

Office of Inspector General | United States Postal Service

Audit Report

Capping Report of Mail Operations and Delayed Mail at Select Processing and Distribution Centers

Report Number 21-222-R22 | December 10, 2021



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Highlights

Objectives

Our objective was to summarize the results of U.S. Postal Service Office of Inspector General issued reports that evaluated mail operations and delayed mail at select Processing & Distribution Centers (P&DC) and identify any systemic operational issues.

The U.S. Postal Service considers mail to be delayed when it is not processed in time to meet the established delivery day. Delayed mail can adversely affect Postal Service customers and harm the organization's brand.

In January 2019, the Postal Service launched the Mail Condition Visualization (MCV) system to track and provide near real-time visibility of mail conditions at processing facilities. The MCV system relies on machine-reported scans to capture mail conditions and reports delayed inventory, which are mailpieces that have not received their next expected processing operation scan on-time. If mailpieces are not processed on a last processing operation and are dispatched out of the facility without that expected scan, those mailpieces would be counted as delayed inventory in MCV. Therefore, not all mail reported as delayed inventory in the MCV system is actually delayed. Also, any pieces not processed on a last processing operation and dispatched would require additional sortation at the delivery unit.

This project summarizes the results of our audit work conducted in fiscal year 2021 at the Lehigh Valley, PA, North Houston, TX, Phoenix, AZ, Santa Ana, CA, Denver, CO, West Valley, AZ, Raleigh, NC, and Mid Carolina, NC, P&DCs. During those audits, we observed mail processing and dock operations as well as late arriving mail, delayed inventory, and delayed dispatch container conditions.

Findings

We found that P&DC management did not know the causes for the high amounts of delayed inventory reported in the MCV system because they did not fully understand how delayed inventories were calculated. P&DC management also did not fully understand that when mail is not processed in accordance with the designed mail flow, the mail can be counted as delayed inventory in MCV.

P&DC management was more concerned if mail was actually delayed and remaining on the workroom floor. We found that P&DC management at all eight sites we visited were performing daily counts of delayed mail to get a more accurate representation of mail conditions at the facility. We also reached out to management at an additional 19 P&DCs who stated they were completing daily delayed mail counts because they found that the data in the MCV system was not reliable.

However, daily delayed mail counts were supposed to end when the MCV system launched. The Postal Service projected annual cost savings through the elimination of the delayed mail counts. Since P&DC management is still relying on daily delayed mail counts, workhour savings forecasted are not being fully realized.

Furthermore, while P&DC management could not explain the high amounts of delayed inventory reported in MCV, we found that it was caused by mail not being processed on the last processing operation. In addition, P&DC management was not aware that the Content Identification Number codes (used to direct mail to the next appropriate operation and/or facility) being used for mail that was dispatched before being run on a last processing operation did not remove it from the delayed inventory condition.

As a result, P&DC management was unable to rely on the data to determine if there were actual delayed mail conditions at the facility and did not use the MCV data to measure their performance and make operational decisions.

Recommendations

We recommended management:

- Provide additional training to local processing management with an emphasis on how they should use Mail Condition Visualization reports to identify root causes for delayed inventory to provide a more accurate representation of mail conditions at the facility.
- Develop supplemental guidance for local management reiterating that mail should be finalized on a last processing operation.
- Coordinate with management to determine if Content Identification Number codes need to be changed or added for situations where the designed mail flow does not correctly finalize mail that is not processed on a last processing operation, so that mail is not counted as delayed inventory.

Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

December 10, 2021

MEMORANDUM FOR: MICHAEL L. BARBER
VICE PRESIDENT, PROCESSING & MAINTENANCE
OPERATIONS

A handwritten signature in cursive script that reads "Todd J. Watson".

FROM: Todd J. Watson
Acting Deputy Assistant Inspector General
for Mission Operations

SUBJECT: Audit Report – Capping Report of Mail Operations and
Delayed Mail at Select Processing and Distribution Centers
(Report Number 21-222-R22)

This report presents the results of our Capping Report of Mail Operations and Delayed Mail at Select Processing and Distribution Centers.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Adam Bieda, Director, Plant Evaluation Team, or me at 703-248-2100.

Attachment

cc: Corporate Audit Response Management
Postmaster General

Results

Introduction/Objective

This report presents the results of our self-initiated Capping Report of Mail Operations and Delayed Mail at Select Processing and Distribution Centers (Project Number 21-222). Our objective was to summarize the results of U.S. Postal Service Office of Inspector General (OIG) issued reports that evaluated mail operations and delayed mail at select P&DCs and identify any systemic operational issues. See [Appendix A](#) for additional information about this audit.

Background

The U.S. Postal Service considers mail to be delayed when it is not processed in time to meet the established delivery day. Delayed mail can adversely affect Postal Service customers and harm the organization's brand.

In the past, the Postal Service tracked delayed mail in the Mail Condition Reporting System.¹ Each facility would perform daily delayed mail counts and estimate how much mail was actually delayed. Mail processing facilities used the Mail Condition Reporting System to report their daily mail count, providing the Postal Service with a standardized national view of mail conditions at processing facilities.

In January 2019, the Postal Service launched the Mail Condition Visualization (MCV) system to replace the Mail Condition Reporting System and track mail conditions at processing facilities in an automated way. The MCV system provides near real-time visibility of a facility's on-hand volume, delayed inventory volume, and delayed dispatch volume. MCV uses data from mail processing machines and handheld devices, Surface Visibility² scans, and mailer documentation to automatically calculate mail conditions. See Figure 1 for mail flow and key mail

condition metrics in MCV that allow management to view processing operations and identify risk areas within the network.

Figure 1. MCV Mail Conditions



Source: Informed Visibility presentation.

Specifically, the MCV system relies on machine reported scans to capture mail conditions to report delayed inventory, which include mailpieces that have not received their next expected processing operation scan by 6:59 a.m. for destinating final processing operations and by 6:00 a.m. for all other operations. However, we found that not all the mail reported as delayed inventory in the MCV system is actually delayed. Sometimes mail can be dispatched timely out of the facility but be counted as delayed inventory if designed mail flows are not followed.

The MCV system expects mail to be processed in accordance with the designed mail flow. For example, letter mail is processed on an incoming primary operation³ (operation numbers 893/894). The next processing operations before mail is dispatched to delivery units are first and second pass Delivery Point Sequence (DPS)⁴ (operation numbers 918 and 919, respectively), of which operation number 919 is a last processing operation⁵ (see [Figure 2](#)). When mail is not processed on a last processing operation,⁶ the mailpieces do not receive their next expected processing scan and are thus counted as delayed inventory by the MCV system.

¹ Mail Condition Reporting System was established as a repository for information related to facility conditions.

² A scanning application that enables Postal Service personnel to scan trays, tubs, and sacks of mail into containers and onto trailers and track the mail across the network.

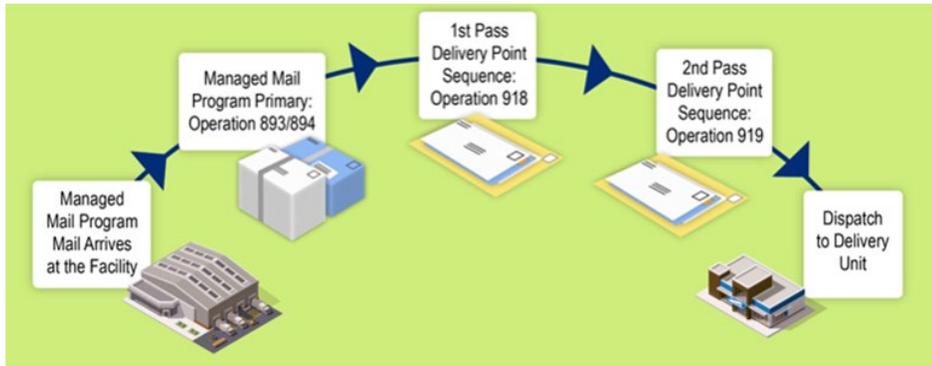
³ The first sorting operation for incoming mail.

⁴ An automated process of sorting mail into delivery order.

⁵ The last expected mail processing operation before delivery of the mailpiece.

⁶ When last processing operations are not used, the mail is dispatched directly to the delivery unit and mail must be manually sorted into DPS by the carriers resulting in an additional cost to the Postal Service.

Figure 2. Designed Mail Flow for Letters



Source: Handbook F-95, *Statistical Programs Management Guide*, dated September 2020; and observance of mail flow during OIG visits to P&DCs from February to July 2021.

This project summarizes the results of our audit work conducted in fiscal year (FY) 2021 at the Lehigh Valley, PA, North Houston, TX, Phoenix, AZ, Santa Ana, CA, Denver, CO, West Valley, AZ, Raleigh, NC, and Mid Carolina, NC, Processing & Distribution Centers (P&DCs). During those audits, we observed mail processing and dock operations as well as late arriving mail, delayed inventory, and delayed dispatch containers conditions.

Findings Summary

We found P&DC management did not know the causes for the high amounts of delayed inventory reported in the MCV system because they did not fully understand how delayed inventories were calculated. We also found mail was not processed on a last processing operation, which contributed to mail being counted as delayed inventory in the MCV system. In addition, specific Content Identification Number (CIN)⁷ codes,⁸ which remove the mail from the delayed inventory condition, were not used for mail processed on a non-last processing operation. As a result, P&DC management was unable to rely on the MCV data to determine if there were actual delayed mail conditions at the facility and did not use the MCV data to measure their performance and make operational decisions.

⁷ Three-digit numeric codes that convey information about mail class, shape, sort level, and barcode status. CIN codes direct mail to the next appropriate operation and/or facility.

⁸ These codes can provide an exception to the requirement to see a last processing operation scan.

⁹ Randomly selected an additional 19 P&DCs to interview. Including the eight P&DCs we visited, we interviewed P&DC management at 24 facilities in each of the 13 Postal Service processing divisions.

¹⁰ Postal Service headquarters management stated this feature was included because MCV logic assumes if a mailpiece is not processed timely or on a last processing operation, it is still located within the facility. The mailpiece will be removed from MCV once it is processed on a last processing operation or at the end of five days.

Finding #1: Management did not Fully Understand nor Use Delayed Inventory Data

From January 1, 2020, to March 31, 2021, we analyzed delayed inventory volumes from mail processing facilities nationwide and found there was over 183 billion mailpieces reported as delayed inventory. However, P&DC management did not know the causes for the high amounts of delayed inventory because they did not fully understand how delayed inventories were calculated. P&DC management also did not fully understand that when mail isn't processed in accordance with the designed mail flow, it can be counted as delayed inventory.

P&DC management was more concerned about whether mail was actually delayed and remaining on-hand at the facility. We found that P&DC management at the eight sites we visited were performing daily counts of delayed mail to determine how much mail was not processed in time to meet its established delivery date. We also reached out to an additional 19 P&DCs throughout the country to determine if they were performing daily counts of delayed mail.⁹ Management at all those facilities stated they were completing daily delayed mail counts in part because they felt the delayed inventory numbers reported in the MCV system were not reliable as they did not match actual delayed mail volumes in the facility.

P&DC management tried to reconcile the differences between the delayed inventory reported in the MCV system and their delayed mail counts at the facility but were unable to do so, because delayed inventory includes more than just delayed mail that remains on-hand at a facility. Mail can be counted as delayed inventory if designed mail flows are not being followed and last processing operations are not completed. In addition, delayed inventory can be reported in the MCV system for up to five days,¹⁰ which contributes to high daily delayed inventory numbers.

During our site observations at the Denver, West Valley, Raleigh, and Mid Carolina P&DCs, we compared delayed inventory reported in the MCV system to

daily delayed mail counts performed by P&DC management (see Table 1). This comparison shows that while MCV calculated high amounts of delayed inventory, most of the mail was not delayed and was dispatched out of the facility.

Table 1. Comparison MCV Delayed Inventory to Daily Mail Counts

P&DC	Day of Week	MCV Delayed Inventory	Daily Mail Count	Percent Variance
Denver	Monday, May 10, 2021	308,364	24,410	92.1%
	Tuesday, May 11, 2021	229,439	37,831	83.5%
	Wednesday, May 12, 2021	280,452	20,521	92.7%
	Thursday, May 13, 2021	308,615	45,155	85.4%
	Total	1,126,870	127,917	88.6%
West Valley	Monday, May 24, 2021	188,564	51,587	72.6%
	Tuesday, May 25, 2021	229,220	75,102	67.2%
	Wednesday, May 26, 2021	201,219	107,991	46.3%
	Thursday, May 27, 2021	137,441	60,848	55.7%
	Total	756,444	295,528	60.9%
Raleigh	Monday, June 14, 2021	215,914	19,128	91.1%
	Tuesday, June 15, 2021	173,543	16,209	90.7%
	Wednesday, June 16, 2021	248,435	17,631	92.9%
	Thursday, June 17, 2021	329,757	16,239	95.1%
	Friday, June 18, 2021	303,344	23,373	92.3%
	Total	1,270,993	92,580	92.7%
Mid Carolina	Monday, June 28, 2021	5,393	1,257	76.7%
	Tuesday, June 29, 2021	676	199	70.6%
	Wednesday, June 30, 2021	1,033	314	69.6%
	Thursday, July 1, 2021	1,038	88	91.5%
	Total	8,140	1,858	77.2%

Source: MCV and P&DC delayed inventory counts.

According to the Informed Visibility Decision Analysis Report,¹¹ daily delayed mail counts were supposed to end when the Mail Condition Reporting System was replaced with the MCV system. Daily delayed mail counts were costly and lacked precision since they required an employee to visually observe on-hand inventory. The process also relied on the accuracy of the observer and could lead to imprecise mail counts. The Postal Service estimated this process took an average of three hours per facility per day and projected annual cost savings through eliminating delayed mail counts of \$9.4 and \$9.6 million for FYs 2020 and 2021, respectively.¹²

Postal Service headquarters management believes they have been able to reduce the workhours used for the delayed mail counts. They also stated P&DC management has the discretion to perform delayed mail counts to validate delayed inventory numbers in the MCV system. However, since P&DC management is still relying on daily delayed mail counts due to the large discrepancies between the delayed inventory and delayed mail count numbers, workhour savings forecasted in the Decision Analysis Report are not being fully realized.

Recommendation #1

We recommend the **Vice President, Processing and Maintenance Operations**, provide additional training to management with an emphasis on how local processing management should use Mail Condition Visualization reports to identify root causes for delayed inventory to provide a more accurate representation of mail conditions at the facility.

Finding #2: Mail not Processed as Designed was Counted as Delayed Inventory

We found that none of the eight P&DCs always processed mail as designed; rather, the facilities did not process some mail on a last processing operation before dispatching the mail out of the facility. P&DC management stated they were not aware that dispatching mail before its run on a last processing operation could lead to mail being counted as delayed inventory. P&DC management

decided not to process mail on last processing operations in order to address the following issues:

- To expedite the dispatch of mail to Postal Service units and meet service for mail that arrived late to the P&DC.
- For smaller Postal Service units that did not have a lot of mail volume.
- For high-density caller services¹³ mail that did not need further processing.

From January 1, 2020, to March 31, 2021, three of the top five processing operations with the highest amount of delayed inventory nationwide were not last processing operations (see Table 2).

Table 2. Top Delayed Processing Operations Nationwide

Processing Operation	Delayed Inventory	Percent to Total Delayed Inventory	Last Processing Operation
First-Class second pass DPS Letter	66,846,822,457	30.6%	Yes
Marketing second pass DPS Letter	57,102,327,915	26.1%	Yes
First-Class first pass DPS Letter	35,980,937,908	16.5%	No
Marketing first pass DPS Letter	32,245,095,670	14.7%	No
First-Class Outgoing Primary Letter	6,713,643,668	3.1%	No
All Other Operations	19,736,294,033	9.0%	
Total	218,625,121,651		

Source: MCV.

When mail was not processed on a last processing operation, the mailpieces did not receive their next expected processing scan and were counted as delayed

¹¹ Decision Analysis Report, Business Case, Informed Visibility, September 19, 2014. Major operating expense investments must be supported by a Decision Analysis Report to justify the expenditure. The Decision Analysis Report explains the background and purpose of the program and fully documents costs and benefits estimates.

¹² Investment Review Committee Post-Deployment Update, Finance Number 680091, dated December 8, 2020.

¹³ A delivery service for a fee at a post office to customers with large volumes of mail to customers needing multiple separations, or to customers who need a Post Office Box number address when no Post Office Boxes are available.

inventory by the MCV system. Postal Service headquarters management stated there are certain situations where mail can be dispatched off an operation that is not a last processing operation. However, when a last processing operation is not completed, the MCV system evaluates the CIN codes for each bin the mail is sorted to and determines if additional processing should occur for those pieces. We found the CIN codes used were expecting additional processing, and when it didn't occur, mail was dispatched out of the facility without the expected scans and counted as delayed inventory in MCV. At the sites we visited, P&DC management was not aware the CIN codes being used did not remove the mail from being counted as delayed inventory.

For example, the Denver P&DC dispatched caller service mail after it was run on operation number 893, which is not a last processing operation. The CIN codes used on the bins to which the mail was sorted did not tell the MCV system to remove the mail from the delayed inventory calculation.

When last processing operations are not used and the appropriate CIN codes are not used to remove mail from a delayed inventory condition, data integrity becomes an issue because management cannot validate the accuracy and completeness of the data. P&DC management was unable to rely on the data to determine if there were actual delayed mail conditions at the facility and, as a result, did not use the MCV data to measure their performance and make operational decisions.

Recommendation #2

We recommend the **Vice President, Processing & Maintenance Operations**, develop supplemental guidance for local management reiterating that mail should be finalized on a last processing operation.

Recommendation #3

We recommend the **Vice President, Processing & Maintenance Operations**, coordinate with management to determine if Content Identification Number codes need to be changed or added for situations where the designed mail flow does not correctly finalize mail that is not processed on a last processing operation, so that mail is not counted as delayed inventory.

Management's Comments

Management disagreed with the recommendations in this report. See [Appendix B](#) for management's comments in their entirety.

Management stated that MCV is designed with the assumption that mail is processed in the most efficient operations. They acknowledged that there are situations where alternate mail flows are used to process mail to ensure timely delivery, but MCV reporting those pieces as delayed is not a point of failure. In addition, management stated that the manual daily count, which MCV replaced, was imprecise and the MCV-calculated data are more accurate. Management also disagreed that local management did not fully understand or use delayed inventory data.

Regarding recommendation 1, management stated that robust MCV training is already being provided, adding that there are also documentation and videos available for mail processing personnel regarding MCV that provide insight into how to identify root causes of delayed inventory. Management also stated that there is daily communication regarding MCV and delays.

Regarding recommendation 2, management stated that there are legitimate reasons why local management may not finalize mail on a last processing operation, and timely delivery of the mail takes precedence over accurate reporting.

Regarding recommendation 3, management stated that it is not practical in most cases to use separate CINs for mailpieces that will not be processed on a non-last processing operation because mailpieces are typically mixed and running them on a separate machine would add unreasonable costs to the process.

Evaluation of Management's Comments

The OIG considers management's comments nonresponsive to the recommendations in the report and will pursue these recommendations through the formal audit resolution process.

Regarding managements statement about it not being a point of failure when MCV counts mailpieces as delayed when alternative processing operations are used, we noted in our report that P&DC management was unable to rely on the data to determine if there were actual delayed mail conditions at the facility and, as a result, did not use the MCV data to measure their performance and make operational decisions. Additionally, local management stated they performed delayed mail counts and did not rely on the delayed inventory reported in the MCV system because they felt it was inaccurate.

Regarding recommendation 1, during our site visits, local management told us they were unable to determine the causes of delayed inventory reported in the MCV system because they did not fully understand how delayed inventories were calculated. Providing additional training to P&DC management on how to analyze the data and identify root causes for delayed inventories could lead to more useful and accurate MCV data. Additional training will also allow P&DC management to determine why they are processing mail on non-last processing operations and identify solutions that allow the designed mail flow to be followed.

Regarding recommendation 2, Postal Service headquarters management stated that there are legitimate reasons for finalizing mail on non-last processing operations, but also reiterated that most mail should follow the correct mail flow and be processed on a last processing operation. However, P&DC management did not identify the root causes for delayed inventory to determine if the

mailpieces should have been processed on a non-last processing operation or if the designed mail flow should have been followed. When mailpieces do not follow the correct mail flow, they require additional sortation at the delivery units, which can be an extra cost to the Postal Service.

Regarding recommendation 3, Postal Service headquarters management told us there may be situations where the CINs need to be updated. P&DC management would need to inform headquarters of these situations so they can make the necessary adjustments. For example, during our site visits, P&DC management decided not to process mail on last processing operations for high-density caller services mail because it did not need further processing. However, the CINs being used were not finalizing mailpieces and the mail was being reported as delayed inventory. P&DC management needs to fully understand why mail is being counted as delayed inventory so they can report any potential issues with the CINs to headquarters and ensure mailpieces are not incorrectly counted as delayed inventory.

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

Appendices

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Appendix A: Additional Information

Scope and Methodology

The scope of our audit was work we conducted in FY 2021 on delayed mail and mail operations. Specifically, we analyzed eight prior delayed mail and mail operations audits conducted to identify systemic operational issues (see Table 3). See the [Prior Audit Coverage](#) for more details on the audits.

Table 3. Site Visits

Facility Name	Dates of Site Visit	Scope Period
Lehigh Valley P&DC	10/5/2020 - 10/8/2020	1/1/2019 - 08/31/2020
North Houston P&DC	2/1/2021 - 2/4/2021	1/1/2020 - 12/31/2020
Phoenix P&DC	3/1/2021 - 3/4/2021	1/1/2020 - 1/31/2021
Santa Ana P&DC	3/16/2021 - 3/18/2021	1/1/2020 - 1/31/2021
Denver P&DC	5/10/2021 - 5/13/2021	1/1/2020 - 3/31/2021
West Valley P&DC	5/24/2021 - 5/27/2021	1/1/2020 - 3/31/2021
Raleigh P&DC	6/15/2021 - 6/17/2021	1/1/2020 - 3/31/2021
Mid Carolina P&DC	6/28/2021 - 7/1/2021	1/1/2020 - 3/31/2021

Source: OIG issued reports.

To accomplish our objective, we:

- Analyzed late arriving, delayed inventory, delayed dispatch, load scans, and Management Operating Data System data.
- Interviewed Postal Service headquarters management and personnel responsible for overseeing the MCV system.
- Interviewed facility management from a random sample of 19 P&DCs nationwide to determine how they use information from the MCV system, from the following P&DCs:
 - Altoona, PA

- Birmingham, AL
- Columbia, SC
- Macon, GA
- Tallahassee, FL
- Dallas, TX
- Hartford, CT
- Northwest Rochester, NY
- St. Louis, MO
- Lexington, KY
- Peoria, IL
- Fox Valley, IL
- Greater Newark, NJ
- South Jersey, NJ
- Charleston, WV
- Central Dakota, SD
- Honolulu, HI
- North Bay, CA
- Seattle, WA

We conducted this performance audit from August through December 2021 in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the

evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. We discussed our observations and conclusions with management on November 15, 2021, and included their comments where appropriate.

We analyzed delayed inventory volumes from the eight P&DCs based on their specific scope periods and nationwide from January 1, 2020, to March 31, 2021, obtained from MCV and Web Management Operating Data System. We assessed the reliability of the data by interviewing agency officials knowledgeable about the data and reviewing related documentation. We determined that the data were sufficiently reliable for the purposes of this report.

Prior Audit Coverage

Report Title	Objective	Report Number	Final Report Date	Monetary Impact
<i>Delayed Mail at the Lehigh Valley, PA Processing and Distribution Center</i>	Determine the cause of delayed mail at the Lehigh Valley, PA P&DC.	20-272-R21	4/12/2021	None
<i>Delayed Mail at the North Houston, TX, Processing and Distribution Center</i>	Determine the cause of delayed mail at the North Houston, TX, P&DC.	21-074-R21	4/13/2021	None
<i>Delayed Mail at the Phoenix, AZ, Processing and Distribution Center</i>	Determine the cause of delayed mail at the Phoenix, AZ, P&DC.	21-114-R21	5/12/2021	None
<i>Delayed Mail at the Santa Ana, CA, Processing and Distribution Center</i>	Determine the cause of delayed mail at the Santa Ana, CA, P&DC.	21-119-R21	5/24/2021	None
<i>Mail Operations at the Denver, CO, Processing and Distribution Center</i>	Evaluate mail conditions at the Denver, CO, P&DC.	21-151-R21	7/27/2021	None
<i>Mail Operations at the West Valley, AZ, Processing and Distribution Center</i>	Evaluate mail conditions at the West Valley, AZ, P&DC.	21-166-R21	7/27/2021	None
<i>Mail Operations at the Raleigh, NC, Processing and Distribution Center</i>	Evaluate mail conditions at the Raleigh, NC, P&DC.	21-184-R21	8/12/2021	None
<i>Mail Operations at the Mid Carolina, NC, Processing and Distribution Center</i>	Evaluate mail conditions at the Mid Carolina, NC, P&DC.	21-185-R21	8/25/2021	None

Appendix B: Management's Comments

MIKE L. BARBER
VICE PRESIDENT
PROCESSING AND MAINTENANCE OPERATIONS



December 2, 2021

JOSEPH WOLSKI
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Management Response: Capping Report of Mail Operations and Delayed Mail at Select Processing and Distribution Centers (Report Number 21-222-DRAFT)

Thank you for providing the Postal Service with an opportunity to review and comment on the findings and recommendations containing in the draft audit report, *Capping Report of Mail Operations and Delayed Mail at Select Processing and Distribution Centers*.

Mail Condition Visualization (MCV) is a robust tool for identifying delayed mail. United States Postal Service disagrees that it should be designed to consider every processing scenario. MCV is designed to assume mail is processed in the most efficient operations. There are situations where alternate mail flows are utilized to ensure timely delivery. Reporting mail as delayed when alternate mail flows are utilized is not a point of failure. As reported in the audit, the manual daily count which MCV replaced was imprecise. The MCV calculated data is more accurate.

USPS disagrees with the statement that management did not fully understand or use delayed inventory data. There was no supporting documentation in the audit for this determination. Plant Managers and Division Directors understand the data and the limitations. Plant Managers make the decisions necessary to protect service.

Recommendation [1]:

We recommend the **Vice President, Processing and Maintenance Operations**, provide additional training to management with an emphasis on how local processing management should use Mail Condition Visualization reports to identify root causes for delayed inventory to provide a more accurate representation of mail conditions at the facility.

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Management Response/Action Plan:

Management disagrees with this recommendation. Management believes robust MCV training is currently being provided in various forms, such as Product Data Management (PDM), New Supervisor Training, etc. Additionally, there is daily communication regarding MCV and the respective delays. Also, there is documentation and BlueTube videos available for mail processing personal regarding MCV that provides insight into how to identify root causes for delayed inventory.

Target Implementation Date: N/A

Responsible Official: N/A

Recommendation [2]:

We recommend the **Vice President, Processing & Maintenance Operations**, develop supplemental guidance for local management reiterating that mail should be finalized on a last processing operation.

Management Response/Action Plan:

Management disagrees with this recommendation. Local management has legitimate reasons for finalizing mail on a non-last processing operation as discussed in the audit report. Timely delivery of the mail takes precedence over accurate reporting.

Target Implementation Date: N/A

Responsible Official: N/A

Recommendation [3]:

We recommend the **Vice President, Processing & Maintenance Operations**, coordinate with management to determine if Content Identification Number (CIN) codes need to be changed or added for situations where the designed mail flow does not correctly finalize mail that is not processed on a last processing operation, so that mail is not counted as delayed inventory.

Management Response/Action Plan:

Management disagrees with this recommendation. It is not practical in most cases to use separate CINs for pieces that will not be processed on a non-last processing operation because it is typically mixed with other mail where that condition does not apply. Set-up and pull-down time to run this mail on a separate machine, even if a machine was available, would add unreasonable cost to the process.

- 3 -

Target Implementation Date: N/A

Responsible Official: N/A



Mike L. Barber

cc: *Manager, Corporate Audit Response Management*

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