Audit Report

Efficiency of Operations at the Baltimore, MD, Processing and Distribution Center

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Transmittal Letter

OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

December 16, 2021

MEMORANDUM FOR: DAVE WEBSTER
CHESAPEAKE DIVISION DIRECTOR
PROCESSING OPERATIONS

FROM: Adam Bieda
Director, Plant Evaluation Team

SUBJECT: Audit Report – Efficiency of Operations at the
Baltimore, MD, Processing and Distribution Center
(Report Number 21-237-R22)

This report presents the results of our audit of the Efficiency of Operations at the
Baltimore, MD, Processing and Distribution Center.

We appreciate the cooperation and courtesies provided by your staff. If you have any
questions or need additional information, please contact Gregory M. Williams, Acting
Operations Manager, or me at 703-248-2100.

Attachment

cc: Postmaster General
Corporate Audit Response Management

Results

Background

The U.S. Postal Service has approximately 300 mail processing facilities nationwide. Many facilities have not met their established processing and transportation timelines, which has resulted in the Postal Service not meeting service commitments to its customers for many of its mail and package products. As processing facilities have failed to process mail on time, the result has been increased reliance on late and extra surface trips. To address these issues, the Postal Service has outlined a 10-year plan, called *Delivering for America,*[1] that includes recalibrating its operating plans and employee complement to achieve operating precision with a focus on achieving efficiency, consistency, and lower costs.

The Baltimore Processing and Distribution Center (P&DC) is in the Chesapeake Division of the Eastern processing region and that facility processes letters, flats, and packages. From August 1, 2020, to July 31, 2021, the Baltimore P&DC processed about 1.67 billion mailpieces compared to about 1.74 billion mailpieces during the same period last year — a decrease of about 70 million mailpieces (4 percent). However, during that same period, workhours and overtime at the facility increased by 14.6 and 43.5 percent, respectively. See Table 1 for the percentage changes for volume, workhours, and overtime.

Table 1. Baltimore P&DC Volume, Workhours, and Overtime

Time Period	Volume	Workhours	Overtime
8/1/19 - 7/31/20	1,741,209,762	533,494	81,853
8/1/20 - 7/31/21	1,671,225,917	611,625	117,476
Difference	(69,983,845)	78,132	35,622
Percentage Difference	(4.0%)	14.6%	43.5%

Source: Web Management Operating Data System.[2]

Our audit scope occurred during the COVID-19 pandemic and the Postal Service experienced decreased employee availability during this time. Employees were allowed to use Emergency Paid Leave[3] and Families First Coronavirus Response Act[4] leave for COVID-related issues such as a medical diagnosis, illness, childcare, quarantine, and immunization. Specifically, at the Baltimore P&DC from August 2020 to July 2021, employee availability ranged from 58.64 percent to 69.53 percent and averaged about 64.97 percent (see Figure 1). This was below the goal[5] of 94.82 percent for FYs 2020 and 2021.

Figure 1. Baltimore P&DC Employee Availability

Source: Time and Attendance Collection System (TACS).[6]

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1. The Postal Service's vision and 10-year plan to achieve financial sustainability and service excellence.
2. A data system where operational data is reported by operation numbers, which are assigned to all of the following: mail volume, workhours, and performance by operation (i.e., work activities).
3. Established by the American Rescue Plan and intended to help federal employees impacted by COVID. Eligible employees could receive a maximum of 600 total hours of Emergency Paid Leave.
4. Became effective April 1, 2020, creating two new emergency paid leave requirements in response to the COVID pandemic.
5. Fiscal year (FY) 2020 and 2021 National Performance Target for employee availability.
6. A system that automates the collection of employee time and attendance information. It combines the functionality of several previously used time and attendance systems into one standard.

In March 2021, the Baltimore P&DC started converting non-career employees to career employees.[7] Specifically, from March to July 2021, 137 non-career employees were converted to career employees. In addition, from June to September 2021, the Baltimore P&DC hired 278 non-career employees.

Objective, Scope, and Methodology

Recently, the U.S. Postal Service Office of Inspector General (OIG) audited nine Baltimore delivery units as part of a congressional request to evaluate mail delivery and customer service operations on selected routes.[8] The objective of this separate but related self-initiated audit was to evaluate the efficiency of plant operations at the Baltimore, MD, P&DC. This audit was completed to identify mail processing issues at the Baltimore P&DC that could affect delivery units served by this P&DC.

To accomplish our objective, we:

- Analyzed trends in volume, workhours, and productivity at the Baltimore P&DC from August 2020 through July 2021;

- Observed mail processing and dock operations during the week of September 27, 2021, and interviewed local Postal Service officials;

- Reviewed staffing complement in the Web Complement Information System[9] and employee availability in TACS;

- Reviewed Surface Visibility Web[10] for late, cancelled, and extra trips, as well as scanning compliance; and

- Reviewed Run Plan Generator[11] reports in Web End-of Run[12] to identify operational clearance performance for the Baltimore P&DC and Web Management Operating Data System for workhours and mail volume.

We assessed the reliability of data from these systems 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.

We conducted this performance audit from September 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 18, 2021, and included their comments where appropriate.

Finding #1: Manager and Supervisor Vacancies and Attendance Issues

We found that manager and supervisor vacancies and attendance issues impacted the efficiency of operations at the Baltimore P&DC. Between December 2020 and November 2021, the Baltimore P&DC had as many as three of its six (50 percent) Manager of Distribution Operations (MDO)[13] positions and up to five of its 26 (about 19 percent) Supervisor of Distribution Operations (SDO)[14] positions vacant. In addition, management stated that SDO attendance was an ongoing issue and three SDOs were absent from work during our visit the week of September 27, 2021.

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7   The Postal Service hires non-career employees to supplement its regular workforce and reduce staffing costs. Non-career employees are temporary workers who do not receive the same employee benefits as career employees, are not always guaranteed a set schedule, and can work from one to seven days per week.
8   *Mail Delivery and Customer Service Operations – Select Baltimore Units, Baltimore, MD* (Report Number 21-194-R22, dated November 4, 2021).
9   An application designed to provide local management with timely and accurate complement information.
10   A system that provides real time transportation updates and reports on the movement of trailers in the surface network.
11   A system for generating a prediction of runs on machines at a facility, called a Plan. Site personnel use Plans to plan ahead for their facility's work needs.
12   A server-based software application that stores End-of-Run data from mail processing equipment in a database.
13   Manages all automated, mechanized, and/or manual mail processing and distribution operations for assigned tour(s) at a major mail processing center/facility or network distribution center.
14   Supervises an assigned group of automated, mechanized, and/or manual processing and distribution operations at a mail processing center/facility.

The Postal Service has employment processes[15] in place to ensure that recruiting and assigning employees yield the best qualified personnel to carry out the mission of the Postal Service with maximum productivity and economy of operations. In April 2021, the Baltimore P&DC did fill the vacant Senior MDO position. However, management did not fill the other vacant MDO and SDO positions due to a nationwide hiring freeze from August 2020 to May 2021, which prohibited local management from filling the vacancies. Postal Service Headquarters management stated the vacant MDO and SDO positions were posted, however, as of November 1, 2021, there were three vacant MDO positions and five vacant SDO positions.

In addition, management stated that MDOs are responsible for monitoring SDOs' attendance; however, due to the MDO vacancies, there was not adequate oversight of SDO attendance. According to Postal Service policy, management is responsible for controlling unscheduled leave by analyzing absences and discussing attendance with employees when warranted.[16]

The lack of managers and supervisors resulted in inadequate management oversight of operations and employees at the Baltimore P&DC. This contributed to a decrease in productivity[17] for letters, flats, parcels, and the manual mail operation, compared to the same period last year (see Table 2).

Table 2. Baltimore P&DC Productivity (pieces processed per hour)

Mail Type/ Operation	8/1/20 - 7/31/21 Productivity	8/1/19 - 7/31/20 Productivity	Difference	Percentage Difference
Letters	5,471	6,242	-771	-12.4%
Flats	3,061	3,861	-800	-20.7%
Parcels	237	297	-60	-20.2%
Manual	377	470	-94	-19.9%

Source: Web Management Operating Data System and OIG analysis.

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15 *Employee and Labor Relations Manual* (ELM), Section 311.11.
16 ELM, Section 511.42.
17 Equals total pieces handled (volume) divided by workhours.

Recommendation #1

We recommend the **Chesapeake Division Director, Processing Operations**, fill Manager of Distribution Operations and Supervisor of Distribution Operations vacancies at the Baltimore Processing and Distribution Center according to the authorized complement.

Recommendation #2

We recommend the **Chesapeake Division Director, Processing Operations**, control unscheduled leave by analyzing absences and discussing attendance with employees at the Baltimore Processing and Distribution Center, when warranted.

Finding #2: Inoperable Tray Management System

We found the tray management system at the Baltimore P&DC has been inoperable since March 2019. The tray management system is used to transport letter trays within the facility and significantly reduces the transport time and handling of trays. See Figure 2 for pictures of the tray management system.

Figure 2. Baltimore P&DC Tray Management System
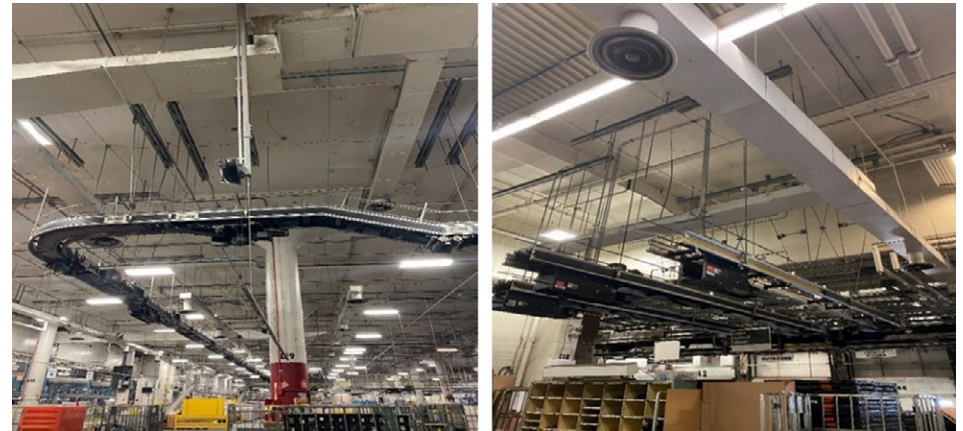
Source: OIG observations during the week of September 27, 2021.

Management stated that the tray management system had been down since March 2019 and that it was supposed to be repaired in February 2021 but was deemed unrepairable. Funding to replace the tray management system was approved in August 2021 and the Baltimore P&DC plans to replace it in January 2022. Without the tray management system, mail processing employees must load mail in containers and manually transfer it from floor to floor using elevators. Management stated that the process of using the elevators added two hours per day to each operation to move the mail. As a result, there were delays in processing the mail which led to increased late and extra trips.

Recommendation #3

We recommend the **Chesapeake Division Director, Processing Operations**, prioritize and track the replacement of the tray management system at the Baltimore Processing and Distribution Center to ensure it is replaced according to the current schedule.

Finding #3: Mail Brought to Docks After Scheduled Truck Departures

We found that mail was brought to the outbound docks after scheduled truck departures. As a result, from October 1, 2020, to July 31, 2021, about 35.9 percent of trips dispatched from the Baltimore P&DC were either late or extra trips (see Figure 3).

Figure 3. Late and Extra Trips
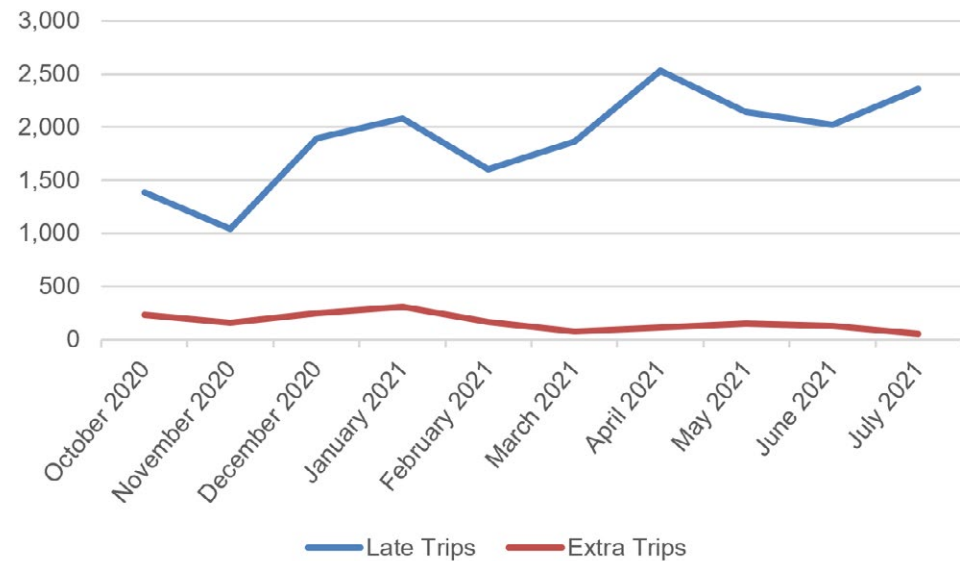
Source: Surface Visibility Web.

Postal Service policy[18] states that management should continually gauge how well they are managing the mail flow and have managerial control over the workload, personnel, and equipment needed for a well-run operation. In addition, the flow of mail from the dispatching unit to the platform should be smooth and timely.[19] On two separate occasions, Postal Service Headquarters sent operational teams, which was a coordinated effort between processing and logistics, to the Baltimore P&DC to provide oversight and supervision and help with proper mail flow and to increase efficiency. However, we still found mail was brought to the outbound docks after scheduled truck departures.

Management stated that mail was often ready to be dispatched, but the mail handlers failed to bring the mail to the dock in a timely manner because of a lack of supervision, communication, or coordination between mail operations and dock personnel. When the Postal Service uses more late and extra trips, there is an increased risk that the mail will be not be delivered on time and can adversely

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18 Handbook PO-413, *Platform Operations*, Section 2-1.1.
19 Handbook PO-413, *Platform Operations*, Section 2-4.4.

affect Postal Service customers, harm the brand, send mailers to competitors, increase operating costs, or cause the Postal Service to lose revenue.

> ## Recommendation #4
> We recommend the **Chesapeake Division Director, Processing Operations**, develop a plan to have adequate supervision and coordination for the timely transporting of processed mail to the dock area for dispatch at the Baltimore Processing and Distribution Center.

Finding #4: Missed Load and Depart Scans

Baltimore P&DC employees were not performing container load scans[20] and depart scans[21] consistently before dispatching mail to the next facility. Specifically, from October 2020 to July 2021, on average only 58.9 percent of load scans and 76.3 percent of depart scans were completed, which was below the 95.5 percent goal for FY 2021 (see Figure 4).

Figure 4. Load and Depart Scanning Compliance
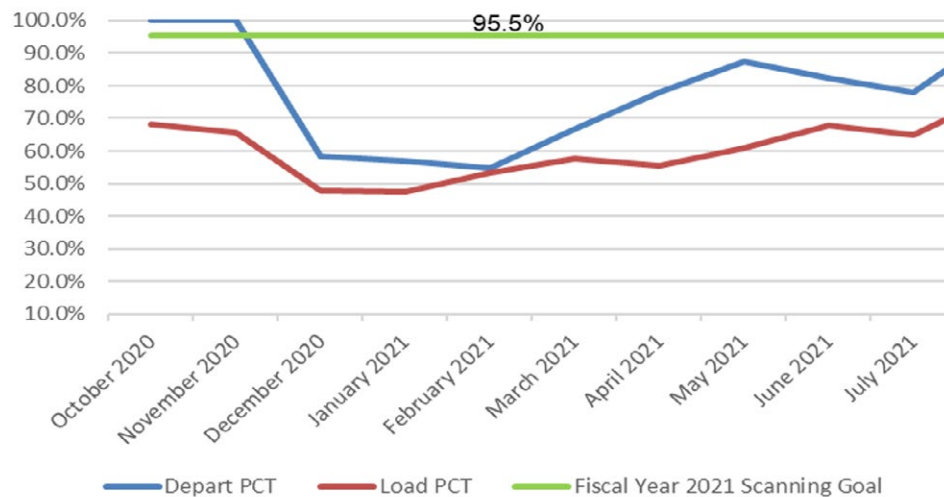
Source: Surface Visibility Web.

For example, during our site visit on September 30, 2021, we observed a truck that was completely full, but which had no load scans. As a result, the trailer was reported as empty in Surface Visibility Web. Employees are required to perform a load scan to ensure 100 percent mail visibility.[22] According to management, load scan scores were low because employees were not properly trained.

However, during the month of September 2021, significant improvements were made with depart scanning compliance. Specifically, about 99.8 percent of depart scans were completed. Management attributed this to an increased focus on ensuring the scans were completed. Due to the improvements, we are not making a recommendation on depart scan compliance.

When containers do not receive a load scan, data integrity becomes an issue because management cannot validate the accuracy and completeness of the data. Management was unable to rely on the data to determine how full trailers actually were and did not use the scan data to measure their performance and make operational decisions.

> ## Recommendation #5
> We recommend the **Chesapeake Division Director, Processing Operations**, provide additional training to employees to further increase load scan scores at the Baltimore Processing and Distribution Center to meet or surpass the scanning goal.

Management's Comments

Management generally agreed with the findings; agreed with recommendations 1, 2, 4, and 5; but disagreed with recommendation 3. Management acknowledged that the efficiency of operations at the Baltimore P&DC were impacted by COVID-19, attendance issues, manager and supervisor vacancies, and financial limitations.

See Appendix A for management's comments in their entirety.

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20   Records the loading of a container or handling unit onto a trailer and helps calculate trailer utilization.
21   Performed when a trailer is ready for dispatch. This event records the departure time.
22   *Surface Visibility User Booklet.*

Regarding recommendation 1, management stated that they posted one MDO position, which they filled on December 4, 2021, and posted three SDO positions that have been filled. In subsequent correspondence, management provided an updated target implementation date of January 31, 2022, for filling remaining positions.

Regarding recommendation 2, management stated that they will conduct a weekly cadence with the Baltimore P&DC to discuss attendance issues and assign Attendance Control Officer duties to a division coordinator to work with management at the facility. The target implementation date is January 31, 2022.

Regarding recommendation 3, management stated that they are developing a Network Modernization plan, in line with the Postal Service's Delivering For America plan, that will update, expand, or replace existing facilities that no longer meet the requirements for reliable and efficient processing operations. Management added that the Baltimore P&DC is a top priority for the processing facility modernization plan.

Regarding recommendation 4, management stated that they have created and implemented a site-specific operating plan for the Baltimore P&DC, which allows them to better schedule employees and supervisors. In subsequent correspondence, management provided an updated target implementation date of January 31, 2022.

Regarding recommendation 5, management stated that the Postal Service experienced unprecedented employee availability issues due to COVID-19. However, management agreed that continuous improvement on load scans is necessary and will provide additional training to employees to further increase load scan scores. The target implementation date is January 31, 2022.

Evaluation of Management's Comments

The OIG considers management's comments responsive to recommendations 1, 2, 4, and 5 and corrective actions should resolve the issues. We consider management's comments nonresponsive to recommendation 3.

Regarding recommendation 3, the tray management system is used to transport letter trays within the facility and significantly reduces the transport time and handling of trays. With the tray management system being down since March 2019, mail processing employees have had to load mail in containers and manually transfer it from floor to floor using elevators. Management stated that the process of using the elevators added two hours per day to each operation to move the mail. As a result, there were delays in processing the mail, which led to increased late and extra trips. While management stated the Baltimore P&DC is a top priority for the processing facility modernization plan, they did not provide a timeline or any specific actions that would be completed. We view the disagreement on recommendation 3 as unresolved and will work with management to identify a solution through the audit resolution process.

All recommendations require OIG concurrence before closure. The OIG requests written confirmation when corrective actions are completed. The 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.

Appendix A: Additional Information

UNITED STATES POSTAL SERVICE

December 9, 2021

JOSEPH E. WOLSKI
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Response to Draft Audit Report – Efficiency of Operations at the
Baltimore, MD, Processing and Distribution Center] (Report Number
[21-237-DRAFT]

Thank you for the opportunity to respond to the Office of Inspector General (OIG) draft audit report on Efficiency of Operations at the Baltimore, MD Processing and Distribution Center. We appreciate your understanding of the challenges that the Postal Service and our workforce faced as a result of the COVID-19 pandemic during the period of your audit. As you noted, and much like the rest of the country, these challenges included significantly decreased employee availability during this time as our people dealt with various personal issues such as a medical diagnoses, illness, childcare, quarantine requirements, and immunization. We also appreciate your recognition of our efforts to deal with these issues by converting 137 non-career employees to career employees from March to July 2021, and by hiring 278 pre-career employees between June to September 2021.
Thank you also for your recognition of the improvements we are making a a result of increased management focus. You specifically cited the significant improvements that were made in September with regard to depart scanning compliance, when approximately 99.8 percent of depart scans were completed.
That said, and despite these efforts, we acknowledge that attendance issues, manager and supervisor vacancies, financial limitations, and other issues impacted the efficiency of operations at the Baltimore P&DC during the audit period, and therefore management generally agrees with the findings noted in the audit report, and with the recommendations in the report as outlined below.

Recommendation #1
We recommend the Chesapeake Division Director, Processing Operations, fill Manager of Distribution Operations and Supervisor of Distribution Operations vacancies at the Baltimore Processing and Distribution Center according to the authorized complement.

Management Response/Action Plan
Management agrees with this recommendation and has implemented by posting one authorized Manager of Distribution Operations position which will be filled on December 4, 2021 and posting three authorized Supervisor of Distribution Operations positions

that have been filled . A hiring report will be submitted showing the filled positions to request closure of this recommendation.

Target Implementation Date
12/4/2021

Responsible Official
Plant Manager, Baltimore P&DC

Recommendation #2
We recommend the Chesapeake Division Director, Processing Operations, control unscheduled leave by analyzing absences and discussing attendance with employees at the Baltimore Processing and Distribution Center, when warranted.

Management Response/Action Plan
Management agrees with this recommendation and will implement by conducting a weekly cadence with the Baltimore P&DC to discuss attendance issues. Attendance Control Officer oversight duties will be assigned to a division coordinator to work with the current AOC's at each facility. Email correspondence related to the weekly meetings will be provided to request closure of this recommendation.

Target Implementation Date
January 31, 2022

Responsible Official
Senior Division Director, Chesapeake

Recommendation #3
We recommend the Chesapeake Division Director, Processing Operations, prioritize and track the replacement of the tray management system at the Baltimore Processing and Distribution Center to ensure it is replaced according to the current schedule.

Management Response/Action Plan
Management disagrees with this recommendation. USPS is developing a Network Modernization Plan in line with the Delivering For America plan resulting in some of our existing facilities being updated, expanded, or replaced that no longer meet the requirements for reliable and efficient processing operations. Baltimore PD&C is a top priority for the Processing Facility modernization plan. Management requests closure of this recommendation.

Recommendation #4

We recommend the Chesapeake Division Director, Processing Operations, develop a plan to have adequate supervision and coordination for the timely transporting of processed mail to the dock area for dispatch at the Baltimore Processing and Distribution Center.

Management Response/Action Plan

Management agrees with this recommendation and has created and implemented a site specific operating plan for Baltimore P&DC which better allows for appropriate scheduling of employees and/or supervision within the various operations in the facility A copy of the the operating plan will be provided to request closure of this recommendation.

Target Implementation Date
November 30, 2021

Responsible Official
Plant Manager, Baltimore P&DC

Recommendation #5

We recommend the Chesapeake Division Director, Processing Operations, provide additional training to employees to further increase load scan scores at the Baltimore Processing and Distribution Center to meet or surpass the scanning goal.

Management Response/Action Plan

Management partially agrees with this recommendation. Due to the COVID 19 Pandemic, the Postal Service experienced unprecedented employee availability decline at the Baltimore P&DC, as stated in the Audit Report by the OIG. However continuous improvement with load scanning requires ongoing training; and to that extent we agree to provide additional training to employees to further increase load scan scores. Management will implement additional training with coordination with Logisitics . management reqeusts closure of this recommendation.

Target Implementation Date
January 31, 2022

Responsible Official
Plant Manager, Baltimore P&DC

Dave Webster
Chesapeake Division Director, Processing Operations

cc: Manager, Corporate Audit & Response Management

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