters of FY 2019, 23.4 percent of all Full-Service mailpieces, were excluded from SPM (see [Table 1](#)).

1 MTAC is a venue for the U.S. Postal Service to share technical information with mailers, and to 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 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.
3 SPM only measures Mailing Service products. Competitive products, such as First-Class Packages and Priority Mail are measured in another system.
4 *Mail Excluded From Service Performance Measurement* (Report Number 19XG009NO000-R20), dated December 13, 2019.

Table 1. Percent of Full-Service Mail Volume Excluded

FY	Excluded (Percent)
2017	23.6%
2018	21.7%
2019 ⁵	23.4%

Source: PRC quarterly reports and prior OIG audit report.

These exclusions occurred because the Postal Service had not addressed the various root causes for mail excluded from SPM. We made two recommendations to the Postal Service; specifically, to (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 exclusions⁶; and (2) ensure area and district offices understand their roles and responsibilities regarding addressing causes of mail excluded from SPM.⁷

“In response to our prior audit findings and recommendation in FY 2019, the Postal Service created several initiatives to reduce mail excluded from SPM.”

Each year the Postal Service identifies and reports mail exclusion reasons.⁸ In FY 2022, there were 15 reasons mail was excluded from measurement, such as no start-

the-clock, no piece scan, and long haul, and there could be multiple causes why mail was excluded within each exclusion category (see Table 2 for examples of reasons for service exclusions).

Table 2. Examples of Service Exclusion Reasons

Exclusion Reason	Exclusion Description
No Start-the-Clock	Lack of a container unload scan or inability to identify the Facility Access and Shipment Tracking (FAST) appointment associated with the mail container. FAST is a system which allows advanced notification for mail entering postal facilities.
No Piece Scan	No automation scan observed for the mailpiece.
Long Haul	Mail is verified at a Detached Mail Unit (DMU) which is an area within a mailer's facility where Postal Service employees perform mail verification, acceptance, dispatch, and other postal functions. Once verified, the mail is then transported by the Postal Service to a mail processing facility in a different district than the DMU.
Other	All other reasons accounting for less than 25.6 percent.

Source: PRC Order No. 3490, USPS Quarterly Exclusion Reports, and OIG analysis.

Findings Summary

In response to our prior audit findings and recommendation in FY 2019, the Postal Service created several initiatives to reduce mail excluded from SPM, including the development of:

- MTAC work groups with goals of getting more mail in measurement.
- An SPM exclusion tool within the online customer portal (Business Customer Gateway),⁹ which aids in resolving exclusions.
- SPM coordinators who work with mailers with the largest volumes to identify and resolve exclusions.
- A resolution guide to assist commercial mailers with identifying and resolving exclusion reasons.
- A scanning pilot program to resolve one of the main causes of mail exclusions, Long Haul.¹⁰

Despite these initiatives, the overall percent of mail excluded from measurement remained largely

⁵ Data for FY 2019 consists only of the first three quarters.

⁶ The Postal Service formed MTAC Work Group #194 to increase mail in SPM which will be discussed in more detail in Finding #1. The recommendation was closed July 15, 2020.

⁷ The Postal Service published a memorandum in February 2020 on area and district roles and responsibilities to increase mail in measurement. As part of this, a responsibility of the district is to identify mailers with high exclusion rates, determine root causes, and implement resolutions. The recommendation was closed March 16, 2020.

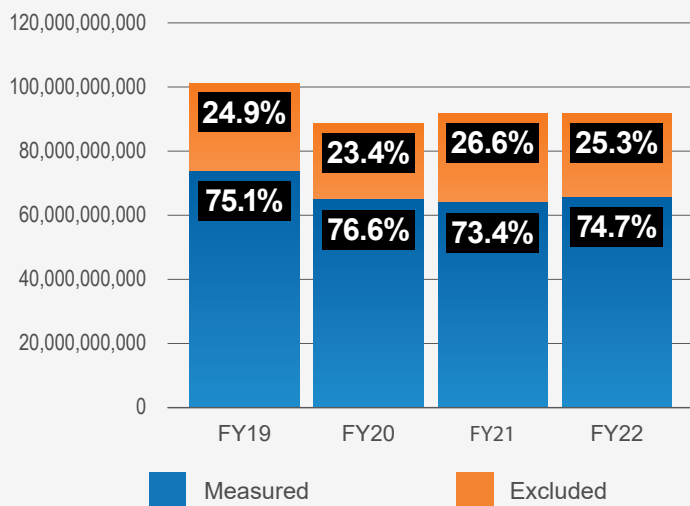
⁸ The Exclusion report is based on the prior year occurrences of each exclusion reason.

⁹ The Business Customer Gateway provides customer account, permit, and mailing information.

¹⁰ A route of travel served by a postal contractor to carry mail in bulk over highways between designated points.

unchanged over the last three years, ranging between 23 to 27 percent of all measurable mail (see Figure 2). The percent of mail excluded in the first two quarters of FY 2023 was 21.4 percent, a 4-percentage point decrease compared to the prior FY.

Figure 2. FY 2019–22 Measured and Excluded Full-Service Mail Volume



Source: PRC quarterly exclusion reports and OIG analysis.

The biggest challenge to reducing the amount of mail excluded from measurement is the awareness, ability, and willingness of mailers and the Postal Service to identify why mail was excluded and resolve the issues going forward. Specifically, we asked ten mailers¹¹ with high volumes of mail exclusions if they worked to resolve service exclusions and five said they did not. Additionally, on average only 22 mailers repeatedly accessed the SPM exclusion tool each quarter.

We also noted improvements are needed in Postal Service processes such as identifying and tracking SPM ID Defects (the defects that cause the exclusions), increasing field-level management awareness of SPM exclusions, and proactively coordinating SPM information with commercial mailers.

Finding #1: Progress Made to Improve SPM Mailers’ Technical Advisory Committee (MTAC)

To address mail excluded from measurement, the Postal Service established MTAC Working Group 194 and Task Team 35. Working Group 194 was

established with mailers that have the largest amount of mail excluded from measurement and developed the SPM Exclusion tool to assist with resolving exclusions. After making the tool available to all Industry members, Working Group 194 closed out in October of 2022.

Task Team 35’s mission was to explore opportunities to get more mail in measurement, including updating the SPM business rules. The business rules are intended to maintain a clearly defined structure for, and ensure the reliability of, the measurement system. The Task Team planned to address several issues impacting the Postal Service’s ability to capture an SPM “Start-the-Clock” event, including mailpieces without:

- A physical scan showing the Postal Service had taken possession of a mailpiece;
- Selected Origin and Destination metrics; or
- A scheduled delivery date.

Task Team 35 had a target completion date of June 30, 2022, to provide their overall review and recommendations. However, as of June 6, 2023, no recommendations have been issued.

SPM Exclusion Tool

The MTAC Working Group 194 developed the SPM Exclusion tool. Commercial mailers access the tool through an online portal to review details of mail excluded from measurement by filtering to a unique identification number, facility, and exclusion reason. The SPM Exclusion tool offers commercial mailers increased visibility of mail exclusion information and aids commercial mailers and the Postal Service in resolving SPM exclusions.

SPM Coordinators and Support Specialists

The Postal Service established a group of coordinators to assist mailers in increasing their mail in measurement. A Mail-in-Measurement Coordinator is an appointed, ad hoc role created by the headquarters Mail-in-Measurement team. The coordinators facilitate the collaboration needed between Postal Service operations, mail acceptance, and mailers to identify exclusion causes and solutions. To initiate this collaboration, mailers can contact coordinators through the online portal.

¹¹ We judgmentally selected and surveyed 10 out of the top 40 mailers with the highest volumes of mail exclusions between March 11, 2023, through May 3, 2023. All 10 mailers responded.

Resolution Guide for Commercial Mail Excluded From Measurement

The Postal Service created the *Resolution Guide for Commercial Mail Excluded from Measurement*, which became available to commercial mailers through the online portal in February 2022. The resolution guide was developed to assist commercial mailers and Postal Service employees in identifying possible defects, root causes, and resolutions for the selected exclusion reason.

Long Haul Scanning Pilot Program

As of the fourth quarter of FY 2022, the Postal Service implemented a Long Haul pilot scanning program to assist in reducing Long Haul exclusions. Specifically, the Postal Service can accept mail from a mailer at a DMU. This mail is then transported by the Postal Service to one of its facilities in another district. However, prior to the pilot scanning program, there was not an automated process in place to determine the exact time mail left a mailer's facility. The Long Haul exclusion accounted for an average of just over 36 percent of all exclusions in the first three quarters of FY 2022. The pilot program consisted of eight DMUs where mailer personnel scanned the departing mail to show the exact time the Postal Service took possession of the mail. This pilot scanning program decreased the amount of mail excluded due to Long Haul down to 21.2 percent in the fourth quarter of FY 2022, or over a 14 percentage point reduction, compared to the prior quarter (see Table 3). The percentage of First-Class presort Long Haul mailpieces excluded from SPM has remained relatively consistent through FY 2023, second quarter.

Table 3. Improvements to First-Class Presort Long Haul Exclusions

Fiscal Year & Quarter	Long Haul Percent
2022 Quarter 1	35.3%
2022 Quarter 2	38.5%
2022 Quarter 3	35.4%
2022 Quarter 4	21.2%
2023 Quarter 1	21.7%
2023 Quarter 2	22.2%

Source: PRC quarterly exclusion reports.
Note: The Pilot Scanning Program started in FY 2022, quarter 4.

Postal Service management stated they were currently evaluating additional locations to further implement the scanning program. Management additionally stated all these initiatives are part of its continuous improvement efforts to increase the

“This pilot scanning program decreased the amount of mail excluded due to Long Haul down to 21.2 percent in the fourth quarter of FY 2022.”

amount of mail in measurement; therefore, we are not making a recommendation at this time.

Finding #2: Process Improvements Are Needed to Increase Mail in Measurement

The Postal Service developed initiatives to increase the amount of mail in measurement; however, additional steps are still needed to substantially improve this process. Specifically, some mailers are not working to resolve mail exclusions and Postal Service personnel were not identifying and tracking SPM defect codes¹² and did not communicate exclusion information to mailers and postal facilities with high rates of exclusions.

Mailer Engagement on Exclusion Resolution Varies

The biggest challenges to reduce the amount of mail excluded from measurement include the awareness, ability, and willingness of mailers and the Postal Service to identify why mail was excluded, and to take corrective actions. We asked 10 mailers if there was an impact to their customers and business when the mail is excluded, two mailers stated yes and eight said it was not a concern to them. Additionally, we asked mailers if they take action to resolve exclusions and five said they do and five said they do not. According to Postal Service data, a total of 187 mailers have accessed the tool at least once between July 2022 and June 2023. On average, 22 mailers repeatedly accessed the tool each quarter.

SPM Defect Codes and Root Causes

We found Postal Service management was not identifying and tracking SPM defect codes or determining root causes of commercial mail excluded from SPM. We interviewed commercial

¹² An SPM defect code is an identified defect in Full-Service mail preparation, documentation, and/or Postal Service process that results in mail exclusions.

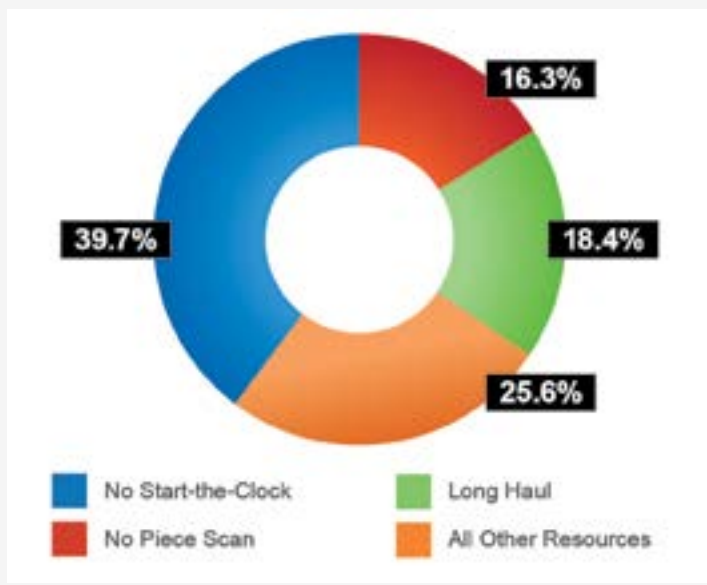
mailers who worked to resolve exclusions that stated identifying defect codes would assist them in increasing their mail in measurement. Additionally, commercial mailers stated they would like the Postal Service to provide mail exclusion information down to the mailpiece level. Currently, exclusion data is provided on an overall mailing job, which includes total mailpieces, without specifying which exact pieces were excluded. By providing the mailpiece level data, mailers would be able to identify specific mailpieces and more easily research and identify exclusion reasons.

The Postal Service created the *Resolution Guide for Commercial Mail Excluded From Measurement*, which is intended to help identify mail exclusion reasons and their root causes. However, Postal Service management is not identifying and tracking defect codes or determining root causes. Therefore, this information was not communicated to commercial mailers and field-level management, which limits the usefulness of the Guide and the impact on the progress made to increase mail in measurement.

Mailers, Facilities, and Mail Types with High Rates of Mail Excluded from Measurement

In FY 2022, over 74 percent of all excluded Full-Service IMb mailpieces was excluded for one of three reasons: No Start-the-Clock scan, No Piece Scan, and Long Haul (see Figure 3).

Figure 3. FY 2022 Top Three Reasons for Excluded Full-Service IMb Mailpieces



Source: PRC quarterly exclusion reports and OIG analysis.

¹³ For the top 3 exclusion reasons between October 31, 2022, through March 18, 2023.

¹⁴ We interviewed eight mailers selected in coordination with a subject matter expert.

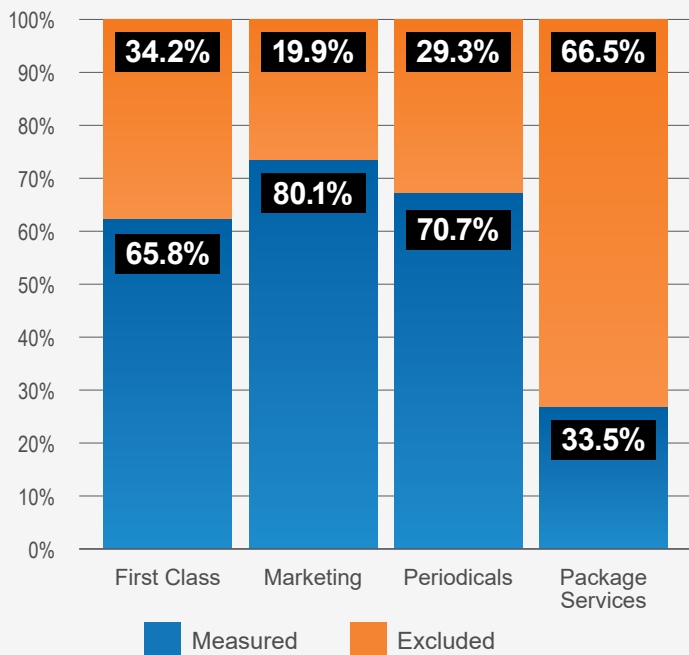
We judgmentally selected 12 facilities with high amounts/percentages of mail exclusions and pulled all mailers that sent mail through those facilities and determined there were 628¹³ mailers of which 81 had 100 percent exclusion rate.

According to Postal Service management, it is the mailers' responsibility to access SPM information through the online portal and identify their exclusions. The online portal is offered to mailers who request access, but it is not required for mailers to use. The online portal allows the mailers to view exclusion data and contact the Postal Service for additional assistance. The Postal Service notified mailers and provided demonstrations of the online portal and SPM exclusion tool via industry alerts, National Postal Forum event and MTAC meetings. However, during interviews,¹⁴ a mailer stated they were aware of the online portal but did not know how to locate or access their exclusion information. When commercial mailers don't know how to access or resolve resolutions, it limits the Postal Service's progress to increase mail in measurement.

We visited and interviewed facility management with the most No Start-the-Clock, No Piece Scan, and Long Haul mail exclusions from SPM. Facility management and frontline employees were generally unfamiliar with SPM and mail exclusions. An area logistics director stated teams do not deal with SPM exclusions, and facility management stated headquarters' personnel did not communicate SPM exclusion information to them. Headquarters management stated that as long as frontline employees are following procedures, they would not need a working knowledge of SPM. When exclusion information is not communicated to pertinent employees, it limits their ability to research and resolve SPM exclusions.

In addition, the percent of mail excluded varies by mail type. Specifically, almost 67 percent of package service mail was excluded from measurement in FY 2022 (see Figure 4). Management stated bound printed matter, which is included in Package Services, tends to be non-compatible with machines, and lacks visibility due to the need for it to be manually sorted, resulting in missing machine piece scans.

Figure 4. FY 2022 Measured Compared to Excluded Volume by Percentage



Source: PRC quarterly exclusion reports and OIG analysis.

While there are opportunities to improve the current initiatives and increase the amount of mail in measurement, without widespread mailer engagement, the Postal Service will be limited in its progress to reduce mail excluded from measurement.

Recommendation #1

We recommend the **Vice President, Chief Data and Analytics Officer**, explore and evaluate options to incentivize mailers to resolve mail exclusions.

Recommendation #2

We recommend the **Vice President, Chief Data and Analytics Officer**, communicate and provide training to Full-Service mailers on the online portal and exclusion tool, and on how to identify root causes and resolve mail exclusions.

Recommendation #3

We recommend the **Vice President, Chief Data and Analytics Officer**, develop and implement a strategy to track, identify, and record Service Performance Measurement defect codes and root causes.

Recommendation #4

We recommend the **Vice President, Chief Data and Analytics Officer**, evaluate the feasibility of providing exclusion information at the mailpiece level to enable mailers to reduce Service Performance Measurement exclusions.

Management’s Comments

Management partially agreed with the findings, agreed with recommendations 1, 2, and 4, but did not agree with recommendation 3. See [Appendix B](#) for management’s comments in their entirety.

Management stated they disagreed with the assertion in the report that the SPM system and data it produces may not be representative. Specifically, they disagreed with the statement in the report, “the more mail included in measurement, the more representative SPM is for all mail.” Management also disagreed with the assertion in the report regarding USPS not communicating exclusion information with mailers and postal facilities, stating this information is communicated to the mailers.

Furthermore, management disagreed with the assertion in the report regarding the Resolution Guide’s usefulness, stating the MTAC Work Group 194 and Task Team 35 reviewed the recommendations to improve the Resolution Guide and updated it accordingly. Finally, management disagreed with the assertion in the report regarding “81 Full-Service mailers nationwide had 100 percent of their mail excluded from measurement.”

Regarding recommendation 1, management stated that to incentivize mailers, management will report the percentage of mail excluded from measurement on the mailer scorecards to help mailers reduce their exclusions. They stated providing the percentage will help mailers understand what mail is included in and excluded from measurement. The target implementation date is June 30, 2024.

Regarding recommendation 2, management stated they will offer Full-Service mailers online webinar training and communicate how to access the online portal, use the exclusion dashboard, and use the Resolution Guide. The target implementation date is March 31, 2024.

Regarding recommendation 3, management stated the existing Resolution Guide does specify potential defects and root cause for each defect. Management added separating the individual defects would minimize the efficiency of resolving similar defects with similar corrective actions. Management also stated if mailer usage of the exclusion dashboard increases significantly and mailers are actively pursuing including their mail in measurement through interaction with the mail in measurement team, management can pursue investment to make the recommended changes. Management

stated this decision will be re-evaluated through a semi-annual review.

Regarding recommendation 4, management stated they are researching the best way to provide piece-level data through the exclusion dashboard. The target implementation date is March 31, 2024.

Evaluation of Management's Comments

The OIG considers management's comments responsive to recommendations 1, 2, and 4, and corrective actions should resolve the issues identified in the report. We consider management's comments partially responsive to recommendation 3.

Regarding management's disagreement with the report that the SPM system and data it produces may not be representative, we did not state the SPM system is not representative. Rather, we acknowledged the more volume in measurement, the better diagnostics capabilities, and the better information to improve service. Regarding management's disagreement with USPS not communicating SPM information to mailers, while the Postal Service stated they work with major mailers or mailers who reach out to them for assistance, during our audit we found mailers who stated they were not aware of their SPM exclusions or the reasons their mail was excluded.

Regarding management's disagreement about the Resolution Guide not being useful, we did not state it wasn't useful, but stated if defect codes are not identified for determining root causes it limits the usefulness of the Guide. Finally, regarding management's disagreement with Full-Service mailers nationwide who had 100 percent of their mail excluded from measurement, the OIG agreed and made changes to the report prior to publication. The OIG updated the verbiage to, "we judgmentally selected 12 facilities with high amounts/percentages of mail exclusions and pulled all mailers that sent mail through those facilities and determined there were 628 mailers, of which 81 had a 100 percent exclusion rate."

Regarding recommendation 3, while there are high level reason codes for why mail is excluded from measurement (No Start-the-Clock, No Piece Scan, etc.), there are many underlying reasons why mail could be excluded within those high-level reasons that are identified by defect code. As stated in our report, commercial mailers who worked to resolve exclusions stated identifying defect codes would assist them in increasing their mail in

measurement. We are encouraged management will re-evaluate this recommendation if mailer engagement increases and mailers are pursuing including their mail in measurement through interaction with the mail in measurement team. As management stated they will conduct this re-evaluation through a semi-annual review, we will pursue this recommendation through the audit resolution process once the first semi-annual review is complete.

All recommendations require OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. Recommendations 1, 2, 3, and 4 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 this audit includes the Postal Service's nationwide progress made to reduce mail excluded from SPM. This audit aims to evaluate the efforts made by the Postal Service to reduce mail excluded from SPM during FY 2019 to FY 2022.

To accomplish our objectives, we:

- Obtained data to determine mailpieces excluded from SPM.
- Analyzed the PRC's quarterly reports for mail excluded from SPM, including PRC data from FY 2023 first and second quarters.
- Interviewed Postal Service Headquarters management to determine what the Postal Service is doing to reduce mail volume from being excluded from measurement.
- Interviewed commercial mailer stakeholders to determine what concerns the mailers have regarding the mail excluded from measurement; ideas to decrease the mail volume excluded; communication from Postal Service officials on any actions they could take to reduce mail exclusions; and, whether mail exclusions had an impact on their businesses.
- Conducted mail acceptance observations and interviewed Postal Service employees regarding exclusions from SPM.
- Reviewed Mailers' Technical Advisory Committee SPM communication and recommendations.

We conducted this performance audit from February through September 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. We discussed our observations and conclusions with management on August 10, 2023, and included their comments where appropriate.

In planning and conducting the audit, we obtained an understanding of the SPM and mail exclusion internal control structure to help determine the nature, timing, and extent of our audit procedures. We reviewed the management controls for overseeing the program and mitigating associated risks. Additionally, we assessed the internal control components and underlying principles, and we determined that the following two components were significant to our audit objective:

- Information and Communication and
- Monitoring

We developed audit work to ensure that we assessed these controls. Based on the work performed, we identified internal control deficiencies that were significant within the context of our objectives. Our recommendations, if implemented, should correct the weaknesses we identified.

We assessed the reliability of the Postal Service's Informed Visibility and PRC data by interviewing agency officials knowledgeable about the data and comparing the data with other related data and documentation. We determined that the data were sufficiently reliable for the purposes of this report.

Prior Audit Coverage

Report Title	Objective	Report Number	Final Report Date	Monetary Impact
<i>Service Performance of Election Mail for the 2022 Mid-Term Election</i>	Our objective was to evaluate the U.S. Postal Service's service performance of Election Mail during the November 2022 mid-term elections.	22-187-R23	March 27, 2023	None
<i>Mail Excluded From Service Performance Measurement</i>	Our objective was to determine the reasons certain Full-Service mail volume is excluded from the U.S. Postal Service's service performance measurement.	19XG009NO000-R20	December 13, 2019	None

Appendix B: Management's Comments

STEPHEN M. DEARING
VICE PRESIDENT, CHIEF DATA & ANALYTICS OFFICER



August 30, 2023

JOHN CIHOTA
DIRECTOR, AUDIT SERVICES

SUBJECT: Management Response: Progress Made to Reduce Mail Excluded From Service Measurement 23-035-DRAFT

This memo is in response to the subject audit conducted by the Office of Inspector General (OIG).

The United States Postal Service (USPS) partially agrees with the findings of this audit.

Management disagrees with the assertion in the report that the Service Performance Measurement (SPM) system and data it produces may not be representative. This is evident in the report multiple times with statements such as *"the more mail included in measurement, the more representative SPM is for all mail"*. This statement is factually incorrect and not based on statistical analysis. The SPM system is statistically accurate and representative of USPS Service Performance for Market Dominant products. It generates service performance data at a 95% confidence interval, and a margin of error that is less than +/- 0.2%.

Management disagrees with the portrayal that the USPS is not communicating with mailers and postal facilities. *"did not communicate exclusion information to mailers and postal facilities with high rates of exclusions"*. The USPS does communicate with mailers and provided the OIG many examples of these communications regarding exclusions and actions needed to get their mail in measurement.

Management disagrees with the depiction in this report that the *Resolution Guide for Commercial Mail Excluded from Measurement* is not useful, *"limits the usefulness of the Guide and the impact on the progress made to increase mail in measurement"*. The USPS thoroughly reviewed the Resolution Guide with the MTAC Work Group 194 and MTAC Task Team 35. The output from these efforts were recommended updates that were incorporated into the current version of the Resolution Guide posted on the exclusion dashboard (SPM Exclusions by CRID).

Management disagrees with the OIG's statement that 14% of Full-Service mailers had 100% of their mail excluded from measurement. *"We found 81 of 577 (or 14 percent) of Full-Service mailers nationwide had 100 percent of their mail excluded from measurement"*. USPS reviewed the method used by the OIG to pull the referenced statistics and found that the results are not nationwide. The OIG reference was based on only 12 specific USPS facilities and their relative 577 Full-Service CRIDs. This error was reported to the OIG in the exit conference informational exchange.

Recommendation [1]:

We recommend the **Vice President, Chief Data and Analytics Officer**, explore and evaluate options to incentivize mailers to resolve mail exclusions.

475 L ENFANT PLAZA SW
WASHINGTON DC 20260
WWW.USPS.COM

Management Response/Action Plan:

Management agrees with this recommendation. To incent mailers, management will add the percentage of mail excluded from measurement in the mailer scorecard. This will help mailers understand the percentage of their specific mail that is included in and excluded from measurement.

Target Completion Date: 06/30/2024

Responsible Official: **Vice President, Chief Data and Analytics Officer**

Recommendation [2]:

We recommend the **Vice President, Chief Data and Analytics Officer**, communicate and provide training to Full-Service mailers on the online portal and exclusion tool, and on how to identify root causes and resolve mail exclusions.

Management Response/Action Plan:

Management agrees with this recommendation. The USPS will disseminate communications and provide online webinar training to Full-Service mailers on how to access the online portal, use the exclusion dashboard, and Resolution Guide.

Target Completion Date: 03/31/2024

Responsible Official: **Vice President, Chief Data and Analytics Officer**

Recommendation [3]:

We recommend the **Vice President, Chief Data and Analytics Officer**, develop and implement a strategy to track, identify, and record Service Performance Measurement defect codes and root causes.

Management Response/Action Plan:

Management disagrees with this recommendation. The existing Resolution Guide does specify potential defects and root cause for each defect. Grouping like defects under a high-level reason provides clarity on the top opportunities to pursue. Separating the individual defects would minimize the efficiency of resolving similar defects with similar corrective actions that increase more mail in measurement.

However, if mailer usage of the exclusion dashboard (SPM Exclusions by CRID) increases significantly and mailers are actively pursuing including their mail in measurement through interaction with the mail in measurement team, management can pursue investment to make the recommended changes. This investment decision will be re-evaluated through a semi-annual review.

Target Implementation Date: N/A

Responsible Official: N/A

Recommendation [4]:

We recommend the **Vice President, Chief Data and Analytics Officer**, evaluate the feasibility of providing exclusion information at the mailpiece level to enable mailers to reduce Service Performance Measurement exclusions.

Management Response/Action Plan:

Management agrees with this recommendation. The USPS is researching the optimal way to provide piece level data through the exclusion dashboard (SPM Exclusions by CRID).

Target Completion Date: 03/31/2024

Responsible Official: **Vice President, Chief Data and Analytics Officer**

E-SIGNED by Steve.M Dearing
on 2023-08-30 10:50:34 CDT

Stephen M. Dearing

cc: Corporate Audit & Response Management

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