

Network Modernization: The Changing Role of Postmasters

AUDIT REPORT

Report Number 24-025-R24 | May 22, 2024

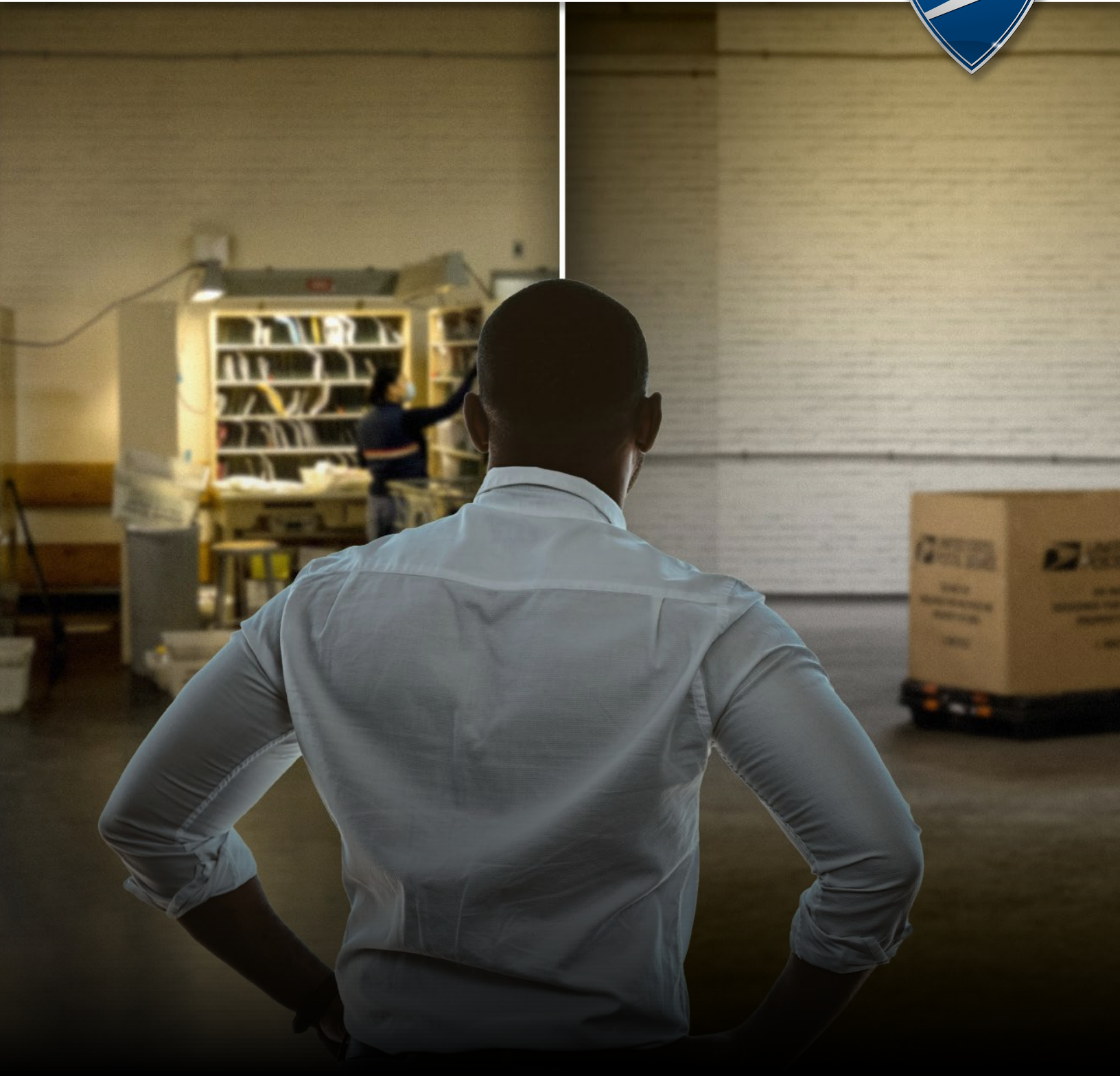


Table of Contents

Cover

Highlights	1
Background	1
What We Did	1
What We Found	1
Recommendations	1

Transmittal Letter	2
---------------------------------	---

Results	3
Introduction/Objective.....	3
Background	3
Finding #1: Inadequate Management of Spoke Postmaster’s Changing Roles.....	6
Recommendation #1	7
Finding #2: Enhance Communications Related to Postmaster Performance Assessment Changes	8
Recommendation #2	8

Appendices	9
Appendix A: Additional Information.....	10
Scope and Methodology	10
Prior Audit Coverage	11
Appendix B: Management’s Comments	12

Contact Information	15
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Highlights

Background

The U.S. Postal Service is modernizing its network to standardize operations and gain efficiencies as part of its *Delivering for America* plan. One key effort is to transfer delivery operations from multiple post offices into a new Sorting and Delivery Center (S&DC). These changes impact the daily roles of postmasters at both the S&DC (hub) and losing office (spokes). For example, while the number of carrier routes could triple for an S&DC postmaster, all carrier routes and related delivery operations at a spoke post office could be transferred to the associated S&DC. Updating postmaster roles and workloads to reflect these changing operations will be crucial to capturing efficiencies and ensuring productivity as more than 60 S&DCs are scheduled to be activated by September 2024 (involving at least 175 spoke offices).

What We Did

Our objective was to review the changing role of postmasters in offices impacted by S&DC implementations. We observed operations at judgmentally selected S&DC and spoke offices; interviewed Postal Service officials; and reviewed related policies.

What We Found

While the Postal Service's strategy for managing the changing role of S&DC postmasters was adequate, it was inadequate for spoke postmasters. Management officials said they provided spoke postmasters general guidance to fill the new workhour gap, such as assisting at the S&DC. However, some spoke postmasters raised concerns about the productivity and long-term sustainability of these interim assignments. Postmasters also were unsure how their offices' space utilization and individual performance assessments would be affected. The flawed strategy for managing changing spoke postmaster roles and workload hinders office efficiency.

These issues occurred because the overly general strategy did not include detailed procedures for updating postmaster roles (including workload expectations) and space utilization for affected spoke offices. Management should specify responsible parties and processes for analyzing office conditions, evaluating alternatives, communicating decisions, and monitoring performance. Enhanced communication to affected postmasters on performance assessment changes could prevent further uncertainties.

Recommendations

We made two recommendations to address the issues identified in the report. Postal Service management agreed to both. Management's comments and our evaluation are at the end of each finding and recommendation. We consider management's comments responsive to all recommendations and the corrective actions should resolve the issues identified in the report. See [Appendix B](#) for management's comments in their entirety.

Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

May 22, 2024

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

SCOTT RAYMOND
VICE PRESIDENT, RETAIL AND DELIVERY OPERATIONS,
ATLANTIC AREA

ERIC HENRY
VICE PRESIDENT, RETAIL AND DELIVERY OPERATIONS,
CENTRAL AREA

LINDA CRAWFORD
VICE PRESIDENT, RETAIL AND DELIVERY OPERATIONS,
SOUTHERN AREA

EDUARDO RUIZ
VICE PRESIDENT, RETAIL AND DELIVERY OPERATIONS,
WESTPAC AREA

A handwritten signature in black ink, reading "Amanda H. Stafford", is positioned below the list of recipients.

FROM: Amanda H. Stafford
Deputy Assistant Inspector General
for Retail, Marketing, and Supply Management

SUBJECT: Audit Report – Network Modernization: The Changing Role of
Postmasters (Report Number 24-025-R24)

This report presents the results of our audit on the changing role of postmasters in offices impacted by the creation of Sorting and Delivery Centers.

All recommendations require OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. Recommendations should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendations can be closed.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Joshua Bartzen, Director, Retail, 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 changing role of the postmaster (Project Number 24-025). Our objective was to review the changing role of the postmaster in offices impacted by the implementation of Sorting and Delivery Centers (S&DC). See [Appendix A](#) for additional information about this audit.

Background

The Postal Service has begun modernizing its network as part of its *Delivering for America* 10-year plan.¹ One of the key initiatives is to consolidate delivery operations from select post offices (local post offices or delivery units) into new, nearby S&DCs.² According to the Postal Service, this initiative will standardize operations and drive efficiencies in transportation and mail handling costs by reducing travel between facilities and delivery times. It also should drive efficient investments in equipment, customer service, and local business opportunities.

Phase 1 of this initiative occurred between November 2022 and June 2023 and included:³

- 56 facilities: It created 12 S&DCs (hub offices) that absorbed delivery operations (which include nearly 494 carrier routes and related mail and package sortation) from 44 nearby offices (spoke offices).
- 49 postmasters: It impacted 37 postmasters from spoke offices and 12 from the newly created S&DCs. Affected postmasters crossed a variety of pay and grade levels as determined by the Postal Service's Executive Administrative Schedule (EAS),⁴ where postmasters with more staff and responsibilities (e.g., retail and delivery operations)

are assigned a higher grade level and pay, ranging between EAS level 18 to 24 (see Table 1).

Table 1. Spoke Postmasters Impacted by Phase 1 of S&DCs and Job Level

Postmaster EAS Level	Number of Postmasters
S&DC Hub Offices	
EAS level 24	7
EAS level 22	5
<i>Subtotal - S&DC Hub Offices</i>	12
Spoke Offices	
EAS level 24	2
EAS level 22	1
EAS level 21	2
EAS level 20	9
EAS level 18/18B	23
<i>Subtotal - Spoke Offices</i>	37
Total S&DC Hub and Spoke Offices	49

Source: U.S. Postal Service Office of Inspector General (OIG) analysis of Postal Service data from the Facilities Database.

Postmasters are generally responsible for overseeing various activities, such as delivery, processing, and retail operations, and the staff performing related activities. These comprise the postmasters' total workhours at their respective facilities. As such, changes resulting from the S&DC implementation impact postmasters at S&DC and spoke offices in different ways, such as the following:

- Postmaster workloads – the total workhours spent managing delivery, processing, retail, customer service, and other related operations and staff.

1 *Delivering for America: Our Vision and Ten-Year Plan to Achieve Financial Sustainability and Service Excellence*, March 23, 2021. See https://about.usps.com/what/strategic-plans/delivering-for-america/assets/USPS_Delivering-For-America.pdf.

2 The Postal Service details the plan to remove carrier operations from post offices to nearby S&DCs in its Get It Right initiative, which underpins the 10-Year Plan. According to the Postal Service, S&DCs will be a vital part of its network modernization and entail insourcing multiple delivery and package sortation operations into one facility that is centrally located to target key markets. The Postal Service said this will provide faster and more reliable mail and package delivery over a greater geographic area; dramatically reduce transportation between processing centers and post offices; streamline mail and package handlings; and increase service reliability and decrease time to deliver.

3 During our review period, there were 44 total spoke offices, seven of which had vacant postmaster positions. Thirty-seven spoke postmasters in addition to the 12 S&DC postmasters amounts to 49 impacted postmasters.

4 The EAS is a designation for determining salaries for select Postal Service positions.

- *Spoke postmasters*: Before an S&DC implementation, they may have been responsible for managing between one and 70 delivery routes and associated operations and staff. Removing carrier routes and related delivery operations from their office and transferring them to the S&DC would significantly reduce a postmaster’s workload as a significant portion of the office’s total workhours (sometimes as much as 85 percent) were previously dedicated to these operations.⁵
 - *S&DC postmasters*: The S&DC implementation resulted in additional delivery carriers and routes (and in some cases oversight of additional supervisors and clerks). For example, one office went from having 27 carrier routes to 123. Some S&DCs also received additional processing and sortation equipment and operations.
- Office space – the distribution and utilization of space allocated to various operational functions, including retail lobby equipment, carrier cases, and Post Office Boxes.
- *Spoke offices*: Before the S&DC implementation, office space was needed to support various delivery operations. After moving delivery operations to an S&DC, much of the corresponding delivery operational equipment (e.g., carrier cases, mail utility carts, and storage hampers) has been removed, leaving excess space in the office. Figure 1 illustrates some of the excess space at two spoke offices we visited in November 2023.
 - *S&DCs*: The addition of delivery operations required space for more employees and, sometimes, equipment, including mail processing and sortation machines.
- EAS level and pay grade – EAS levels and pay grades (which dictate a postmaster’s salary) are assigned to postmasters based on a variety of operational inputs including carrier routes, mail volumes, and staff. The Postal Service has taken a preliminary position on EAS level and pay grade changes resulting from S&DCs as follows:
- *Spoke postmasters*: Despite the loss of a substantial portion of their delivery operations (and possible underutilization), the Postal Service notified a national postmaster supervisor association in November 2022 that *“incumbent [p]ostmasters in spoke offices and their corresponding grades will remain unchanged.”*
 - *S&DC postmasters*: By taking on additional delivery operations-related workload, the Postal Service’s November 2022 notification stated that this increased workload may result in *“an immediate increase in the office and [p]ostmaster level as the changes are implemented” for S&DC postmasters.*

Figure 1. Excess Space at Spoke Offices

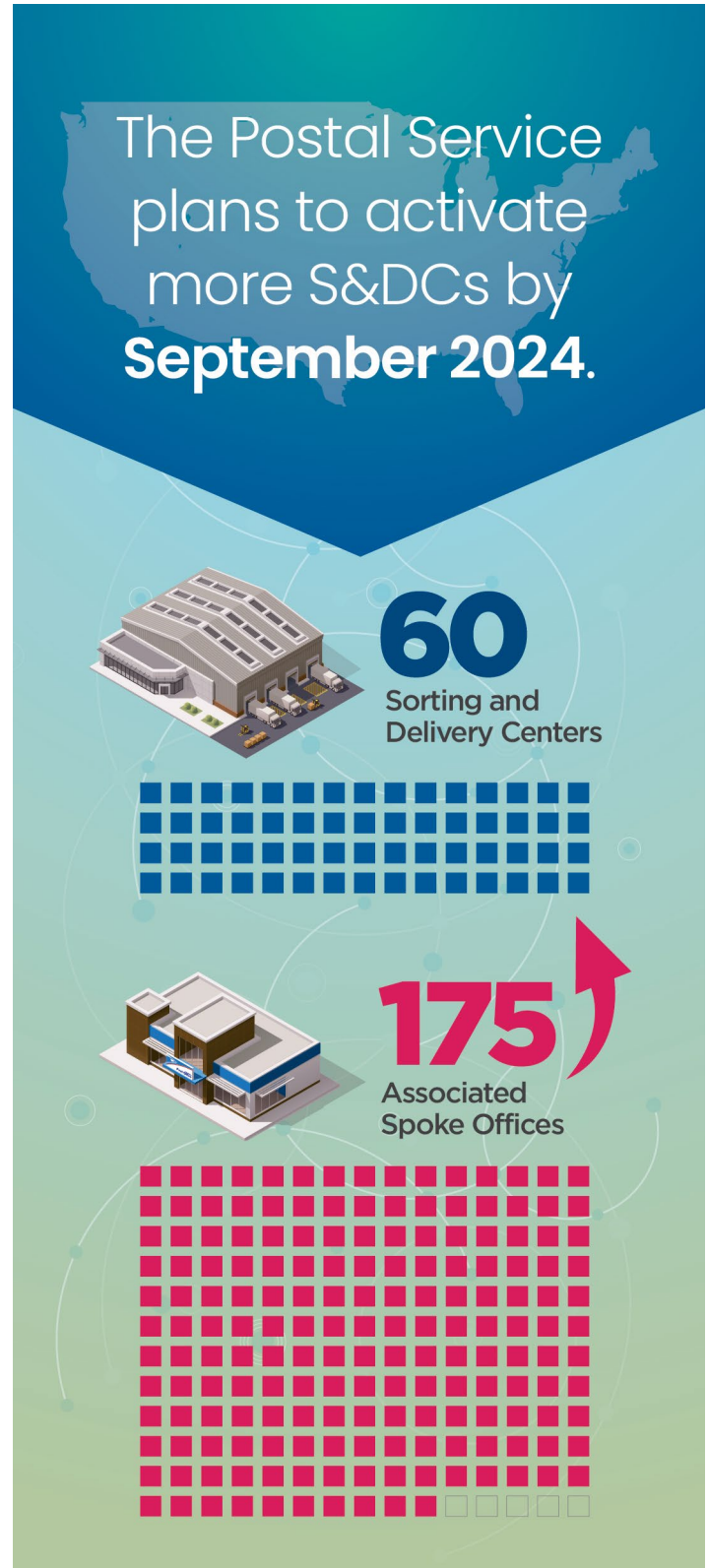


Source: OIG observations at the Watkinsville and Hull, GA, spoke offices, respectively, in November 2023.

⁵ For this analysis, we compared the number of hours postmasters spent managing operations before and after delivery operations were removed from the Athens (GA) spoke offices and consolidated into the Athens S&DC. We selected the Athens spoke offices because prior year data was available for comparison.

- Postmaster performance evaluation – Postmasters are assessed each year across a variety of metrics, such as deliveries per hour and retail revenue, to calculate their performance against pre-determined thresholds and determine their ability to achieve related pay incentives in accordance with the Postal Service’s National Performance Assessment (NPA) system.⁶
 - *Spoke postmasters*: The reduction in deliveries per hour and associated staff performing related operations resulting from the S&DC changes could negatively impact their annual performance evaluation calculation and the ability to achieve related pay incentives.
 - *S&DC postmasters*: Despite the potential increase in EAS-level, additional delivery routes and associated staff to manage could negatively impact their annual performance evaluation calculations and ability to achieve pay incentives.

The Postal Service designated a headquarters team to help guide the S&DC implementation efforts. Retail and Post Office Operations and district management also play key roles in deploying and implementing operational and personnel changes at the S&DC and spoke offices. The Postal Service plans to activate more than 60 S&DCs (involving at least 175 associated spoke offices) by September 2024. With nearly 400 S&DCs eventually planned nationwide, the Postal Service’s ability to update postmaster roles to reflect the new daily operations will be crucial to capturing operational efficiencies and ensuring productivity at each S&DC and spoke office.



⁶ The Postal Service’s National Performance Assessment (NPA) is a web-based system that collects performance-related metrics such as deliveries per hour, retail revenue, etc. These metrics are translated into scores that management can use to monitor performance at the national, area, district, or individual-unit level.

Finding #1: Inadequate Management of Spoke Postmaster’s Changing Roles

S&DC implementations affected the daily roles and workloads of S&DC and spoke office postmasters. The Postal Service’s strategy for managing the changing role of S&DC postmasters was adequate. Officials throughout the Postal Service prioritized S&DC implementation efforts and, therefore, were actively involved in analyzing operations and conditions and providing general support related to their new roles, workloads, and office space utilization.

However, the Postal Service’s strategy for managing the changing role of spoke postmasters was inadequate. Headquarters officials directed spoke postmasters to continue performing the remaining duties at their offices after delivery operations were removed, such as performing retail functions, servicing PO Boxes, and addressing customer inquiries. District management said they provided spoke postmasters’ general guidance on assignments to fill the newly created workload gap resulting from the removal of delivery operations. These assignments included handling attendance or disciplinary issues, assisting with timekeeping, or supporting operations at the S&DC.

“Spoke postmasters we interviewed expressed concerns about their changing roles and workload expectations.”

Spoke postmasters we interviewed, however, expressed concerns about their changing roles and workload expectations. For example, regarding their current roles, some postmasters stated these interim assignments were insufficient for offsetting the workhour loss from the removal of delivery operations from their offices. Concerning their future roles,

some postmasters raised concerns about the long-term sustainability and productivity of these interim assignments.

“These postmasters also stated they were unclear about how to utilize the newly created excess space at their offices...”

These postmasters also stated they were unclear about how to utilize the newly created excess space at their offices due to the removal of delivery operations and associated equipment. While some of them stated this space could be used for mail carrier training activities or retail lobby enhancements — such as passport services, parcel lockers, and self-service kiosks — they were not aware of related analysis or decisions.

We found these concerns and uncertainties resulted from an overly general strategy that did not include detailed procedures for updating new postmaster roles, including workload expectations for offsetting lost delivery operations workhours, and space utilization for affected spoke offices. Such procedures would specify responsible parties and processes for analyzing office conditions, evaluating alternatives, communicating decisions, and monitoring performance as follows:

- Analyzing current individual local office conditions and postmasters’ roles and workloads: Determining how decision-makers were to collect data and analyze postmaster roles and office conditions at each individual office and other related considerations (e.g., what activities or operations were allowed under the postmaster’s current EAS level).⁷

⁷ According to collective bargaining agreements, EAS-level 18/18B postmasters can perform retail transactions, while all other postmasters cannot.

- Determining future postmaster roles and office space utilization alternatives: Creating or applying key evaluation factors, criteria, and processes related to determining the optimal postmaster roles and office space utilization at specific offices on a longer-term, sustainable basis.
- Communicating decisions: Determining how changes to postmaster roles and office space utilization should be communicated to affected postmasters and other stakeholders.
- Monitoring performance: Determining the extent to which these new postmaster roles and space utilization changes are functioning as intended.

Postal Service management stated they did not develop detailed procedures because their primary focus was on implementing the S&DC operational changes nationwide. Management also stated the unique geographical nuances and operational needs of each spoke office presented challenges to developing detailed procedures that could be applied on a nationwide basis. For example, it may be more beneficial for a spoke postmaster in a suburban/urban office to allocate additional workhours for connecting with local businesses, while it may be more beneficial for a rural office to spend more time on retail transactions. Regarding space utilization, spoke offices vary in size; therefore, retail lobby equipment additions, such as self-service kiosks and PO Boxes, may suit one office over another.

While we recognize these considerations, the lack of detailed procedures is driving uncertainty and inefficiency among spoke postmasters and their office space utilization. These inadequacies could prevent the Postal Service from fully capturing the S&DC optimization benefits. Developing detailed procedures related to the changing spoke postmaster roles (including workload expectations) and office space utilization should help mitigate these uncertainties and concerns and help the Postal Service achieve the operational efficiency associated with the S&DC implementation.

Recommendation #1

We recommend that the **Vice Presidents, Area Retail and Delivery Operations**, and **Vice President, Retail and Post Office Operations**, coordinate to develop and implement detailed procedures for updating postmasters' roles (including workload expectations) and space utilization at offices impacted by S&DC implementation. These new procedures would include specifying responsible parties and processes for analyzing office conditions, evaluating alternatives, communicating decisions, and monitoring performance.

Postal Service Response

Management disagreed with finding 1, but agreed with recommendation 1. Regarding the finding, management stated that postmasters' roles have not changed with the implementation of S&DCs, and they must continue performing the remaining duties at their offices after delivery operations have been removed; and some districts have given additional general assignments. The target implementation date for recommendation 1 is October 31, 2024.

OIG Evaluation

Regarding management's disagreement on the finding, we agree that postmasters are required to continue performing the remaining duties at their offices and any other assigned tasks in the report. We also reported that spoke postmasters expressed concerns about their changing roles and workload expectations, including interim assignments that were insufficient for offsetting the workhour loss in the long term, resulting from the removal of delivery operations and a lack of clarity regarding how to utilize the excess space at their offices resulting from delivery operation equipment removal.

We consider management's comments responsive to recommendation 1, stating they will review the duties of postmasters and space utilization at affected spoke offices, and corrective actions should resolve the issues identified in the report.

Finding #2: Enhance Communications Related to Postmaster Performance Assessment Changes

All the spoke and S&DC postmasters we met with between November 2023 and March 2024 expressed uncertainty as to how the S&DC implementation efforts would impact their individual performance assessments. As mentioned earlier, postmasters are evaluated each year using a variety of data inputs, such as deliveries per hour and retail revenue, to calculate their performance against pre-determined thresholds to achieve related pay incentives as part of the NPA system. Many of the postmasters we met with stated they were not aware of any updates to their performance goals that reflected the new operations at their respective offices. The spoke postmasters raised specific concerns that they would be scored using inputs and thresholds that were not applicable to them (e.g., deliveries per hour), which could have negatively impacted their overall performance scores and, ultimately, their ability to achieve desired pay incentives. Management association officials we spoke with in February 2024 also stated they were unaware of any potential reevaluations of this framework.

Postal Service senior leadership issued a letter to various organizations involved in the S&DC implementation in late November 2023 that described processes for making changes to employee fiscal year (FY) 2023 NPA scores in affected S&DC and spoke offices. The letter also specifically mentioned that these processes should be communicated with impacted offices and employees. The uncertainty surrounding these NPA processes as raised to us by the spoke and S&DC postmasters and other parties we met with, however, raises concerns about the effectiveness of this communication strategy. Continued communication shortfalls could negatively impact spoke and S&DC postmaster performance assessments and lead to greater uncertainties as more and more S&DC are planned as part of the Postal Service's network modernization efforts.

“All the spoke and S&DC postmasters we met with between November 2023 and March 2024 expressed uncertainty as to how the S&DC implementation efforts would impact their individual performance assessments.”

Recommendation #2

We recommend that the **Vice Presidents, Area Retail and Delivery Operations**, develop actions to better disseminate communication to affected S&DC and spoke office postmasters about potential national performance assessment changes.

Postal Service Response

Management disagreed with finding 2, stating it provided communication from headquarters that addressed NPA and national-level mitigation for all S&DCs and associated spoke offices. Management agreed with recommendation 2, and the target implementation date is October 31, 2024.

OIG Evaluation

Regarding management's disagreement on the finding, we included a reference to the November 2023 headquarters communication in our report, but also noted there was still uncertainty among spoke and S&DC postmasters as to how their individual performance assessments would be impacted.

We consider management's comments responsive to recommendation 2, stating that it will reissue the communications, as needed, to impacted offices, and corrective actions should resolve the issues identified in the report.

Appendices

Appendix A: Additional Information	10
Scope and Methodology.....	10
Prior Audit Coverage.....	11
Appendix B: Management's Comments	12

Appendix A: Additional Information

Scope and Methodology

Our objective was to review the changing role of postmasters in offices impacted by the implementation of S&DCs. To accomplish our objective, we:

- Reviewed Postal Service policies and procedures related to postmaster roles and responsibilities, including EAS levels, performance evaluation framework, and potential impacts from S&DC implementation (on both S&DC and spoke office postmasters).
- Reviewed the Postal Service’s list of S&DCs and spoke offices included in Phase 1 of the S&DC implementation between November 2022 and

June 2023. This included 56 offices – 44 spoke offices, 12 S&DCs, 49 postmasters, employee move dates, and number of affected carrier routes – and corresponding data detailing postmasters’ job levels.

We then judgmentally selected five S&DCs and 13 associated spoke offices to conduct additional fieldwork (site visit observations and/or individual interviews) (see Table 1). These facilities included S&DCs from five different Postal Service districts and their respective spoke post offices with a mix of urban and rural locations, postmaster job levels, affected carrier routes, and employee move dates.

Table 1. S&DC and Spoke Office Site Selection

Facility Name & Type	Affected Routes - Added (Lost)	Employee Move Date	Postmaster Job Level
Athens (GA) S&DC	43	11/19/2022	EAS-24
Colbert Main Office (Spoke)	(4)	11/19/2022	EAS-18/18B
Comer Main Office (Spoke)	(4)	11/19/2022	EAS-18/18B
Crawford Main Office (Spoke)	(6)	11/19/2022	EAS-18/18B
Hull Main Office (Spoke)	(5)	11/19/2022	EAS-18/18B
Watkinsville Main Office (Spoke)	(19)	11/19/2022	EAS-20
Winterville Main Office (Spoke)	(5)	11/19/2022	EAS-18/18B
Bryan (TX) S&DC	70	2/25/2023	EAS-24
College Station Main Office (Spoke)	(70)	2/25/2023	EAS-21
Gainesville (FL) S&DC⁸	80	2/25/2023	EAS-24
Micanopy Main Office (Spoke)	(3)	2/25/2023	EAS-18/18B
Newberry Main Office (Spoke)	(12)	2/25/2023	EAS-20
Woburn (MA) S&DC	34	2/25/2023	EAS-24
North Reading Main Office (Spoke)	(11)	2/25/2023	EAS-18/18B
Wakefield Main Office (Spoke)	(23)	2/25/2023	EAS-21
Hanover Park/Bartlett (IL) S&DC	32	6/3/2023	EAS-22
Elgin Main Office (Spoke)	(30)	6/3/2023	EAS-22
Wayne Main Office (Spoke)	(2)	6/3/2023	EAS-18/18B

Source: OIG site selection using Postal Service facility data.

⁸ The Gainesville, FL S&DC postmaster confirmed that 65 delivery routes from the Gainesville Main Street Station (spoke office) have not completed insourcing. The 65 routes that will transfer to the Gainesville, FL S&DC in addition to the 15 routes moved from the Newberry and Micanopy spoke offices will amount to 80 total routes.

Of these 18 facilities, we observed operations on site (and interviewed postmasters) at the Athens (GA) S&DC and five of the six spoke offices (the Postal Service confirmed that the Crawford (GA) postmaster was unavailable) and the Hanover Park/Bartlett (IL) S&DC. We conducted virtual interviews with the remaining S&DC and spoke postmasters.

- Interviewed headquarters Postal Service officials responsible for the S&DC implementation; five district managers responsible for the management of the S&DCs and spoke offices analyzed in our onsite fieldwork; and officials from a national postmaster supervisor association.
- Reviewed prior Postal Service OIG audit work on the S&DC implementations.

We conducted this performance audit from November 2023 through May 2024 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 10, 2024, and included their comments where appropriate.

In planning and conducting the audit, we obtained an understanding of the changing role of the postmaster in offices impacted by S&DC implementations 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 and assessed the internal control components and underlying principles. We determined the following two components were significant to our audit objective: Control Environment and Information & Communication. We developed audit work to ensure that we assessed these controls. Based on this work, we identified significant internal control deficiencies within the context of our objective. Our recommendations, if implemented, should correct the weaknesses we identified for postmasters impacted by S&DC implementations.

We assessed the reliability of computer-generated data from the Postal Service’s eFlash and Facilities Database systems by reviewing the data and interviewing postmasters. The Postal Service uses these systems for administrative purposes, and we determined the data from these systems were sufficiently reliable for the purposes of this audit.

Prior Audit Coverage

Report Title	Objective	Report Number	Final Report Date	Monetary Impact
<i>Review of USPS Sorting and Delivery Centers Opened in Quarters 1 and 2 of FY 2023</i>	The objective was to assess the effectiveness of communications with stakeholders and identify successes, opportunities, and lessons learned during the launch of the new S&DCs.	23-062-R23	September 12, 2023	\$0
<i>Management Structure at the Postal Service</i>	The objective was to assess the management structure at the Postal Service, specifically with regards to how the districts are ranked and how operational manager and supervisor positions are allocated at the area, district, and facility levels (the field).	19SMG011HR000-R20	March 18, 2020	\$0

Appendix B: Management's Comments



May 14, 2024

JOHN CIHOTA
DIRECTOR, AUDIT SERVICES

SUBJECT: Management Response: Network Modernization: The Changing Role of Postmasters (24-025-DRAFT)

Thank you for providing the Postal Service an opportunity to review and comment on the findings contained in the draft audit report titled: *Network Modernization: The Changing Role of Postmasters*.

Delivery Optimization is nothing new to the Postal Service. Management has long-since utilized this process to increase operational efficiencies by relocating delivery operations into centralized facilities. The concept, however, has been expanded to include the standardization of Postal network operations as part of the Delivering for America plan.

Finding #1: Inadequate Management of Spoke Postmaster's Changing Roles

Management disagrees with this Finding.

Postmaster roles have not changed with the implementation of Sorting and Delivery Centers (S&DCs). Postmasters are directed to continue performing remaining duties at their offices after delivery operations have been removed. Retail services are not affected by these types of changes. Some districts have given general assignments in addition to existing duties.

Finding #2: Enhance Communications Related to Postmaster Performance Assessment Changes

Management disagrees with this Finding.

Management provided communication from the Headquarters level on November 28, 2023, that addressed National Performance Assessment (NPA) and national level mitigation for all S&DCs and spoke offices associated with the S&DCs.

The following are Management's comments on each of the two recommendations:

Recommendation 1: We recommend that the Vice Presidents, Area Retail and Delivery Operations, and Vice President, Retail and Post Office Operations, coordinate to develop and implement detailed procedures for updating postmasters' roles (including workload expectations) and space utilization at offices impacted by S&DC implementation. These new procedures would include specifying responsible parties and processes for analyzing office conditions, evaluating alternatives, communicating decisions, and monitoring performance.

Management Response/Action Plan:

Management **agrees** with this recommendation.

Management agrees to review the duties of Postmasters at spoke offices affected by S&DCs but will continue to direct them to perform any remaining duties at their offices.

Also, while Management agrees to review space utilization at offices impacted by S&DC implementation, there are key factors the OIG overlooked when making this recommendation – such as cost-effectiveness, leased vs owned facilities, and demographic/geographical nuances. In addition, the back-office space created from excessing carrier routes does not fall within the retail footprint and therefore, adding self-service kiosks, passport services or PO Boxes – as the OIG suggested – does not make good business sense and would be cost prohibitive.

Target Implementation Date: 10/31/24

Responsible Official:

Vice Presidents, Area Retail and Delivery Operations
Managers, Post Office Operations

Recommendation 2: We recommend that the Vice Presidents, Area Retail and Delivery Operations develop actions to better disseminate communication to affected S&DC and spoke office postmasters about potential national performance assessment changes.

Management Response/Action Plan:

Management **agrees** with this recommendation.

Management agrees with this recommendation as it already exists. Headquarters provided communication to the field on NPA mitigation for all S&DC's and their spoke offices on November 28, 2023. Management will reissue Headquarters communication as needed to impacted offices.

Target Implementation Date: 10/31/24

Responsible Officials:

Vice Presidents, Area Retail and Delivery Operations

E-SIGNED by ELVIN MERCADO
on 2024-05-14 13:16:02 EDT

Elvin Mercado
Vice President, Retail & Post Office Operations

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Scott P. Raymond
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cc: Corporate Audit Response Management

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