Report to the Ranking Member, Committee on Oversight and Accountability, House of Representative

July 2023

U.S. POSTAL SERVICE

Better Incorporating Leading Practices for Project Management Could Benefit Strategic Plan Implementation

Revised September 19, 2023, to correct the following pages. On the Highlights, and on page 22, the words "polices" were replaced with "policies." On page 3, the following sentence was added to footnote 7: PMBOK is a trademark of Project Management Institute, Inc. On pages 6 and 10, text was edited to reflect that the Postal Regulatory Commission reviews and approves postal price changes.

U.S. POSTAL SERVICE

Better Incorporating Leading Practices for Project Management Could Benefit Strategic Plan Implementation

Why GAO Did This Study

USPS has long faced challenges meeting its universal postal service mission, and its financial viability has been an ongoing area of concern. The changes proposed in USPS's 2021 Strategic Plan touch every aspect of USPS operations. USPS's success in achieving its goals depend, in part, on how well the plan is implemented.

GAO was asked to review USPS's implementation of its Strategic Plan. This report examines the progress USPS has made towards meeting the plan's primary goals and the extent to which USPS policies for implementing Strategic Plan projects incorporate GAO leading practices for project management, among other objectives.

GAO reviewed the Strategic Plan and additional USPS reports and policy documents. GAO assessed USPS policies governing Strategic Plan projects against 11 selected GAO leading practices for project management. In addition, GAO interviewed USPS officials and postal stakeholders about the Strategic Plan and its implementation.

What GAO Recommends

GAO is making six recommendations, including that USPS revise its Strategic Plan project implementation guidance to incorporate five project management leading practices, including identifying and disseminating lessons learned. USPS agreed with four of the six recommendations, and partially agreed with the other two recommendations. GAO maintains that fully implementing all of the recommendations will benefit USPS's implementation of its Strategic Plan.

View GAO-23-105297. For more information, contact David Marroni at (202) 512-2834 or MarroniD@gao.gov.

What GAO Found

In March 2021, the U.S. Postal Service (USPS) published a new 10-year strategic plan called *Delivering for America* with the primary goals of improving its service performance and financial sustainability. Since implementation of this Strategic Plan started, USPS has reported improved service reliability and some progress towards its financial targets. For example, USPS reported that it had met the fiscal year 2022 on-time delivery performance target of 91 percent for First-Class Mail, an improvement over the previous year's 83 percent. This improvement is, in part, due to changes that USPS adopted in October 2021 to adjust the performance targets and service standards for First-Class Mail and First-Class Packages. USPS also reported in April 2023 that its projected losses decreased by more than half—from $160 billion to $70 billion—in the first two years of the Strategic Plan's implementation.

USPS's policies for implementing Strategic Plan projects fully or substantially met six of 11 selected GAO leading practices for project management. However, GAO found that USPS's implementation policies partially or minimally met five leading practices (see figure).

GAO's Assessment of U.S. Postal Service (USPS) Policies against Leading Practices

	GAO's leading practices for project management	GAO assessment of USPS policies
1	Establish an execution plan with policies and procedures to manage and control project planning.	◕
2	Define the scope of the project so that its performance can be measured.	◕
3	Develop a cost estimate using GAO best practices.	◕
4	Develop and maintain an integrated master schedule for the project using GAO best practices.	◐
5	Establish a performance baseline and track it from the beginning to the end of the project.	◔
6	Establish project-reporting system/databases to provide a clear picture of project performance to management and to keep the project accountable.	◕
7	Conduct monitoring and controlling activities to measure performance at regular intervals.	●
8	Conduct a root cause analysis and develop corrective action plans to identify and address the underlying causes of cost overruns, schedule delays, and performance shortcomings, when a cost or schedule overrun occurs.	◐
9	Capture lessons learned throughout the continuum of a project and disseminate them among projects.	◔
10	Conduct risk assessments throughout the life cycle of the project and prioritize risks in a risk register, develop risk mitigation strategies, and determine contingency.	●
11	Conduct independent reviews throughout the life of a project, including at key decision points, and on multiple aspects of the project, such as the mission need, cost, and baseline review.	◐

Fully Met: GAO found evidence that completely satisfied the leading practice.

Substantially Met: GAO found evidence that satisfied a large portion of the leading practice.

Partially Met: GAO found evidence that satisfied about half of the leading practice.

Minimally Met: GAO found evidence that satisfied a small portion of the leading practice.

Not Met: GAO found no evidence that satisfied the leading practice.

Source: GAO analysis of U.S. Postal Service (USPS) and GAO information. | GAO-23-105297

For example, GAO found that although USPS collects information that could be relevant to a lessons-learned process, it does not have a system to identify or disseminate such information. Given that USPS plans to implement over 100 projects in the coming years, it is especially important to collect and disseminate lessons learned to benefit future projects. By further incorporating leading practices into its policies and guidance, USPS could better realize benefits for its current and future strategic plan projects.

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Abbreviations

OIG	Office of the Inspector General
PMI	Project Management Institute
USPS	United States Postal Service

GAO

U.S. GOVERNMENT ACCOUNTABILITY OFFICE

441 G St. N.W.
Washington, DC 20548

July 20, 2023

The Honorable Jamie Raskin
Ranking Member
Committee on Oversight and Accountability
House of Representatives

Dear Mr. Raskin:

The U.S. Postal Service's (USPS) mission is to provide prompt, reliable, and efficient universal postal service. USPS is required to serve, as nearly as practicable, the entire population of the United States.[1] However, USPS has long faced challenges meeting its universal postal service mission and its financial viability has been on our High-Risk List since 2009 due to USPS's poor financial condition.[2] While USPS and Congress have taken significant actions to address this issue, USPS still cannot fully fund its current level of services and financial obligations.

As part of its efforts to address these challenges, USPS and its Board of Governors published *Delivering for America* (Strategic Plan), a new 10-year strategic plan, in March 2021.[3] The Strategic Plan outlines high-level strategies, such as operational changes and capital investments, that USPS projects will improve service performance and make it financially self-sufficient when fully implemented. The Strategic Plan's proposed changes touch every aspect of USPS operations. USPS's success at achieving the goals stated in its Strategic Plan will depend, in part, on how well the plan is implemented.

You requested we review USPS's implementation of its 10-year strategic plan, including how it incorporated leading practices. This report examines: (1) the progress USPS has made toward meeting the two primary goals of improved service performance and financial sustainability established in its 2021 Strategic Plan, (2) how USPS has implemented the 2021 Strategic Plan and monitored the implementation,

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[1]39 U.S.C. § 403(a).

[2]GAO, *High-Risk Series: Efforts Made to Achieve Progress Need to be Maintained and Expanded to Fully Address All Areas*, GAO-23-106203 (Washington, D.C., Apr. 20, 2023).

[3]U.S. Postal Service, *Delivering for America: Our Vision and Ten-Year Plan to Achieve Financial Sustainability and Service Excellence* (Washington, D.C.: Mar. 2021).

and (3) the extent to which USPS policies for implementing strategic plan projects incorporate leading practices for project management.[4]

To address our first objective, we reviewed USPS's 2021 Strategic Plan, and additional USPS reports, publications, and statements. We also reviewed USPS's Annual Report to Congress for fiscal years 2020, 2021, and 2022.[5]

To address our second objective, we reviewed and analyzed USPS documents that referenced USPS's plans to implement and monitor its Strategic Plan projects, including Strategic Initiative Governance Controls, milestone status reports, charters, roadmaps, and project plans. We also interviewed relevant USPS officials and other relevant stakeholders about topics related to USPS's implementation structure and monitoring of the projects in the Strategic Plan.

To address our third objective, we analyzed the extent to which USPS incorporated selected project management[6] leading practices into its

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[4]When we use the term "project" in this report, we are referring to the Project Management Institute (PMI) definition of a project. PMI is a not-for-profit organization that has established standards for program and project management. According to PMI, a project is a temporary endeavor intended to create a unique product, service, or result. In the context of USPS's Strategic Plan, what the plan refers to as initiatives are the same as projects.

[5]USPS, *United States Postal Service FY2022 Annual Report to Congress,* (Washington, D.C.: December 2022); *United States Postal Service FY2021 Annual Report to Congress,* (Washington, D.C.: December 2021); and *United States Postal Service FY2020 Annual Report to Congress,* (Washington, D.C.: December 2020).

[6]GAO established 12 leading practices, but we did not score USPS against the leading practice of using an Earned Value Management system. We did not score USPS against that leading practice because the majority of the Strategic Plan projects—including those selected in our review—are more operational in nature (i.e., routine, with more level of effort required and less discrete work), therefore it would be difficult for USPS to apply an Earned Value Management system. For further information on the leading practices and our scoring, see appendix I.

policies and guidance for implementing its Strategic Plan projects.[7] We scored USPS policies based on documentation USPS provided for each leading practice, written responses to information requests, and interviews with USPS officials. We used a five category scoring system ("fully met", "substantially met", "partially met", "minimally met", and "did not meet"),[8] which we applied to the responses and documentation we received from USPS for each leading practice. If the score for a leading practice was "fully met" or "substantially met," we concluded that USPS's policies and procedures incorporated the leading practice. In contrast, if the score was "partially met," "minimally met," or "not met," we concluded that USPS's policies and procedures did not incorporate the leading practice.

In addition, we selected three Strategic Plan projects to assess the extent to which the implementation plans for these projects were consistent with USPS policies and our leading practices for project management. To select the projects, we reviewed the Strategic Plan's 13 key strategic focus areas and the 160 active Strategic Plan projects that USPS was in the process of implementing as of August 2022. We selected projects that had begun implementation at the time of our review and that had a bearing on USPS's financial viability, among other factors. These three projects are a non-generalizable sample that provides illustrative examples of how USPS applied its policies in implementing the Strategic Plan projects. We also assessed USPS implementation against the Committee of Sponsoring Organizations of the Treadway Commission

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[7]GAO, *Nuclear Waste Cleanup: DOE Could Improve Program and Project Management by Better Classifying Work and Following Leading Practices,* GAO-19-223 (Washington, D.C.: Feb. 19, 2019). We identified these project management leading practices to encompass basic principles of project management that give an outside evaluator an idea whether a project is being managed efficiently. They do not contain all project management leading practices. This set of criteria is based on the practices in the Project Management Institute's (PMI's) *A Guide to the Project Management Body of Knowledge—Fifth Edition*, which are generally recognized as the top leading practices for project management. Project Management Institute Inc., *A Guide to the Project Management Body of Knowledge: PMBOK® Guide – Fifth Edition* (Newton Square, PA: 2013). PMBOK is a trademark of Project Management Institute, Inc.

[8]For our analysis, "fully met" means we found evidence that fully satisfied the leading practice; "substantially met" means we found evidence that satisfied a large portion of the leading practice; "partially met" means we found evidence that satisfied about half of the leading practice; "minimally met" means we found evidence that satisfied a small portion of the leading practice; and "did not meet" means we found no evidence that satisfied the leading practice.

Internal Control-Integrated Framework.[9] A more detailed description of our scope and methodology is in appendix I, and our detailed assessment of USPS policy is in appendix II.

We conducted this performance audit from June 2021 to July 2023 in accordance with generally accepted government auditing standards. 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 objectives.

Background

USPS Financial Condition

Congress and USPS have taken significant actions in recent years to address USPS's financial condition, including Congress' passing of the Postal Service Reform Act of 2022.[10] However, USPS's business model is still not financially sustainable.[11] The volume of First-Class Mail—USPS's most profitable product—will likely continue to decline as online communication and payments expand. In the package delivery market, USPS has been losing volume to its competitors in recent years. Meanwhile, key costs, such as employee compensation, have continued to rise, and USPS still has large unfunded liabilities. As of the end of fiscal year 2022, USPS's long-term unfunded liabilities and debt totaled about $144 billion, or about 184 percent of USPS's fiscal year 2022 revenue.[12] USPS has also stated that it will need to make capital investments to

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[9]*Committee of Sponsoring Organizations of the Treadway Commission's Internal Control-Integrated Framework* (2013). The Committee of Sponsoring Organizations of the Treadway Commission's *Internal Control-Integrated Framework* (COSO Framework) is a set of practices that we identified as reasonable and relevant internal-control criteria standards to use in evaluating USPS's activities. The COSO Framework is recognized as a leading framework for designing, implementing, and conducting internal control and assessing the effectiveness of internal control. It provides a means to apply internal control to any type of entity and requirements for an effective system of internal control.

[10]Pub. L. No. 117-108, 136 Stat. 1127 (2022). Among other things, the Postal Service Reform Act of 2022 repealed a requirement for USPS to prepay future retiree health benefits on an annual basis and canceled billions in past due payments for such prefunding.

[11]GAO-23-106203.

[12] The $144 billion includes liabilities, debts, and unfunded obligations as of the end of fiscal year 2022.

ensure that it can perform its universal service mission, but USPS's revenue might not be able to fully fund these investments.

USPS Strategic Plan

USPS's Strategic Plan outlines high-level steps to achieve improved service performance and get USPS to a positive net income by 2024, and break-even operating performance by 2031.[13] Pursuant to a statutory requirement, prior USPS strategic plans covered a 5-year period and were updated every 3 years.[14] The current Strategic Plan covers a 10-year period, and provides high-level information on a range of strategies that will affect USPS operations, and are projected by USPS to have long-term beneficial financial effects for USPS

The Strategic Plan's two primary goals are:

- I**mproved service performance.** Improvement in service performance, specifically reliability, is highlighted in the Strategic Plan as important to customer satisfaction and growing USPS's business. The Strategic Plan includes the goal for USPS to meet or exceed 95 percent on-time delivery across mail and shipping product classes. Service standards for each mail product establish how many days it should take to deliver a piece of mail. USPS sets its own service standards. These standards vary based on the mail product and the distance from origination to destination. As the Strategic Plan notes, USPS had not met the service performance standards for First-Class Mail since 2012.

- **Financial sustainability.** USPS's Strategic Plan is intended to eliminate a 10-year projected loss by implementing additional revenue and cost savings measures, to a total anticipated benefit of $160 billion (see table 1). To achieve this goal, USPS identified 13 strategic focus areas, which are supported by initiatives (projects) as discussed

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[13]Net income is total revenue minus operating expenses. Break-even operating performance is when total revenue equals total expenses, so the business is not experiencing losses or gains.

[14]Under 39 U.S.C. § 2802(b), the Postal Service is to submit a strategic plan to the President and the Congress that covers a period of not less than five years.

in more detail later in the report.[15] The Strategic Plan's focus areas include efforts that will have direct financial effects on USPS, such as launching new lines of business and adjusting pricing strategies. Some efforts may not have a direct financial effect, such as improved career development and retention of employees.

Table 1: U.S. Postal Service's (USPS) 10-year Strategic Plan's Financial Projections

Category	Actions to achieve projected benefit	Total projected 10-year financial benefit according to USPS (Billions)
Legislative and Administration[a] action.	Includes integrating future postal retirees into Medicare and eliminating a requirement for USPS to pre-fund retiree health benefits	$58
Regulatory changes approved by the Postal Regulatory Commission[b]	Includes pricing flexibility for USPS market dominant products such as First-Class Mail.	$44
USPS management initiatives: cost improvement	Includes projects related to mail processing, transportation, retail, delivery, and administrative efficiency	$34
USPS management initiatives: revenue improvement	Includes projects related to package delivery growth, new competitive products, and pricing changes	$24

Source: GAO analysis of USPS documents. | GAO-23-105297

[a]Administration in this context refers to actions outside of USPS control that a Presidential administration could make.

[b]The Postal Regulatory Commission is an independent establishment of the executive branch responsible for regulating USPS. USPS must seek review and approval from the Postal Regulatory Commission for proposed postal price changes.

After USPS issued the Strategic Plan, the U.S. Postal Service Office of Inspector General (OIG) conducted a review of the assumptions USPS used in creating it.[16] The OIG's goal was to determine if the Strategic Plan's underlying assumptions and projections were supported and whether metrics were established and reasonable. The OIG found that the assumptions and projections underlying the 58 individual projects they

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[15]The strategic focus areas are: (1) growing USPS's package business and launching USPS Connect; (2) strengthening the value of mail; (3) implementing service standard changes; (4) implementing best-in-class mail and package processing; (5) fully optimizing USPS's surface and air transportation network; (6) implementing best-in-class delivery operations; (7) investing in new delivery vehicles; (8) modernizing the post office network; (9) designing and implementing an organization structured for success; (10) developing a stable and empowered workforce; (11) aligning pricing strategies with organizational and market place needs; (12) aligning the legislative and administrative framework to organizational need; and (13) other critical enterprise objectives.

[16]USPS Office of Inspector General, *Assumptions and Metrics Underlying the Delivering for America 10-Year Plan*, Report Number 21-224-R22 (Washington, D.C.: July 6, 2022).

selected for review were supported, and that USPS had systems for recording, measuring, and monitoring project risks, milestones, and metrics. They also found USPS had implemented a process to validate projected revenue growth and cost savings resulting from the Strategic Plan.[17]

GAO Leading Practices for Project Management

We have previously identified project management leading practices that encompass basic project management principles and represent good practice on most projects most of the time.[18] The 11 leading practices discussed in this report are:

1. Establish a project execution plan with policies and procedures to manage and control project planning.

2. Define the scope of a project so that its performance can be measured.

3. Develop a cost estimate using GAO best practices.

4. Develop and maintain an integrated master schedule using GAO best practices.

5. Establish a performance baseline and track it from the beginning to the end of the project.

6. Establish project reporting systems/databases to provide a clear picture of project performance to management and to keep the project accountable.

7. Conduct monitoring and controlling activities to measure performance at regular intervals.

8. Conduct a root cause analysis and corrective action plans to identify and address the underlying causes of cost overruns, schedule delays, and performance shortcomings when a cost or schedule overrun occurs.

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[17]The OIG made two recommendations in the report: 1) USPS should create guidance that details the requirements for when a distributive impact study should be performed; and 2) enhance the *Delivering for America Plan* website to provide comprehensive communications regarding plan progress, status of ongoing initiatives, future plans, and outcomes. USPS management agreed with the recommendations.

[18]GAO-19-223. We identified a set of 12 project management leading practices related to scope, cost and schedule performance, and independent reviews that align with PMI's standards on project management. According to PMI officials, these 12 leading practices encompass basic project management principles.

9. Capture lessons learned throughout the continuum of a project and disseminate them among projects.

10. Conduct risk assessments throughout the life-cycle of the project and prioritize risks in a risk register, develop risk mitigation strategies, and determine contingency.

11. Conduct a variety of independent reviews throughout the life of a project, including at key decision points, on multiple aspects of the project such as the mission need, cost, earned-value management system, and baseline review.

USPS Reported Improved Service Performance and Progress on its Financial Targets

USPS Has Reported Improved Service Performance since Implementation of its Strategic Plan

USPS's service performance metrics have improved since USPS began implementing its Strategic Plan, in part due to changes in service standards for First-Class Mail and First-Class Packages.[19] USPS reported that in 2021, after these new service standards went into effect, service performance improved across all product categories during peak season[20] when compared to 2020 levels.[21] USPS subsequently reported that, at the end of fiscal year 2022, it had its best service performance since 2018 across all mail products.[22]

This reported improvement in performance is in part due to the service standard changes, noted above, that USPS adopted in October 2021. In

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[19]Service standards for each mail product establish how many days it should take for a piece of mail to be delivered. USPS sets its own service standards to assess the extent to which it is meeting its timely mail delivery mission.

[20]Peak season refers to the period of November through January every year when there is an increase in mail volume that can significantly strain the USPS processing and distribution network.

[21]U.S. Postal Service, *Delivering for America: First-year Progress Report* (Washington, D.C.; Apr 7, 2023)

[22]U.S. Postal Service, *Delivering for America: Responses of the United States Postal Service to the Reporting Requirements Specified in the Postal Service Reform Act of 2022 FY 2022 3rd and 4th Quarter* (Washington, D.C.: Dec. 2, 2022)

particular, these changes increased the number of days USPS could take to deliver mail and meet the new service standard. USPS officials told us that other changes, such as adjustments to the mail processing network to better align the workforce and improvement in operational precision, also contributed to improved performance and reliability.[23] In addition, USPS reported in April 2023 that it projects further improvement in service scores and has set higher performance targets for fiscal year 2023.[24]

In the Strategic Plan, USPS attributed previous unmet performance targets to what it described as unrealistic service standards and underperforming operational supports to service standards, such as mail processing and transportation. As part of its implementation of the Strategic Plan, USPS changed the delivery standard for First-Class Mail and Periodicals from a standard of next day to 3 days to a delivery standard of next day to 5 days.[25] The Strategic Plan stated that these changes would improve reliability and predictability of USPS mail delivery services and would provide efficiencies and opportunities to optimize the delivery network by shifting mail and package transportation from air to surface networks. The Strategic Plan also emphasized that these changes would help USPS achieve significant cost savings.

USPS issued the final rule for the service standard change for certain First-Class Mail and Periodicals in August 2021, and the service standard change took effect on October 1, 2021.[26] USPS monitors its service performance regularly and in the USPS Annual Report to Congress released in December 2022, USPS reported it had met or exceeded their 2022 targets across almost all mail products.[27] For example, USPS reported that it had met the fiscal year 2022 on-time delivery performance

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[23]Assessing the extent to which the improvement in service performance metrics was due to changes in service standards versus other factors that USPS officials cited as improving performance was outside the scope of our review.

[24]U.S. Postal Service, *Delivering for America: Second-Year Progress Report* (Washington, D.C.: Apr. 27, 2023)

[25]USPS made similar changes for First-Class Packages.

[26]86 Fed. Reg. 43,941 (Aug. 11, 2021). USPS also changed service standards for First-Class Packages, effective May 1, 2022. As this is considered a competitive product USPS did not issue a final rule for this service change.

[27]U.S. Postal Service, *Fiscal Year 2022 Annual Report to Congress* (Washington, D.C.: Dec. 2, 2022).

target of 91 percent for First-Class Letter and Flat Mail Composite, an improvement over the 82.69 percent on-time delivery achieved in fiscal year 2021.[28]

USPS Has Reported Improvement in Its Financial Condition

USPS has reported progress on the financial targets set in the Strategic Plan. For example, USPS reported additional revenue in December 2022 after implementing an approved price increase on First-Class Mail stamp to $0.60 in July 2022.[29] USPS estimated that the price increase netted $472 million in additional revenue in the fourth quarter of fiscal year 2022 and projected that it would yield $1.7 billion in additional revenue in fiscal year 2023.[30] As well as this additional revenue, USPS stated that through more efficient employee allocation, it saved 9.4 million work hours, which was the equivalent of $487 million in compensation and benefits. USPS also reported in April 2023 that its projected losses decreased by more than half—from $160 billion to $70 billion—in the first 2 years of the Strategic Plan's implementation.[31]

Nevertheless, USPS still cannot fully fund its current level of service and has large unfunded liabilities. In USPS's second quarter financial update published in May 2023, USPS reported a net loss of $2.5 billion, an increase in net loss of $1.8 billion compared to the same quarter last year. The update also indicated that USPS may not meet its goal to have net positive income in fiscal year 2024. The second quarter of fiscal year 2023 losses were, according to USPS, due in part to higher costs caused by inflation and declining mail volumes, and several other factors.

Further, retiree benefits is an area that continues to increase costs for USPS. As noted earlier, the Strategic Plan specified legislative and Administration actions that would achieve a large portion of the Strategic Plan's projected financial benefit. After publication of the Strategic Plan,

[28]For further information on USPS on-time performance see GAO, *U.S. Postal Service: Few Differences in On-Time Performance between Rural and Urban Areas*, GAO-23-105169 (Washington, D.C., Jan. 12, 2023).

[29]The Postal Regulatory Commission is an independent establishment of the executive branch responsible for regulating USPS. USPS must seek review and approval from the Postal Regulatory Commission for proposed price changes.

[30]U.S. Postal Service, *Delivering for America: Responses of the United States Postal Service to the Reporting Requirements Specified in the Postal Service Reform Act of 2022 FY 2022 3rd and 4th Quarter.* (Washington, D.C.: Dec. 2, 2022)
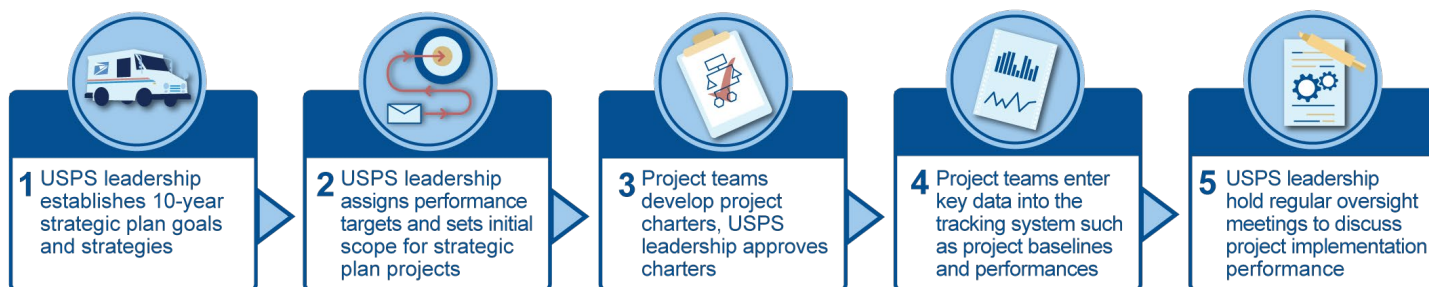
[31]U.S. Postal Service, *Delivering for America: Second-Year Progress Report* (Washington, D.C.: Apr. 27, 2023)

the Postal Service Reform Act of 2022 provided some of that relief by repealing the requirement to prefund future retiree health payments on an annual basis and cancelling billions in past prefunding payments owed for retiree health benefits, among other measures.[32] However, as we recently reported, USPS still has to meet its remaining long-term unfunded liabilities and debt—which was $144 billion at the end of fiscal year 2022—of which USPS's unfunded liability for retiree health and pension benefits is the largest part.[33]

USPS Is Implementing the Strategic Plan through a Framework of Individual Projects, with a System to Monitor Progress and Outcomes

To implement the Strategic Plan, USPS developed a framework of projects that span all aspects of USPS operations. Strategic Plan projects range in scale from administrative projects aimed at improving public trust in USPS to large-scale projects addressing operational or capital needs like the acquisition of new delivery vehicles. USPS has developed a system, which includes executive leadership reviews, to monitor progress implementing the Strategic Plan projects.

Figure 1: U.S. Postal Service (USPS) Strategic Plan Project Implementation and Monitoring

1 USPS leadership establishes 10-year strategic plan goals and strategies

2 USPS leadership assigns performance targets and sets initial scope for strategic plan projects

3 Project teams develop project charters, USPS leadership approves charters

4 Project teams enter key data into the tracking system such as project baselines and performances

5 USPS leadership hold regular oversight meetings to discuss project implementation performance

Source: GAO analysis of U.S. Postal Service information and documentation. | GAO-23-105297

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[32]The provisions to cancel the past payments owed and to repeal the prefunding requirement improve USPS's balance sheet and net loss, but do not have an effect on USPS's cash flow, since USPS had not been making prefunding payments.

[33]GAO-23-106203.

Strategic Plan Project Implementation Framework

USPS officials refer to the framework for creating, implementing, and monitoring Strategic Plan projects as the Get-it-Right strategic execution framework. Each Strategic Plan project generally aligns with at least one of the Strategic Plan's 13 strategic focus areas. The Get-it-Right framework includes the following activities for creating each project:

- Estimating cost savings and revenue

- Setting milestones

- Establishing performance metrics and targets

- Identifying and assessing risks

- Assigning executive sponsors

- Preparing materials for Postal Regulatory Commission and Board of Governors input or approval where required

USPS's Office of Strategic Planning—which is responsible for the Get-it-Right framework and has a key role in monitoring its implementation—created the Strategic Initiative Governance Controls (Governance Controls) document to guide implementation of Strategic Plan projects. This document contains the Strategic Plan project governance controls, roles and responsibilities, as well as information about each phase of the implementation process.[34] It also provides the steps needed to create, define, manage, and close Strategic Plan projects.

The Office of Strategic Planning develops and maintains the Governance Controls, but final decisions on exceptions to the guidance are approved by the Senior Vice President of Finance and Strategy, in consultation with the Postmaster General and the USPS Executive Leadership Team.[35] USPS officials told us that for certain activities—cost savings estimates and root cause analysis, for example—project leads refer to other USPS guidance or procedures as needed to supplement the Governance Controls.

The Governance Controls document also contains an example template for the charters required for all Strategic Plan projects, and detailed

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[34]The Office of Strategic Planning supports the Postmaster General and USPS senior management in assessing the future of USPS. According to USPS officials, this includes implementation and oversight of the strategic plan.

[35]The USPS Executive Leadership Team is led by the Postmaster General and 11 senior executives including the General Counsel, Deputy Postmaster General, and Chief Financial Officer.

guidance and resources for project leads to use during implementation of the Strategic Plan projects. USPS officials told us that the project charters capture key information about a project and must include one or more performance metrics. The charters show a 12-18 month planning horizon for ongoing projects with project milestones set for every 4-6 weeks.

The total number of Strategic Plan projects will fluctuate throughout the life of the Strategic Plan as projects are completed, consolidated, or closed. For example, in August 2021 there were 180 projects underway to implement the Strategic Plan, and by March 2023 there were 126 active projects. USPS officials told us implementation of the Strategic Plan would take the entire 10-year timeframe, and the duration of individual projects will vary due to differing project scope. For example, some of the Strategic Plan's goals, such as manufacturing and deploying the new delivery vehicle fleet, involve more than one Strategic Plan project, over multiple years.

The Governance Controls define the three priority levels assigned to Strategic Plan projects. These priority levels define how projects are monitored during implementation, and include:

- Level 1: These projects include Postmaster General Priority projects directly linked to the Strategic Plan. These projects may require Board of Governor status briefings and/or Postal Regulatory Commission engagement due to legal or regulatory requirements. These projects may or may not have financial effects.
- Level 2: These projects return a validated net financial benefit aligned to the Strategic Plan's financial targets.
- Level 3: These projects include corporate and business unit projects, which may include projects that directly or indirectly support the accomplishment of Level 1 and Level 2 projects.

Strategic Plan Project Implementation Monitoring

USPS officials said the monitoring process for Strategic Plan projects was designed to handle the large number of ongoing projects and was tailored to the various project priority levels. USPS's monitoring for the Strategic Plan projects involves a project tracking system and reviews by various levels of management authority including the Postmaster General.

USPS uses a project tracking system to track and monitor Strategic Plan project data—such as milestones and metrics—related to the

implementation of Strategic Plan projects.[36] According to USPS officials, project leads are responsible for inputting implementation status updates into the project tracking system as updates are available. To aid in monitoring Strategic Plan projects, the project tracking system provides traffic-light status indicators of green, yellow, and red according to deviations from baselines in risk, performance metrics, and schedule for each project. If a Strategic Plan project has milestones or metrics that are yellow or red status—indicating an issue with implementation—team leads are asked take corrective action or provide further information on why the issue has occurred.

The Office of Strategic Planning oversees the approval process and makes changes to key project milestones and metrics in the project tracking system. For example, if it is necessary to change a project's milestone schedule, the project lead notifies the Office of Strategic Planning to get approved changes made in the system. Similarly, USPS Governance Controls includes a process that allows project leads and other senior management to request an exception from Governance Controls policies. Exemption requests are reviewed by the Office of Strategic Planning and approved by the Senior Vice President of Finance and Strategy. According to USPS officials, changes to a Strategic Plan project, such as milestone changes and policy exceptions, are recorded in the project tracking system through change logs.

In addition to the Office of Strategic Planning, Get-it-Right steering committees also monitor projects. Steering committees consist of executives from USPS's leadership structure representing all aspects of USPS operations. According to USPS officials, these steering committees use performance data from the project tracking system to identify and discuss problems. A subset of the 13 strategic focus areas and their associated Strategic Plan projects are Postmaster General Priority projects, and those are monitored by steering committees convened by the Postmaster General. USPS officials also told us that in fiscal year 2021, the Postmaster General led the monthly Strategic Plan and Get-it-

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[36]During our review, USPS retired one project tracking system and implemented a new project tracking system. USPS had been using the Technology Management Office System for project tracking, but the system reached its end of life at the end of calendar year 2022. According to USPS officials, as of December 2022, USPS had switched over to a new tracking system called Management Analysis and Planning Tool, which has the same functionality as the prior system.

Right status meetings that all USPS Vice Presidents were required to attend.

As USPS made progress implementing the projects, it made changes to its oversight starting in fiscal year 2022, according to USPS officials. In particular, the Postmaster General now reviews higher priority initiatives at least weekly. The Postmaster General also established oversight meetings led by the USPS Executive Leadership Team conducted with applicable Vice Presidents on a biweekly or monthly basis for the remaining initiatives. Additionally, there are quarterly performance reviews for all initiatives that all USPS Vice Presidents are required to attend. USPS officials told us that this meeting structure ensures regular leadership reviews of all Strategic Plan projects and allows for leaders to take timely action on any issues with implementation.

USPS Policies for Implementing Strategic Plan Projects Incorporate the Majority of GAO Leading Practices but Policy Exceptions Were Not Documented

We found that USPS's policies for implementing Strategic Plan projects fully or substantially met six of the 11 selected GAO leading practices for project management (leading practices). USPS policies partially or minimally met the remaining five leading practices. Additionally, we found that in some areas where USPS policy incorporated leading practices, USPS did not consistently document rationales for exceptions to following those policies for selected individual projects.

USPS Strategic Plan Policies Incorporated a Majority of, but Not All, Selected Leading Practices for Project Management

Our assessment of USPS's Strategic Plan policies—in particular, the Governance Controls—found that USPS policies incorporated six of the 11 selected leading practices for project management used in our evaluation.[37] Of the six leading practices that were incorporated, we determined that four were "substantially met" and two were "fully met." Thus, we concluded that USPS's policies and guidance incorporated

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[37]Additional scoring information is included in appendix II of the report.

these six leading practices.[38] Specifically, we found that USPS policies incorporated the following six selected leading practices:

- **Establish a project execution plan with policies and procedures to manage and control project planning.** *Substantially Met.* Our review of USPS Governance Controls found a policy to develop an execution plan for all projects under the Strategic Plan. It defines roles and responsibilities, and defines steps for project implementation, including assigning project leads the responsibility to identify and confirm potential costs, risks, barriers, and interdependencies. Further, USPS provides additional guidance and training on how to develop an execution plan, as well as templates to calculate schedules and track risks for the life of the project. These execution plans correspond to the charter developed for each project. USPS policies did not fully meet this leading practice, however, because the charters for some projects cover a 12-18 month planning horizon rather than the entire life of a project.[39] As discussed below, not all projects have an execution plan.

- **Define the scope of the project so that its performance can be measured.** *Substantially Met.* Our review of the Governance Controls found that it describes the process to define and make changes to the project scope, including milestones, financial targets, and non-financial targets. USPS officials told us that the scope in a project's charter, by describing what success would look like at the completion of the project, is intended to cover the entire life-cycle of the project. USPS policies did not fully meet this leading practice, however, because the scope presented in project charters is generally limited to a period of 12-18 months and not for the life of the project.

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[38]We used the following scoring system which we applied to the responses and documentation we received for each leading practice. The five scoring categories are: "fully met": we found complete evidence that fully satisfied the leading practice; "substantially met": we found evidence that satisfied a large portion of the leading practice; "partially met": we found evidence that satisfied about half of the leading practice; "minimally met": we found evidence that satisfied a small portion of the leading practice; and "did not meet": we found no evidence that satisfied the leading practice.

[39]USPS officials told us that, at the beginning of each fiscal year, they reevaluate the entire plan for a project and update its charter to establish the next 12-18 month planning horizon. They also told us that they track project information in the project tracking system over the life-cycle of the project, including all milestones, metrics, and schedule changes. However, key information like the start date and projected end date of projects—which would indicate the life cycle—are not included in the charters and require accessing the project tracking system or the project execution plan.

- **Develop a cost estimate using GAO best practices.**[40] *Substantially Met*. Our review of the Governance Controls and USPS's cost and budgeting handbook found that project leads are expected to work with various stakeholders to identify potential costs, risks, barriers, and interdependencies for each project and that USPS's cost and budgeting handbook contains guidance on how all USPS projects should develop and document cost estimates.[41] In addition, USPS officials told us that project leads work with the Finance Department to confirm and validate financial data. Further, USPS policies did not fully meet this leading practice, however because USPS tracks project costs in a system other than the project tracking system and USPS does not include any cost information in the project charters.[42]

- **Establish project reporting system/databases to provide a clear picture of project performance to management and to keep the project accountable.** *Substantially Met*. USPS has a system to track and monitor project performance across the Strategic Plan. USPS documentation we reviewed, along with USPS officials' responses to our information requests, indicate this system is frequently accessed and updated to reflect the status of Strategic Plan projects. USPS officials also told us that the project charter and project tracking system contain the minimally sufficient information for management to monitor the implementation of each project. USPS policies did not fully meet this leading practice, however, because USPS tracks project costs separately in a budgeting tracking system used to track

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[40]USPS does not use GAO's cost estimating best practices. The project management leading practice involves developing a cost estimate for projects, but following this leading practice does not require USPS to use GAO's cost estimating best practices specifically. Assessing the reliability of the cost estimate is outside the scope of this review.

[41]U.S. Postal Service, *Handbook F-66*, *General Investment Policies and Procedures*. (Washington, D.C.: November 2019). The Handbook F-66 set forth USPS's investment policies and processes. The Handbook states that its purpose is to ensure that all investment projects (*e.g.,* new products and services or improvements to existing) create a more flexible, efficient network to keep costs low and continue to provide affordable mail services or otherwise help to reduce costs, grow revenue, enhance corporate financial responsibility, or invest in critical infrastructure.

[42]USPS officials told us that they can identify costs and performance information across the two systems using a project number. However, having at least some key project cost and performance information in the same place would enable management to better monitor the project. USPS officials also said that management uses the information in the charter and project tracking system to monitor project implementation, but we found cost information is not in either.

all project, administrative, and operational costs and not in the project tracking system.[43]

- **Conduct monitoring and controlling activities to measure performance at regular intervals.** *Fully Met.* USPS monitors the status of variations to a project's milestone dates and performance metric targets and has a control process to make changes to the project. Further, USPS officials confirmed that the Governance Controls require project leads to discuss the root cause for all variances to project milestones and targets at performance review meetings with upper management.

- **Conduct risk assessments throughout the life cycle of the project and prioritize risks in a risk register, develop risk mitigation strategies, and determine contingency.** *Fully Met.* We found that the Governance Controls lay out the steps to include risk assessment in planning the implementation of a project. Specifically, project leads are instructed to identify project-level risks, communicate cross-project interdependencies, and manage and elevate risks, as appropriate. In our review of the Governance Controls, we found that USPS's implementation policies partially met four leading practices related to schedule performance, performance baseline and tracking, root cause analysis, independent reviews, and minimally met the leading practice related to lessons learned, as discussed below.

- **Develop and maintain an integrated master schedule for the project using GAO best practices.**[44] *Partially Met.* USPS policy does not require each Strategic Plan project to have an integrated master schedule that tracks the full life-cycle of the project. USPS officials stated that the project charter and project tracking system contain the minimally sufficient information for management to monitor the implementation of each project. USPS officials told us that the project charter represents a 12-18 month planning horizon for a project and contains the status of milestones and metrics for the project for the current reporting year. USPS officials also told us that they maintain charters and project information from prior fiscal years in the project tracking system.

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[43]USPS officials said they can connect the two systems if needed, but none of the cost information would be included in the project tracking system.

[44]This leading practice involves developing and maintaining an integrated master schedule for projects, but following this leading practice does not require USPS to use our scheduling best practices specifically. The reliability of USPS projects' schedule estimates was outside the scope of our review.

However, the charter does not track the full life-cycle of the project. If the schedule in the charter—which USPS has said is the primary document relevant to this standard—does not fully and accurately reflect the project, it will not be an appropriate basis for analyzing or measuring technical work accomplished. This may contribute to unreliable completion dates, time extension requests, and delays.

- **Establish a performance baseline and track it from the beginning to the end of the project.** *Partially Met.* USPS policy does not require that Strategic Plan projects track cost performance baselines from the beginning to the end of the project. While USPS has collected some key information on metrics and milestones in the project charter, USPS officials told us that USPS tracks cost information in a budget tracking system that is separate from the project tracking system under the Get-it-Right framework. USPS officials also told us that the project charter and project tracking system contain the minimally sufficient information for management to monitor project implementation.

  However, by not having cost information in the same place as project performance information, as they would with an established performance baseline, USPS management may not be able to effectively and efficiently monitor all aspects of project implementation. USPS officials said that the budget tracking system tracks all project administrative and operational costs and the Finance Department validates this cost information.[45] In addition, the Governance Controls includes a process for the Office of Strategic Planning to record all charter information in the project tracking system and tracks changes to the planned milestones, metrics, and targets in the change logs. Nevertheless, management needs to know whether the activities contributing to a variance in the schedule are critical to the project timeline and costs in order to estimate when a project will finish. This information would help management determine how to reduce delays to estimated timelines and costs for a project.

- **Conduct a root cause analysis and develop corrective action plans to identify and address the underlying causes of cost overruns, schedule delays, and performance shortcomings, when a cost or schedule overrun occurs.** *Partially Met.* USPS does not have guidance for when project teams should perform root cause

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[45]Assessing the budget tracking system to confirm this was outside the scope of our review.

analysis or how to record and track results from such an analysis. While USPS provides project leads with tools for conducting different types of root cause analyses, it is left to the project lead's discretion if and when to perform such an analysis. USPS officials said that the project leads conduct some level of root cause analysis for individual projects on an ongoing basis for milestones and targets with significant variances. They then use this analysis in preparation for performance review meetings with the Postmaster General or Executive Leadership Team. USPS officials told us that they indicate the significance of variances by a color code whereby a red or yellow color on the charter or reporting dashboards would mean that the project is not meeting its target. USPS officials also said project leads would conduct a root cause analysis for projects not meeting any target.

However, while USPS showed there was high-level documentation for cases where a root cause analysis was conducted, USPS was not able to provide documentation for how teams are to develop these root cause analyses or what root cause analysis tool they used. This is because project teams are not required to maintain any detailed record of their root cause analysis. Without guidance for when root cause analysis is needed and how to track the results, project teams may not conduct a root cause analysis when they should. As a result, project teams may not identify the reasons for variances. Furthermore, project teams may not get the full value of any analysis performed if they do not track the results.

- **Conduct independent reviews throughout the life of a project, including at key decision points, on multiple aspects of the project such as the mission need, cost, and baseline review.** [46] *Partially Met.* While USPS has an independent review system in place through its monitoring framework, USPS does not clearly record outcomes of the oversight actions. For example, during performance review meetings, executive leadership might direct project leads to take action to address a performance issue. USPS officials told us that they record these action items in presentations from review

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[46]PMI defines an audit as a structured, independent process used to determine if project activities comply with organizational and project policies, processes, and procedures. A quality audit is usually conducted by a team external to the project, such as the organization's internal audit department or by an auditor external to the organization. For our review, we considered the internal reviews by the Postmaster General and the Executive Leadership Team who are external to the project implementation teams to meet PMI's definition of an audit.

meetings with executive leadership and these presentations are stored in a central repository.

However, USPS officials said they do not document the actions decided on in these review meetings. USPS therefore cannot track the outcomes of these actions or determine whether further actions are needed. An independent review provides an objective assessment of whether the project estimate can be achieved and identifies the necessary actions to correct issues and get the project back on track. Without all aspects of a structured independent review—such as documenting corrective actions and outcomes—decision makers may lack insight into a project's potential costs and issues.

- **Capture lessons learned throughout the continuum of a project and disseminate them among projects.** *Minimally Met.* USPS does not have a formal system to identify or disseminate lessons learned, according to USPS officials. However, they said that USPS collects lessons learned during performance review meetings. These lessons are converted into action items that are disseminated after the meetings. According to USPS officials, information that would be relevant to a lessons-learned process is collected in various USPS data systems, but not included in the project tracking system. USPS officials said that after a project is complete, the project team discusses what went well and what could have been improved.

However, USPS did not provide documentation showing how these lessons learned are preserved and disseminated. Collecting this information for a project is not adequate if there is no system or guidance in place to identify and disseminate lessons learned from the information collected. Having a system or guidance is important given how many projects USPS will be implementing under its Strategic Plan in coming years. Lessons learned from implementing one project may benefit one or more other projects.

Exceptions to USPS Strategic Plan Implementation Policies Were Not Documented for the Three Selected Projects We Reviewed

Our evaluation of three individual Strategic Plan projects showed inconsistencies in those projects' adherence to USPS Strategic Plan

implementation policies.[47] One primary example of this is the application of the USPS policy to develop a project plan for new Strategic Plan projects. As noted above, USPS policy for establishing a project plan substantially met our leading practice. However, in our assessment of the selected projects, only one project—the mail facility consolidation project—substantially met the leading practice; the remaining two projects scored partially met because these projects did not develop a project plan. Instead, these two projects used project tracking system data and Strategic Plan charters that show a planning horizon of 12-18 months.

In discussions regarding the selected Strategic Plan projects, USPS officials said that any inconsistencies we found with Strategic Plan implementation policies were attributable to purposeful decisions made by management due to the type and scope of the project. They further explained that, for some projects, management could decide that only the charter and information required in the project tracking system was necessary for project planning. The officials noted that management might make such a decision because there are other USPS policies and processes—such as those related to cost tracking or regulatory requirements—that make project plans duplicative for certain Strategic Plan projects. For example, USPS officials noted that projects modifying or creating a postal product line already have an established approval and oversight process, which includes review and approvals by the Postal Regulatory Commission. In such cases, USPS officials said it would not be an efficient use of staff time to duplicate effort when the charter would be sufficient for the Get-it-Right framework and oversight. Similarly, USPS officials said that management might decide a Strategic Plan project does not need a project plan because that project has a limited scope that would not require extensive project planning, such as a project related to procedural policy changes.

When we reviewed the project tracking system logs that would record changes for the selected Strategic Plan projects, we found that, while the logs contained changes to milestones and metrics, there was no record of any exceptions to the project plan policy for the two selected projects that did not have project plans. When we asked USPS officials about this discrepancy, they told us they considered decisions to not follow certain Strategic Plan implementation policies on specific projects—such as the

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[47]We reviewed three Strategic Plan projects: a project to implement mail facility consolidation; a project to implement a policy change to reduce extra service trips; and a project related to a new regional postal product line. See appendix I for more information.

policy for project plans—to be variations rather than exceptions to those policies. As a result, USPS officials asserted that the two projects we reviewed, which did not have project plans, were following the Strategic Plan implementation policy and did not need to request or document an exception.[48]

As previously discussed, we found that the Governance Controls include a clear policy for project teams to develop detailed project plans that define the steps to implement the project as well as a process for making exceptions to this and other policy requirements. The interpretation provided by USPS officials is in conflict with these written policies and guidance. Moreover, we found that the written exceptions process does not include a definition of what qualifies as an exception to support USPS officials' assertion that decisions not to follow project planning requirements are variations and do not qualify as exceptions.

According to the internal control framework USPS uses, management needs to document significant judgments, how such decisions were considered and how the final decisions were reached.[49] Effective documentation assists in capturing the design of internal control and communicating the "who, what, when, where, and why" of internal control execution, and creates standards and expectations of performance and conduct. Documentation also provides evidence of the internal control, enables proper monitoring, and supports reporting on internal control effectiveness, particularly when evaluated by other parties interacting with the entity. In addition, documentation provides a means to retain organizational knowledge and mitigate the risk of having the knowledge within the minds of a limited number of employees. Documenting exceptions, and the rationale USPS management used to determine that a policy requirement is not relevant for a specific project, would allow USPS to learn whether, in the absence of that requirement, the project could be designed, implemented, and operated effectively. Similarly, without clear policy about when and why an exception from policy should

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[48]At the time of our review, USPS officials said that no exceptions to USPS implementation policies had been requested, so they could not provide any examples of how the exception process is applied.

[49]Committee of Sponsoring Organizations of the Treadway Commission's *Internal Control-Integrated Framework* (2013). The COSO Framework is recognized as a leading framework for designing, implementing, and conducting internal control and assessing the effectiveness of internal control.

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occur, USPS might not be able to identify related lessons learned if projects that do not follow policies do not meet objectives.

Conclusions

USPS's Strategic Plan lays out a path that USPS believes will allow it to improve service and achieve financial sustainability. If USPS is to attain these goals, it must successfully implement potentially hundreds of Strategic Plan projects in the coming years. Although USPS has made progress implementing the Strategic Plan to date, it has not adequately incorporated five key leading practices for project management into its policies. Further incorporating those practices—such as improved cost baseline tracking and root cause analysis guidance—into policies and guidance could bring benefits to current and future Strategic Plan projects. Given the long-term nature of the Strategic Plan, USPS needs flexibilities and the ability to grant exceptions to its project implementation policies. Clearly documenting such exceptions and the rationale for their approval could improve USPS' ability to identify lessons learned from projects that are granted exceptions as to how these exceptions affected the projects' objectives.

Recommendations for Executive Action

We are making the following six recommendation to USPS:

The Postmaster General should direct the Office of Strategic Planning to ensure that the policies and guidance—such as the Strategic Initiative Governance Controls document—used to implement Strategic Plan projects determine when a project requires an integrated master schedule and require that such a project's team develop and maintain an integrated master schedule for the entire life of the project. (Recommendation 1)

The Postmaster General should direct the Office of Strategic Planning to ensure that the policies and guidance—such as the Strategic Initiative Governance Controls document—used to implement Strategic Plan projects include guidance for project teams to integrate existing cost information in project charters or establish performance baselines for project costs and update those cost estimates throughout the life of projects. (Recommendation 2)

The Postmaster General should direct the Office of Strategic Planning to ensure that the policies and guidance—such as the Strategic Initiative Governance Controls document—used to implement Strategic Plan projects provide guidance on when project teams are required to conduct a root cause analysis and develop corrective action plans to address variations in expected outcomes. (Recommendation 3)

The Postmaster General should direct the Office of Strategic Planning to ensure that the policies and guidance—such as the Strategic Initiative Governance Controls document—used to implement Strategic Plan projects require that independent reviews resulting in activities as well as outcomes of corrective actions are clearly documented throughout the life of projects. (Recommendation 4)

The Postmaster General should direct the Office of Strategic Planning to ensure that the policies and guidance—such as the Strategic Initiative Governance Controls document—used to implement Strategic Plan projects include guidance for project teams to review, identify, and disseminate lessons learned prior to, during, and after implementing projects. (Recommendation 5)

The Postmaster General should direct the Office of Strategic Planning to amend the policies and guidance—such as the Strategic Initiative Governance Controls document—used to implement Strategic Plan projects to clarify what qualifies as an exception from the USPS policies used to implement Strategic Plan projects as well as the process for documenting the rationale for such exceptions. (Recommendation 6)

Agency Comments and our Evlauation

We provided a draft of this report to USPS for review and comment. In its comments, USPS partially agreed with the first two recommendations—related to project master schedule requirements and tracking cost and project baselines throughout a project's lifecycle—and agreed with the remaining four recommendations. While only partially agreeing with the first two recommendations, USPS outlined plans to make policy changes in line with our recommendations.

In its comments, USPS characterized our analysis as not acknowledging that there are many valid ways to approach strategic planning and project management. However, we maintain that our leading practices are structured and presented in a way that allows different approaches to project management.

Our leading practices are based on Project Management Institute principles, which allow for a range of approaches based on projects' needs. We had multiple discussions with USPS officials throughout our audit about the leading practices and the policies and practices governing USPS's Strategic Plan projects. This included reviewing our initial scores with USPS officials and providing them with more details and examples of documentation that USPS could provide to demonstrate how its approach met our leading practices.

USPS also disagreed with our assessment that it partially or minimally met five leading practices. It stated that our analysis represented a fundamental misunderstanding of the USPS strategic planning process due to our findings that USPS could improve lifecycle tracking of cost and scheduling for its Strategic Plan projects. While we recognize the value USPS places on its iterative planning process and flexible approach, we maintain that there are risks to this approach that USPS could address through clearer implementation policies.

USPS also provided technical comments, which we incorporated as appropriate.

We are sending copies of this report to the appropriate congressional committees, the Postmaster General, and other interested parties. In addition, the report is available at no charge on the GAO website at https://www.gao.gov.

If you or your staff have any questions about this report, please contact me at (202) 512-2834 or marronid@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff making key contributions to this report are listed in appendix IV.

Sincerely yours,

David E. Marroni
Acting Director
Physical Infrastructure

Appendix I: Objectives, Scope, and Methodology

This report examines the U.S. Postal Service's (USPS) efforts to implement *Delivering for America*,[1] USPS's 10-year strategic plan published in March 2021 (Strategic Plan). Our objectives were to examine (1) the progress USPS has made toward meeting the two primary goals of improved service performance and financial sustainability established in its 2021 Strategic Plan, (2) how USPS has implemented and monitored the 2021 Strategic Plan, and (3) the extent to which USPS policies for implementing Strategic Plan projects incorporate leading practices for project management.

To describe USPS's progress toward meeting the two primary goals of the Strategic Plan, we reviewed *Delivering for America* and additional USPS reports, publications, and statements, including USPS's Annual Report to Congress for fiscal years 2020, 2021, and 2022.[2] We reviewed USPS's filings to the Postal Regulatory Commission and relevant USPS Office of Inspector General (OIG) reports, including the OIG's report on the assumptions and metrics underlying the development of the Strategic Plan,[3] to identify overall goals, timeframes, anticipated financial benefits, and stakeholders' roles and authorities. We also interviewed USPS officials and postal stakeholders, including postal employee unions, associations, and the Postal Regulatory Commission, to obtain their views on the goals and anticipated financial benefits of the Strategic Plan.

To describe how USPS has implemented and monitored the Strategic Plan, we reviewed and analyzed USPS documents that referenced USPS's plans to implement and monitor its Strategic Plan projects, including Strategic Initiative Governance Controls (Governance Controls), status reports, charters, roadmaps, and project plans. We reviewed how USPS assigned priority levels to each Strategic Plan project and elements included in the charter format the Office of Strategic Planning provided project leads to develop project plans or charters. We also reviewed the role of the Office of Strategic Planning in implementing and monitoring the Strategic Plan. We reviewed Postal Regulatory

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[1]USPS, *Delivering for America: Our Vision and Ten-Year Plan to Achieve Financial Sustainability and Service Excellence* (Washington, D.C.: March 2021).

[2]USPS, *United States Postal Service FY2022 Annual Report to Congress,* (Washington, D.C.: December 2022); *United States Postal Service FY2021 Annual Report to Congress,* (Washington, D.C.: December 2021); and *United States Postal Service FY2020 Annual Report to Congress,* (Washington, D.C.: December 2020).

[3]USPS OIG, *Assumptions and Metrics Underlying the Delivering for America 10-Year Plan,* Report Number 21-224-R22 (Arlington, VA: Jul. 6, 2022)

Commission filings, such as dockets pertaining to the Strategic Plan's elements, and OIG reports, such as the 2020 Deployment of Operational Changes report[4] and work related to the Strategic Plan. We structured and carried out our documentation review in accordance with relevant project management leading practices, terminology, and analysis procedures reported in our prior work.[5] Further, we interviewed USPS officials and postal employee unions on topics related to USPS's implementation structure and monitoring of the projects in the Strategic Plan. We also interviewed Postal Regulatory Commission and OIG officials.

To assess the extent to which USPS policies for implementing Strategic Plan projects incorporated our leading practices for project management (leading practices),[6] we identified the following 11 relevant leading practices:[7]

1. Establish a project execution plan with policies and procedures to manage and control project planning.

2. Define the scope of a project so that its performance can be measured.

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[4]USPS OIG, *Deployment of Operational Changes,* Report Number 21-014-R21 (Arlington, VA: Nov. 6, 2020).

[5]GAO-19-223

[6]GAO-19-223. We identified these project management leading practices to encompass basic principles of project management to give an outside evaluator an idea that a project is being managed efficiently. They do not contain all project management leading practices. This set of criteria is based on the Project Management Institute's (PMI's) *A Guide to the Project Management Body of Knowledge—Fifth Edition*, which are generally recognized as the top leading practices for project management. PMI is a not-for-profit organization that has established standards for program and project management. Project Management Institute Inc., *A Guide to the Project Management Body of Knowledge: PMBOK® Guide – Fifth Edition* (Newton Square, PA: 2013).

[7]We did not score USPS against the leading practice of using an Earned Value Management system that is independently certified and continuously monitored to assess project performance. We did not make this assessment because the majority of Get-it-Right projects—including those selected in our review—are more operational in nature (i.e., routine, with more level of effort required and less discrete work), therefore it would be difficult for USPS to apply an Earned Value Management system.

3. Develop a cost estimate using GAO best practices.[8]

4. Develop and maintain an integrated master schedule using GAO best practices.[9]

5. Establish a performance baseline and track it from the beginning to the end of the project.

6. Establish project-reporting system/databases to provide a clear picture of project performance to management and to keep the project accountable.

7. Conduct monitoring and controlling activities to measure performance at regular intervals.

8. Conduct a root cause analysis and corrective action plans to identify and address the underlying causes of cost overruns, schedule delays, and performance shortcomings when a cost or schedule overrun occurs.

9. Capture lessons learned throughout the continuum of a project and disseminate them among projects.

10. Conduct risk assessments throughout the life-cycle of the project and prioritize risks in a risk register, develop risk mitigation strategies, and determine contingency.

11. Conduct a variety of independent reviews throughout the life of a project, including at key decision points, on multiple aspects of the project, such as the mission need, cost, and baseline review.

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[8]GAO. *Cost Estimating and Assessment Guide: Best Practices for Developing and Managing Program Costs,* GAO-20-195G (Washington, D.C.: March 2020). A life-cycle cost estimate is reliable if it follows our best practices captured in GAO-20-195G. A life-cycle cost estimate is integrated when an organization aligns the cost estimates from multiple program components, such as the cost estimates of its sub-programs and projects, to develop an overall program cost estimate. A life-cycle cost estimate is comprehensive when it includes all costs from development and implementation, execution, and long-term environmental sustainment costs that may occur after the program is complete, regardless of which agency is responsible for covering the cost. Assessing the reliability of USPS cost estimates or schedules was outside the scope of our review.

[9]An integrated master schedule for a project is a document that integrates the planned work, the resources necessary to accomplish that work, and the associated budget. An integrated master schedule includes the entire required scope of effort performed by both the government and the contractor from start to finish. We did not review the reliability of the USPS schedule estimates as part of this analysis.

We analyzed the extent to which USPS incorporated our 11 leading
practices in its policies and guidance for implementing projects in its
Strategic Plan (for more details of the assessment, see app. II). We
scored USPS policies based on relevant documentation USPS provided
for each leading practice, interviews with USPS officials, and written
responses to information requests. We performed a two-part assessment
of the information USPS provided. First, two of our analysts
independently examined USPS's implementation plan and policy
documents to identify and assess the amount of evidence suggesting that
USPS had incorporated each practice in its policies and guidance. Based
on the amount of evidence identified, the two analysts agreed on an initial
score for each of the leading practices. The scores were then reviewed by
another analyst with expertise in assessing project implementation
policies against the leading practices to verify that we applied the leading
practices appropriately to USPS policies. The initial score was used to
determine the extent to which USPS incorporated each of the 11 leading
practices in its policies and guidance for implementing Strategic Plan
projects.

We shared the criteria against which we evaluated USPS policies for
implementing projects, and engaged in discussions on criteria elements
with USPS officials. We also shared and discussed our initial assessment
with USPS officials.[10] USPS officials provided additional documentation
and clarification on USPS policies. Where warranted, we updated our
analyses based on USPS responses and the additional information
provided to reach a final score.

To score our analysis, we used the following scoring system which we
applied to the responses and documentation we received from USPS for
each leading practice. The five scoring categories are:

- **Fully met:** we found complete evidence that satisfied the leading
  practice;

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[10]In our discussions with USPS officials about our leading practices that are based on PMI
leading practices for project management, USPS official noted that they used several PMI
guides in developing USPS's governance controls. However, USPS did not use PMI's *A
Guide to the Project Management Body of Knowledge: PMBOK® Guide – Fifth Edition*.
USPS officials told us that they extensively used PMI's *Benefits Realization Management
Framework* in developing their structure. However, they also said that the PMI structure
for project management that includes Portfolio, Program, and Project is notional and does
not always translate well in real world practice. Because both our leading practices and
USPS governance controls are based on PMI principles, we believe that these criteria are
appropriate for this review.

- **Substantially met**: we found evidence that satisfied a large portion of the leading practice;

- **Partially met**: we found evidence that satisfied about half of the leading practice;

- **Minimally met**: we found evidence that satisfied a small portion of the leading practice; and

- **Did not meet**: we found no evidence that satisfied the leading practice.

If the score for a leading practice was "fully met" or "substantially met," we concluded that USPS's policies and procedures incorporated the leading practice. In contrast, if the score was "partially met," "minimally met," or "not met," we concluded that USPS's policies and procedures did not incorporate the leading practice.

In addition, we selected three Strategic Plan projects to assess the extent to which the implementation plans for these projects are consistent with USPS policies and our leading practices for project management (see table 2). This is a non-generalizable sample but provides illustrative examples of how USPS applied its policies in implementing the Strategic Plan projects. To select the projects, in August 2022, we reviewed the Strategic Plan's 13 key strategic focus areas and the 160 active Strategic Plan projects that USPS was in the process of implementing.[11] We excluded key strategic focus areas or projects 1) that were focused on improving USPS organizational structure, 2) that were not expected to have substantial effects on USPS's financial situation, or 3) for which we had ongoing work. We selected projects that had begun implementation at the time of our review and that were assigned Priority Level 1 or 2, as identified by USPS.[12] We also identified projects that have a bearing on USPS's financial viability as outlined in our 2023 High-Risk report, as well

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[11]GAO-19-223. For the purposes of our review and evaluation, we consider Get-it-Right initiatives to be projects as they meet the definition of a project. A project is a temporary endeavor undertaken to create a unique product, service, or result. Projects are executed to improve the efficient implementation of a program.

[12]USPS assigned each project a Priority Level from 1 to 3. Priority Level 1 projects are Postmaster General priority projects linked directly to the *Delivering for America* 2021 Strategic Plan. Priority Level 2 projects are aligned to the *Delivering for America* 2021 Strategic Plan financial targets to achieve financial sustainability. The Senior Vice President of Finance must validate that these projects will produce a financial benefit. Priority Level 3 projects tends to be closely correlated to Business Unit projects and typically do not contribute financial benefits.

as projects that have operational effects, even if they do not have
financial benefits.[13]

Table 2: U.S. Postal Service (USPS) Projects Selected for Review against USPS Policies that Incorporate GAO's Leading Practices for Project Management

Project	Project Description	Priority Level
01. Grow Package Business and Launch USPS Connect		
New Regional Postal Product Line	This project is a reworking of an existing postal product intended to provide 1-2 day delivery for shippers within a set region.	Level 1
04. Implement Best-in-Class Mail and Package Processing		
Facility Consolidation	This project aims to determine the most effective locations for mail facility operations.	Level 1
05. Fully Optimize Surface and Air Transportation Network		
Policy Change	This project would execute a policy change to reduce extra service trips by at least 10 percent.	Level 2

Source: USPS | GAO-23-105297

We assessed the extent to which USPS implementation plans for the
selected projects were consistent with its policies for implementing
Strategic Plan projects and the leading practices for project management
using the same scoring system discussed above. Our findings from the
assessment of these three projects are not generalizable to all Strategic
Plan projects, but they help to illustrate how USPS applied its policies in
the implementation of projects. In addition, we assessed USPS
implementation policies and procedures against the Committee of
Sponsoring Organizations of the Treadway Commission Internal Control-
Integrated Framework.[14]

We conducted this performance audit from June 2021 to July 2023 in
accordance with generally accepted government auditing standards.
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

[13]GAO-23-106203.

[14]Committee of Sponsoring Organizations of the Treadway Commission's *Internal Control-Integrated Framework* (2013). The Committee of Sponsoring Organizations of the Treadway Commission's *Internal Control-Integrated Framework* (COSO Framework) is a set of practices that we have identified as reasonable and relevant internal-control criteria standards to use in evaluating USPS's activities. The COSO Framework is recognized as a leading framework for designing, implementing, and conducting internal control and assessing the effectiveness of internal control. It provides a means to apply internal control to any type of entity and requirements for an effective system of internal control.

the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix II: Assessment of U.S. Postal Service (USPS) Policies for Implementing Strategic Plan Projects Incorporation of GAO Leading Practices

This appendix provides our assessment of the extent to which USPS incorporated GAO leading practices for project management in its policies and guidance for implementing projects in its 2021 Strategic Plan. We found that USPS's policies for implementing the Get-It-Right Strategic Plan projects fully or substantially met six of the 11 selected GAO leading practices for project management (leading practices).[1] USPS policies partially or minimally met the remaining five leading practices.

We developed leading practices for project management based on the Project Management Institute's (PMI) *A Guide to the Project Management Body of Knowledge-Fifth Edition*.[2] When we use the term "project" in this report, we are referring to the PMI definition of a project, which is a temporary endeavor intended to create a unique product, service, or result. We developed these project management leading practices to encompass basic principles of project management, to give an outside evaluator an idea that a project is being managed efficiently.[3] They do not contain all project management leading practices. Instead, our practices focus on a small portion of the knowledge, skills, tools, and techniques identified by consensus as good practice on most projects most of the time.[4]

We scored USPS policies based on written responses to information requests and relevant documentation USPS provided for each leading practice. We used the following scoring system, which we applied to the

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[1] USPS officials refer to the framework for creating, implementing, and monitoring Strategic Plan projects as the Get-it-Right strategic execution framework.

[2] Project Management Institute Inc., *A Guide to the Project Management Body of Knowledge: PMBOK® Guide – Fifth Edition* (Newton Square, PA: 2013).

[3] GAO, *Nuclear Waste Cleanup: DOE Could Improve Program and Project Management by Better Classifying Work and Following Leading Practices,* GAO-19-223 (Washington, D.C.: Feb. 19, 2019).

[4] GAO-19-223. We identified a set of 12 project management leading practices related to scope, cost and schedule performance, and independent reviews that align with PMI's standards on project management. According to PMI officials, these 12 leading practices encompass basic project management principles. For this review, we focused on the 11 principles most relevant to the implementation of the USPS's strategic plan. We did not assess USPS against the leading practice on using an Earned Value Management system because the majority of Strategic Plan projects—including those selected in our review—are more operational in nature (i.e., routine, with more level of effort required, and less discrete work) and therefore it would be difficult for USPS to apply an Earned Value Management system.

responses and documentation we received from USPS for each leading practice. The five scoring categories are:

- **Fully met**: we found complete evidence that satisfied the leading practice;

- **Substantially met**: We found evidence that satisfied a large portion of the leading practice;

- **Partially met**: we found evidence that satisfied about half of the leading practice;

- **Minimally met**: We found evidence that satisfied a small portion of the leading practice; and

- **Did not meet**: we found no evidence that satisfied the leading practice.

Table 3: Assessment of U.S. Postal Service's (USPS) Policies for Implementing Strategic Plan Projects Incorporation of GAO Leading Practices for Project Management

Our leading practices for project management	Our assessment of USPS policies
1. Establish a project execution plan with policies and procedures to manage and control project planning.	***Substantially met***. We found that USPS's project implementation policies found in the Strategic Initiative Governance Controls (Governance Controls) document demonstrates a comprehensive execution plan for all projects under the USPS *Delivering for America* 10-year strategic plan (Strategic Plan). The Governance Controls clearly define roles and responsibilities and steps for project implementation, including assigning project leads the responsibility to identify and confirm potential costs, risks, barriers, and interdependencies. USPS provides additional guidance and training on how project leads must develop an execution plan, including templates to calculate schedule and risks for the life of the project.
	USPS provided us templates and information on key implementation documents like the project charters as well as additional information from the project tracking system— Technology Management Office System[a]—that tracks and manages project milestones and other critical project data. USPS's project tracking system contains the comprehensive milestone and metrics information the project lead then uses to create the charters, representing a 12-18 month planning horizon for each project.
2. Define the scope of the project so that its performance can be measured.	***Substantially met.*** We found that the Governance Controls contain an example template for the charters required for Strategic Plan projects. Each project's scope is primarily the narratives included in the project charters for each project, representing a 12-18 month planning horizon, and include the project scope for that period. These narratives vary, and the charters do not include the start and anticipated end date of a project or details of all the tasks required to implement the project. The Governance Controls describe the process to make changes to the project scope, including milestones, financial and non-financial targets, and to add or remove a project. The scope is reviewed and updated each year in the charter. The Office of Strategic Planning makes approved scope changes in the Technology Management Office System, and these changes are tracked in the change log.
3. Develop a cost estimate using GAO best practices.	***Substantially met.*** We found that, according to the Governance Controls, project leads have the responsibility to identify and confirm potential costs, risks, barriers, and interdependencies for each project. Project leads input data into the web-based Corporate Budget System during the budget development process. This process is outlined

		throughout USPS's Handbook F-66, General Investment Policies and Procedures and would apply to any project USPS starts, not just those linked to the Strategic Plan. According to USPS policy, the Finance team makes any approved changes in the Corporate Budget System for projects throughout their life-cycle.
4.	Develop and maintain an integrated master schedule for the project using GAO best practices.	*Partially met.* While the Governance Controls do not call for an integrated master schedule for each Get-it-Right project, USPS officials said that the Technology Management Office System lays out all sub-tasks and work required for completing a Strategic Plan project and includes actual and anticipated completion dates for these tasks and work. Our review of an example of an output from the system supported what USPS told us. The Technology Management Office System contains additional milestone and target information that is not shown in the charter. According to USPS officials, USPS's charter is created from information in its project tracking system and represents the minimally sufficient set of information for management to monitor the implementation of each Get-it-Right project. The charter shows milestones and targets for a 12-18 month planning horizon and does not show a schedule for the entire life of the project.
5.	Establish a performance baseline and track it from the beginning to the end of the project.	*Partially met.* Our review of the Governance Controls found that baseline costs as well as performance baselines are identified as part of the project plan's development and refinement step. Project leads are assigned the responsibility to identify and confirm project costs and track costs in the Corporate Budget System because project costs are not included in the Technology Management Office System. For the Strategic Plan projects, USPS focuses baselines and tracking activities on each project's defined financial benefit to USPS, which may not be related to project cost.
6.	Establish project reporting system/databases to provide a clear picture of project performance to management and to keep the project accountable.	*Substantially met.* We found that USPS uses the Technology Management Office System to track and monitor project performance across the Strategic Plan. However, the project tracking system does not provide a clear picture of project costs because cost is tracked separately, in the Corporate Budget System. The Technology Management Office System is frequently accessed and updated to reflect statuses of Strategic Plan projects. USPS provided additional information on the Technology Management Office System as well as documentation of the policy or guidance on the system and how information should be entered and tracked. Specifically, USPS provided an overview of and training slides for the project tracking system. These slides explain who is eligible to have access to the project tracking system, who can make updates based on Business Rules, and how often to make updates (i.e., weekly). Specifically, the Office of Strategic Planning must grant user access to the system and manages changes to the project tracking system.
7.	Conduct monitoring and controlling activities to measure performance at regular intervals.	*Fully met.* We found that USPS has multiple layers of monitoring and review of the Strategic Plan projects. USPS said that the Governance Controls require project leads to discuss causes for all variances and corrective action plans to address those variances. We found that USPS has a process to monitor variances and a change control process to manage changes to tracked baselines and other changes made to a project, including scope or objective changes. Variances are assigned a status color (e.g., red if more than 20 days beyond plan date or more than 3 days since last update). In addition, the Executive Leadership Team discusses variance to plan milestones and target performance outcomes, critical risks and issues for mitigation, and key areas of concern for management.
8.	Conduct a root cause analysis and develop corrective action plans to identify and address the underlying causes of cost overruns, schedule delays, and performance shortcomings, when a cost or schedule overrun occurs.	*Partially met.* We found that that USPS does not have root cause analysis guidance for Strategic Plan projects. USPS also does not have guidance that discusses how project leads should develop corrective action plans to address variances and monitor corrective actions. USPS officials outlined the review areas discussed at oversight meetings, as well as the key questions they would ask a project lead if an issue is detected. Much of this would get to the root cause of any issues that arise during implementation. However, while USPS showed there was high-level documentation of cases where a root cause analysis was conducted, USPS was not able to provide documentation of how teams develop these root cause analyses or what root cause analysis tool they used. USPS officials said this is

		because project teams are not required to maintain any detailed record of their root cause analysis.
9.	Capture lessons learned throughout the continuum of a project and disseminate them among projects.	***Minimally met.*** We found that USPS does not have a formal way to capture lessons learned. USPS officials told us that the Technology Management Office System has all the information needed to assess lessons learned, including charter information, metrics, milestones, risks and issues with their documented mitigations. However, USPS did not provide information on how they use the information to assess lessons learned. USPS officials said they are in the process of transitioning to a new Office 365 based project management system, which will include a project site for each project and a repository for all key project information, including lessons learned. USPS officials told us the new system was implemented at the end of calendar year 2022.
10.	Conduct risk assessments throughout the life cycle of the project and prioritize risks in a risk register, develop risk mitigation strategies, and determine contingency.	***Fully met.*** We found that risk assessment practices are described in the Governance Controls. Specifically, project leads are instructed to identify project-level risks, communicate cross-project interdependencies, and to manage and elevate risks, as appropriate. USPS uses a risk and issue log as a risk management tool to identify and record potential risks. USPS provided management training materials that describe procedures for project leads to follow, including a discussion of engaging in risk management throughout the project lifecycle to get positive outcomes, description of the steps to conduct a risk assessment and develop responses, and discussion of some practices to mitigate some risks.
11.	Conduct independent reviews throughout the life of a project, including at key decision points, and on multiple aspects of the project, such as the mission need, cost, and baseline review.[b]	***Partially met.*** We found that the Governance Controls describe multiple layers of review and oversight, including internal reviews from the Executive Leadership Team and others who are not part of the project, occurring throughout the cycle of a project. Executive leadership may direct project leads to take action to address a performance issue, and these actions are identified in the review presentations. However, USPS does not clearly describe in the policy documents provided how USPS continues to review these items to determine if further actions are needed.

Source: GAO analysis of USPS documents. | GAO-23-105297

Note: We did not score USPS against the leading practice of using an Earned Value Management system that is independently certified and continuously monitored to assess project performance. We did not make this assessment because the majority of Strategic Plan projects—including those selected in our review—are more operational in nature (i.e., routine, with more level of effort required, and less discrete work) and therefore it would be difficult for USPS to apply an Earned Value Management system.

[a]During our audit, the Technology Management Office System was the USPS system of record for Get-it-Right projects. However, the Technology Management Office System was retired in December 2022 and replaced with the new Management Analysis and Planning Tool as USPS system of record.

[b]PMI defines an audit as a structured, independent process uses to determine if project activities comply with organizational and project policies, processes, and procedures. A quality audit is usually conducted by a team external to the project, such as the organization's internal audit department or by an auditor external to the organization. For our review, we considered the internal reviews by the Postmaster General and the Executive Leadership Team who are external to the project implementation teams to meet the definition of independent review.

Appendix III: Comments from the U.S. Postal Service

LUKE T. GROSSMANN
SENIOR VICE PRESIDENT, FINANCE AND STRATEGY

UNITED STATES POSTAL SERVICE

July 6, 2023

DAVID MARRONI
ACTING DIRECTOR, PHYSICAL INFRASTRUCTURE
U.S. GOVERNMENT ACCOUNTABILITY OFFICE

SUBJECT: U.S. Postal Service: Better Incorporating Leading Practices for Project
Management Could Benefit Strategic Plan Implementation (GAO-23-105297)

We appreciate GAO's conclusion "that the assumptions and projections underlying the
projects selected for review were supported and that the Postal Service has systems for
recording, measuring, and monitoring project risks, milestones, and metrics" and that we have
"implemented a process to validate projected revenue growth and cost savings" as a result of
our strategic plan. Over the past decade, we have struggled with a processing, transportation,
and delivery network that has suffered from years of underinvestment and is not aligned to
modern mail and package volumes. At the same time, our revenue has been negatively
impacted by a decline in demand for mail and aggressive actions by our competitors to
capture package market share. We are now transforming and modernizing our network to
more efficiently achieve service excellence while becoming a financially sustainable
organization. Since the launch of the Delivering for America Plan, we have achieved
significant and measurable successes, including the creation of an organizational structure
that aligns with the strategies and goals of the plan. The new USPS Strategic Initiative
governance control process has already begun to put us back on track to becoming the high-
performing organization the public expects.

We agree with most of the background statements of facts, including the description of our
strategic planning process; however, Attachment 1 – USPS Technical Comments (105297)
contains requests for corrections to the draft report.

We appreciate that GAO uses a specific set of leading practices for project management;
however, GAO does not acknowledge that there are many valid ways to approach strategic
planning and project management. We will consider GAO's recommendations (as outlined
below) as we continuously seek ways to improve but consider our current strategic planning
process to be robust and effective.

Though GAO provided us with a high-level list of criteria for best practices, this list did not
include sufficient detail for us to implement each practice or to fully understand the criteria to
"fully meet" them. We agree with some of the GAO leading practice findings in the report but
disagree with GAO's assessment that we have fully or substantially met only six of the 11
selected leading practices and partially or minimally met the remaining five leading practices.

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GAO determined that we did not fully meet several of their leading practices based on a failure to track the full life cycle of the project.[1] This represents a fundamental misunderstanding of our strategic planning process, which does track the full life cycle of each project.

We use a phased iterative approach to establish initiative milestones and metric target plans. Every fiscal year, plans are established with a planning horizon of 12 to 18 months to track milestones, metrics, and schedule changes over the life cycle of the project. Throughout the year, plans are adjusted as necessary using the structured change management process. At the beginning of the next fiscal year, the entire plan is reevaluated and established for the next 12- to 18-month horizon based on the accomplishments in the prior fiscal year. We believe that this approach has allowed us to manage our portfolio of initiatives very effectively.

Furthermore, all charter, milestone, and metric information is stored in a single system of record, the Management Analysis and Planning Tool (MAPT), over the life cycle of the projects. For each initiative, the USPS Strategic Initiative governance document, the data contained on each initiative charter, and the data contained MAPT provide evidence of our overall project execution plan over the life cycle of each project.

GAO also determined that we did not fully or substantially meet some their leading practices because we track project costs in a system other than the project tracking system.[2] This represents another misunderstanding of our strategic planning process. Though project performance information and costs are tracked in separate systems, unique project number identifiers ensure that information from one system can be readily linked to the appropriate information in the other. This allows us to track the initiative's approval for inclusion in the portfolio, approve the project baseline schedule and metrics and targets (and changes to the schedule, metrics, and targets), monitor progress on a monthly, quarterly, and annual basis and record the completion of each project. Project leads work with our Finance Department to validate financial metric performance data.

Our policy requires that we track cost performance baselines from the beginning to the end of each project. It specifies that business unit program teams develop detailed cost estimates (including capital, labor, and supplies), receive appropriate budget approvals, and track actual expenditures in the Corporate Budget Tracking System. This system tracks all project, administrative, and operational costs using unique finance identifiers.

We generally agree with GAO's recommendations, each of which is addressed separately below:

<u>Recommendation #1:</u> The Postmaster General should direct the Office of Strategic Planning to ensure that the policies and guidelines - such as the governance controls - used to implement Strategic Plan projects determine when a project requires an integrated master schedule and require that project teams develop and maintain an integrated master

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[1] GAO Leading Practice 1 - *Establish a project execution plan with policies and procedures to manage and control project planning*"; GAO Leading Practice 2 - "*Define the scope of the project so that its performance can be measured*"; and GAO Leading Practice 4 – "*Develop and maintain an integrated master schedule for the project using GAO best practices*".
[2] GAO Leading Practice 3 – "*Develop a cost estimate using GAO best practices*"; GAO Leading Practice 5 – "*Establish a performance baseline and track it from the beginning to the end of the project*"; and GAO Leading Practice 6 – "*Establish project-reporting systems/databases to provide a clear picture of project performance to management and to keep the project accountable*".

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schedule for the entire life of projects.

Management Response/Action Plan: Management agrees in part with the recommendation. Not every project requires an integrated master schedule, and Postal Service leadership is in the best position to determine when an initiative requires such a schedule. The Office of Strategic Planning will review and update the USPS Strategic Initiative governance control document to state that on a case-by-case basis. The Executive Leadership Team (ELT) sponsor will determine which initiatives require an integrated master schedule and how long the master schedule will be maintained based on the needs of the project or program.

Target Implementation Date: December 31, 2023

Responsible Official: Senior Director, Office of Strategic Planning

Recommendation #2: The Postmaster General should direct the Office of Strategic Planning to ensure that the policies and guidelines - such as the governance controls - used to implement Strategic Plan projects include guidance for project teams to integrate existing cost information in project charters or establish performance baselines for project costs and update those cost estimates throughout the life of projects.

Management Response/Action Plan: Management agrees in part with the recommendation. We have successful and well-established processes and systems for tracking and managing project and program costs. Cost information is tracked separately in the Corporate Budget Tracking System. This system tracks all project, administrative, and operational costs. MAPT tracks the project charter information, schedule, and performance (financial, schedule, and non-financial metrics) information. We do not intend to integrate these systems. The Office of Strategic Planning will review options for including project cost tracking information in the project charter or the project tracking system of record.

Target Implementation Date: December 31, 2023

Responsible Official: Senior Director, Office of Strategic Planning

Recommendation #3: The Postmaster General should direct the Office of Strategic Planning to ensure that the policies and guidelines - such as the governance controls - used to implement Strategic Plan projects provide guidance on when project teams are required to conduct a root cause analysis and develop corrective action to address variations in expected outcomes.

Management Response/Action Plan: Management agrees with the recommendation. Not all actions merit a detailed root cause analysis to sufficiently address the issue. Postal Service leadership is in the best position to determine which tools an initiative requires to address a corrective action and when these tools would be necessary. We provide project leads with a variety of tools for conducting corrective action; however, the project lead decides how to perform such an analysis. Project leads monitor for significant variances and conduct an appropriate level of analysis on an ongoing basis in preparation for performance review meetings with the Postmaster General and the ELT. The Office of Strategic Planning will review and update the USPS Strategic Initiative governance control document to clarify that

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root cause analysis will be conducted on a case-by-case basis as determined by the initiative ELT sponsor or the Senior Vice President, Finance and Strategy.

<u>**Target Implementation Date:**</u> December 31, 2023

<u>**Responsible Official:**</u> Senior Director, Office of Strategic Planning

<u>**Recommendation #4**</u>: The Postmaster General should direct the Office of Strategic Planning to ensure that the policies and guidelines - such as the governance controls - used to implement Strategic Plan projects require that independent reviews result in activities and outcomes of corrective actions are clearly documented, as needed, throughout the life of projects.

<u>**Management Response/Action Plan:**</u> Management agrees with the recommendation. We currently have an independent review system in place through its monitoring framework, and we record the outcomes of the oversight actions during their routine performance review meetings with executive leadership. These action items are tracked throughout the project and recorded in Strategic Initiative Review presentations and stored in a central repository. The Office of Strategic Planning will review and update the USPS Strategic Initiative governance control document to clarify the corrective actions process and store action items in the MAPT.

<u>**Target Implementation Date:**</u> December 31, 2023

<u>**Responsible Official:**</u> Senior Director, Office of Strategic Planning

<u>**Recommendation #5**</u>: The Postmaster General should direct the Office of Strategic Planning to ensure that the policies and guidelines - such as the governance controls - used to implement Strategic Plan projects include guidance for project teams to review, identify, and disseminate lessons learned prior to, during, and after implementing projects.

<u>**Management Response/Action Plan:**</u> Management agrees with the recommendation. Our governance control documents currently describe the requirement for ELT leadership performance reviews wherein lessons learned are compiled, converted into action items, disseminated immediately upon completion of the review, and recorded in a central repository. We assess overall portfolio performance on an annual basis by initiative and use the lessons learned to refine the strategic initiatives and the overall governance control process for the next year. The Office of Strategic Planning will review and update the USPS Strategic Initiative governance control document to reflect our current process and confirm that lessons learned documentation will be captured and stored in MAPT.

<u>**Target Implementation Date:**</u> December 31, 2023

<u>**Responsible Official:**</u> Senior Director, Office of Strategic Planning

<u>**Recommendation #6**</u>: The Postmaster General should direct the Office of Strategic Planning to ensure that the policies and guidelines - such as the governance controls - used to implement Strategic Plan projects amend the policies and guidance – such as governance controls – used to implement Strategic Plan projects to clarify what qualifies as an exception

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from the USPS policies used to implement Strategic Plan projects as well as the process for documenting the rationale for such exceptions.

Management Response/Action Plan: Management agrees with the recommendation. We maintain a rigorous process for approving and recording any initiative changes or exceptions to our established governance guidelines. Initiative leads have not requested any exceptions to the governance guidelines to date. The Office of Strategic Planning will review and update the USPS Strategic Initiative governance control document to clarify the exceptions process and note that any exceptions will be documented in MAPT.

Target Implementation Date: December 31, 2023

Responsible Official: Senior Director, Office of Strategic Planning

E-SIGNED by Luke.T Grossmann
 on 2023-07-06 11:32:16 CDT

Luke T. Grossmann

Attachment

cc: Senior Director, Office of Strategic Planning

Appendix IV: GAO Contact and Staff Acknowledgments

GAO Contact	David Marroni, (202) 512-2834 or marronid@gao.gov
Staff Acknowledgments	In addition to the individual named above, key contributors to this report were Kyle Browning (Assistant Director), Betsey Ward-Jenks (Analyst-in-Charge), Melissa Bodeau, Melanie Diemel, Jennifer Echard, Geoffrey Hamilton, Cristian Ion, Serena Lo, Thanh Lu, Jill Naamane, and Christine Stenglein.