Efficiency of Operations at the Indianapolis, IN, Processing and Distribution Center

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Transmittal Letter

OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

May 11, 2022

MEMORANDUM FOR: FRANK D. VEAL
WESTSHORES DIVISION, ACTING DIRECTOR
PROCESSING OPERATIONS

MARVIN B. RAINWATER
WESTSHORES DIVISION, DIRECTOR LOGISTICS

FROM: Adam Bieda
Director, Field Operations

SUBJECT: Audit Report – Efficiency of Operations at the Indianapolis IN, Processing and Distribution Center
(Project Number 22-080-R22)

This report presents the results of our audit of the Efficiency of Operations at the Indianapolis, IN, 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 Latrice Pope, Operational Manager, or me at 703-248-2100.

Attachment

cc: Postmaster General
Chief Logistics and Processing Operations Officer and Executive Vice President
Vice President, Processing and Maintenance
Vice President, Logistics
Vice President, Western Region Processing Operations
Director, Central Region Logistics
Corporate Audit Response Management

Results

Background

This report presents the results of our self-initiated audit of the Efficiency of Operations at the Indianapolis Processing and Distribution Center (P&DC) in Indianapolis, IN (Project Number 22-080). We conducted this audit to provide U.S. Postal Service management with timely information on operational risks at this P&DC. We judgmentally selected the Indianapolis P&DC based on a review of overtime, penalty overtime, late, extra, and cancelled trips by Postal Vehicle Service (PVS)[1] and Highway Contract Route (HCR)[2] drivers, and overall scanning performance. The Indianapolis P&DC is in the Westshores Division and processes letters and flats; and it services multiple 3-digit ZIP Codes in urban and rural communities (see Table 1).

Table 1. Population Demographics

3-Digit ZIP Codes	Urban Population	Rural Population	Total Population
460-462	1,687,475	262,730	1,950,205
465-469	1,073,121	493,710	1,566,831
472-474	457,239	336,337	793,576
478-479	296,202	194,890	491,092
Total	3,514,037	1,287,667	4,801,704

Source: Postal Service National Labeling List, Environmental Systems Research Institute and 2010 Census Bureau information.

Objective, Scope, and Methodology

Our objective was to evaluate the efficiency of operations at the Indianapolis P&DC. To accomplish our objective, we focused on these four audit areas: mail clearance times,[3] delayed mail, late and extra outbound trips, and load scans. Specifically, we analyzed Enterprise Data Warehouse (EDW)[4] data for load scans from March 2021 to March 2022. We also reviewed Surface Visibility Web (SVWeb)[5] data for late, extra, and cancelled trips from November 1, 2021, through January 31, 2022. Additionally, we identified mail clearance times through discussions with Indianapolis P&DC management and compared them with operations shown in the Run Plan Generator[6] report. During our site visit the week of March 14, 2022, we interviewed P&DC management and observed mail processing for clearance times and delayed mail, and logistics operations for scanning performance and late, extra, and cancelled trips.

During the week of March 14, 2022, the U.S. Postal Service Office of Inspector General (OIG) also audited three delivery units[7] serviced by the Indianapolis P&DC. We will provide the results of those audits to district management in separate reports.

Results Summary

We identified deficiencies for three of the four areas we reviewed that affected the efficiency of operations at the Indianapolis P&DC (see Table 2).

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1   A service Postal Service employees use to transport mail between mail processing facilities, post offices, post office branches, post office stations, detached mail units, various postal customers, and terminals.
2   A route of travel served by a postal contractor to carry mail in bulk over highways between designated points.
3   The latest time committed mail can clear an operation for proper dispatch or delivery.
4   The central source for information on retail, financial, and operational performance. Mission-critical information comes to EDW from transactions that occur across the mail delivery system, points-of-sale, and other sources.
5   A website dedicated to the Surface Visibility program which provides real-time transportation updates and reports on the movement of trailers in the surface network. The data captured to identify early, on time, late or cancelled trips is also used to evaluate and improve transportation schedules.
6   An application mail processing facilities use to plan machine utilization based on volume, clearance times, and other criteria.
7   The three delivery units were the Plainfield Main Post Office, Plainfield, IN (Project Number 22-085); Carmel Main Post Office, Carmel, IN (Project Number 22-086); and Linwood Station, Indianapolis, IN (Project Number 22-087).

Table 2. Summary of Results

Audit Area	Issues Identified	
	Yes	No
Clearance Times		X
Delayed Mail	X	
Late, Cancelled, and Extra Outbound Trips	X	
Load Scans	X	

Source: Results of OIG review conducted the week of March 14, 2022.

We analyzed mail processing schedules and data to verify that the plant was meeting scheduled clearance times. During our visit, we also observed the timely processing of mail and did not identify any systemic issues related to this area.

Finding #1: Delayed Mail

What We Found

On March 15, 2021, we found 127 trays of delayed mail at the manual letter section (see Figure 1).

Figure 1. Trays of Delayed Mail
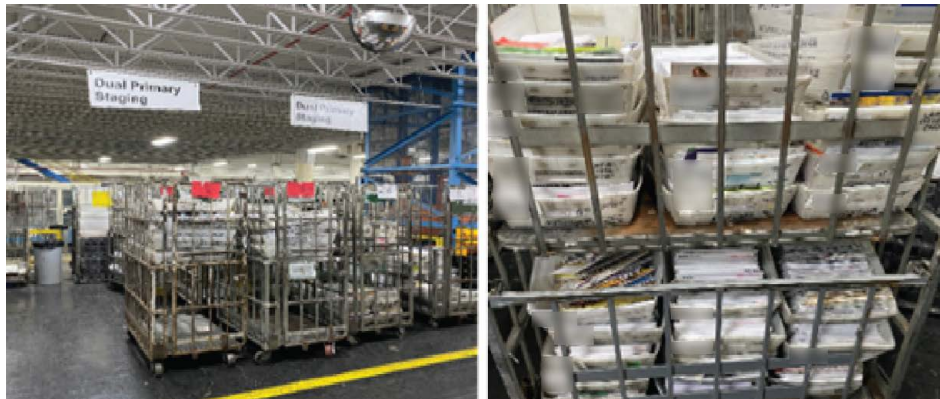
Source: OIG photos taken on March 15, 2022.

Why Did it Occur

The delayed mail occurred because the slide labels[8] on the trays were incorrect. The slide label had Operation 030 (manual), but the mail should have been processed on automated machines.

What Should Have Happened

The mail trays should have had a slide label coded for Operation 382 (automation). When we brought this to management's attention, they amended the slide labels from Operation 030 (manual) to Operation 382 (automation) for all 127 trays of mail we identified (see Figure 2) and processed the mail on automated equipment the same day. Mail was delayed because it was processed after the transportation departed.

Figure 2. Slide Label Correction

Old Slide Label   New Slide Label
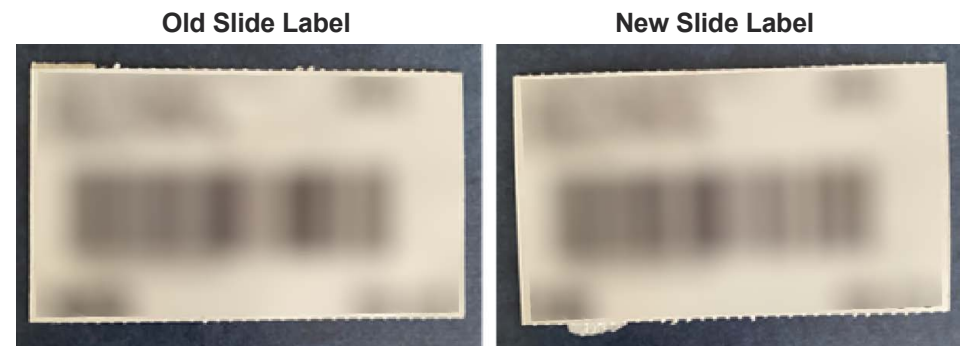
Source: Slide labels provided by Indianapolis P&DC management.

Effect on the Postal Service and its Customers

When mail is processed manually instead of on automated equipment, the Postal Service incurs extra workhours and the mail could be delayed. During our audit, management took corrective action by administering operation code adjustments in the system. Since Indianapolis P&DC management took corrective action and fixed the slide labels, we will not be making a recommendation regarding this issue.

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8   Label with a routing and distribution barcode found on mail and mail containers that is used to scan the mail and mail containers.

Finding #2: Load Scans

What We Found

Indianapolis P&DC employees were not performing container load scans consistently before dispatching mail to the next facility.[9] Specifically, from March 2021 through March 2022, scanning performance for load scans at the Indianapolis P&DC was about 87.8 percent, which was below the Postal Service's National Performance Assessment[10] goal of 95.5 percent[11] (see Figure 3).

Figure 3. Indianapolis P&DC Average Monthly Load Scan Performance from March 2021 – March 2022
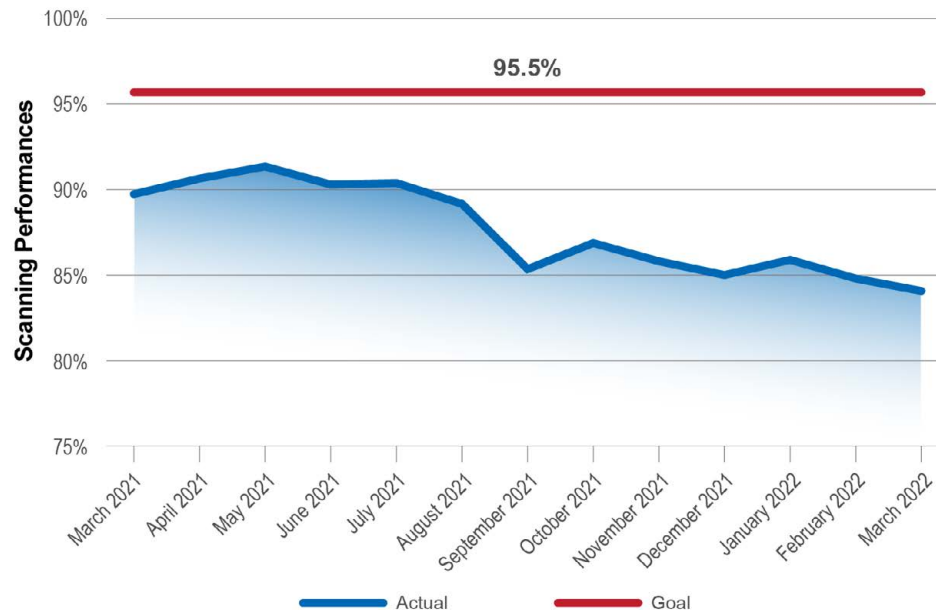
Source: EDW.

Why Did it Occur

Load scans were not being performed consistently because there was a lack of oversight by Processing Operations and Logistics Operations management. Specifically, management was not monitoring the scanning performance in order to hold the employees accountable for load scans that were not being performed. In subsequent meetings with management, they stated they have been meeting daily to review load scan performance and have recently held stand up talks with employees. Despite these actions, management has not been able to meet the National Performance Assessment goal of 95.5 percent.

Additionally, as of March 31, 2022, the Indianapolis P&DC had one Manager of Distribution Operations[12] vacancy and 15 Supervisor of Distribution Operations[13] vacancies. Management stated that they are actively trying to fill the open vacancies and are in the process of hiring. Specifically, management has been approved to open the vacant positions to employees outside of the district. Additionally, discussions have been held with local Human Resources management to determine strategies on how to identify and attract high-performing acting first-line supervisors[14] for promotion.

What Should Have Happened

Postal Service policy[15] states that management should ensure that employees are scanning containers before loading them onto a trailer.

Effect on the Postal Service and its Customer

When containers do not receive a load scan, management is unable to determine trailer utilization. According to SVWeb, the Indianapolis P&DC trailer utilization for network trips departing from the plant was about 38.7 percent from March 2021 through March 2022, which was lower than the Postal Service's goal of

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9   Mail departing from the Indianapolis P&DC may be routed to a post office, station, delivery unit, or P&DC.
10 A web-based system that collects performance-related metrics such as on-time delivery, revenue generation, efficiency, safety, and employee satisfaction, from source systems across the organization. These metrics are translated into balanced scorecards used to monitor the entire enterprise and individual units across the nation.
11 For fiscal year (FY) 2021, the goal was 95.5 percent. The FY 2022 goal was not released until March 15, 2022. FY 2022 National Performance Assessment goals for load scans is 92 percent for Logistics and 93.25 percent for Operations.
12 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.
13 Supervises an assigned group of automated, mechanized, and/or manual processing and distribution operations at a mail processing center/facility.
14 Employees detailed into the position for a limited period to perform supervisory duties and responsibilities.
15 *Surface Visibility Program User* booklet.

65 percent.[16] However, due to data integrity issues related to missing load scans, management could not rely on this data to accurately measure trailer utilization and make operational decisions.

> ## Recommendation #1
> We recommend the **Acting Westshores Division Director, Processing Operations**, and **Westshores Division Director, Logistics**, review load scan performance daily and discuss proper scanning procedures with personnel who are not performing load scans consistently.

> ## Recommendation #2
> We recommend the **Acting Westshores Division Director, Processing Operations**, identify and implement additional strategies to fill the open Manager of Distribution Operations and Supervisor of Distribution Operations positions.

Finding #3: Late and Cancelled Outbound Trips

What We Found

We determined the Indianapolis P&DC had 22,407 outbound late trips and 5,728 outbound cancelled trips from March 1, 2021 through March 31, 2022 (see Table 3). We did not identify any systemic issues with extra outbound trips.

Table 3. Outbound Late and Cancelled Trips

Transportation Metric	Number of Late/Cancelled Trips	Total Number of Trips	Percentage of Late/Cancelled Trips
Late Trips	22,407	130,004	17%
Cancelled Trips	5,728	130,004	4%

Source: SVWeb.

Why Did it Occur

These late and cancelled trips were the result of the Postal Service having 17 vacant PVS driver positions. Management stated that they have had challenges hiring drivers because commercial competitors provide higher pay and better benefits. Indianapolis P&DC management also stated it often takes between one and three months to process a new employee before they are hired. For this reason, by the time the Postal Service offers an applicant a driver position they have already accepted another position.

Management has actively tried to fill PVS vacancies at the Indianapolis P&DC. For example, management stated that they have posted positions for bid and tried to promote, detail, or groom staff with potential. Recently, management reached out to headquarters to assist with the nationwide posting of vacancies. In addition, Postal Service management started identifying motor vehicle operators to train and transition them to tractor trailer operators. Despite these initiatives, management has not been able to fill PVS vacancies.

Additionally, management stated that HCR drivers have been showing up late and cancelling trips due to driver shortages. Management provided supporting documentation showing that they followed policy[17] by holding discussions with contractors who were consistently late. Since Indianapolis P&DC management is following its policy by actively assessing contractor performance and holding discussions with the contractor, we will not be making a recommendation regarding HCR performance.

What Should Have Happened

In March 2021, the Postal Service developed a Ten-Year Plan[18] to provide the right workforce complement at processing facilities. The Postal Service's goal is to build and retain a diverse pipeline of candidates through enhanced employee development, strengthened succession planning, and improved retention strategies. When using competitive recruitment strategies, management

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16 On March 15, 2022, the Postal Service added a National Performance Assessment trailer utilization goal of 40 percent.

17 The Postal Service has to follow a five-step process if there are issues with the contractor's performance, which includes providing the contractor with a document listing performance issues, completing a review and consulting with the contractor, holding a conference with the contractor, submitting results to the Contracting Officer for appropriate action, and potentially terminating the contract if the issues persist.

18 Delivering for America: Our Vision and Ten-Year Plan to Achieve Financial Sustainability and Service Excellence, issued March 23, 2021.

determines whether they need additional recruitment efforts to yield a diverse pool of qualified applicants for employment.

In addition, Postal Service policy[19] states that reviews of HCR late and cancelled trips are necessary to assist management in assessing contractor performance and implementing corrective actions when required. The OIG recently published a report on the truck driver shortage and its implications on the Postal Service.[20] In the report, the OIG discussed the impact the truck driver shortage has had on PVS and HCR operations, and potential strategies to mitigate the effects of the shortage.

Effect on the Postal Service and its Customer

When there are late and cancelled trips, there is an increased risk that the mail will not be delivered on time and can adversely affect Postal Service customers, harm the brand, send mailers to competitors, increase operating costs, and cause the Postal Service to lose revenue.

Recommendation #3
We recommend the **Westshores Division Director, Logistics**, coordinate with **Headquarters Logistics and Human Resources** to identify and implement additional strategies to increase the number of Postal Vehicle Service drivers at the Indianapolis Processing and Distribution Center.

Management's Comments

Management agreed with the findings and recommendations in this report. Based on subsequent conversations, management agreed to move the target implementation date for all of the recommendations to May 20, 2022. See Appendix B for management's comments in their entirety.

Regarding recommendation 1, management stated that Processing Operations managers must address daily load scans falling below 94 percent. Additionally, the plant manager will oversee the daily and weekly scanning performance. Surface Visibility scanners will also be available to all dock employees, who will be retrained and held accountable for nonperformance.

For Logistics Operations, scanners will be checked in and out daily to reduce employees working without a scanner. Additionally, management will increase oversight and display daily scan scores at the facility to drive employee engagement and performance. Further, management will use data to identify employees that are not completing the scans.

Regarding recommendation 2, management stated Human Resources sent flyers to the surrounding plants and offices to increase awareness of the vacant positions. Additionally, the manager positions will be posted in eCareer starting May 10, 2022, for employees to submit applications.

Regarding recommendation 3, management stated that PVS hiring is being conducted at the headquarters level and tracked by Human Resources. Positions are posted nationally on the Postal Service's website and eCareer in one-week intervals. Further, Human Resources and Headquarters Logistics management will be working with the Brand Marketing and Recruitment staff to ensure marketing strategies align with national job postings.

Evaluation of Management's Comments

The OIG considers management's comments responsive to the recommendations in the report. 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.

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19 *Postal Operations Manual,* paragraph 534.21 Administrative Officials' Actions – Review.
20 *The Truck Driver Shortage: Implications for the Postal Service* (Report Number RISC-WP-22-002, dated March 7, 2022).

Appendix A: Additional Information

We conducted this audit from March through May 2022, in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. We discussed our observations and conclusions with management on April 27, 2022, and included their comments where appropriate.

We relied on computer-generated data from the EDW and SVWeb. Although we did not test the validity of controls over these systems, we assessed the accuracy of the data by reviewing existing information, comparing data from other sources, observing operations, and interviewing Postal Service officials knowledgeable about the data. Therefore, we determined the data were sufficiently reliable for the purposes of this report.

Appendix B: Management's Comments

UNITED STATES POSTAL SERVICE

May 5, 2022

JOHN CIHOTA
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Management Response: Draft Report – Efficiency of Operations at the Indianapolis IN, Processing and Distribution Center (Project Number 22-080-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, Efficiency of Operations at the Indianapolis IN, Processing and Distribution Center.

Management agrees with Finding #1: Load Scans

Management agrees with Finding #2: Vacant MDO and SDO Positions

Management agrees with Finding #3: Late and Cancelled Outbound Trips

Following are our comments for each of the three recommendations.

Recommendation [1]:

We recommend the **Acting Westshores Division Director, Processing Operations,** and **Westshores Division Director, Logistics,** review load scan performance daily and discuss proper scanning procedures with personnel who are not performing load scans consistently.

Management Response/Action Plan:
Management **agrees** with this recommendation.

Operations: Starting April 30, 2022, local management started tracking and discussing scanning performance with the Indianapolis P&DC managers daily. Managers must address when their load scan for a particular day falls below 94%. SV scanners will be made available to all dock employees. All dock employees will be retrained and held accountable for nonperformance. The Plant Manager will oversee the daily and weekly performance.

Logistics: A check in check out process for scanners will reduce employees working without a scanner. Daily scan scores will be displayed to drive employee engagement. Data will be used to drill down to the individual employees to address front line issues. Additional process management and oversite will drive employee performance in the scanning process.

Target Implementation Date: 04/30/2022

Responsible Official:
Plant Manager, Indianapolis P&DC
Logistic Manager, Indianapolis P&DC

Recommendation [2]:

We recommend the **Acting Westshores Division Director, Processing Operations,** identify and implement additional strategies to fill the open Manager of Distribution Operations and Supervisor of Distribution Operations positions.

Management Response/Action Plan:
Management agrees with this recommendation.

Human Resource has sent flyers to the Indianapolis Plants and surrounding Associate offices to be posted in their facilities for the vacant EAS positions. The Flier informs employees on how to get to the links where there are prerecorded classes on interviewing skills and preparing an eCareer Application.

All vacant EAS Level 17 SDOs positions at the Indy MPA and P&DC have been submitted for posting. They will be in eCareer starting Tuesday, May 10, 2022, for employees to submit applications. The Level 20 MDO on Tour 3 has also been submitted and will be active in eCareer starting Tuesday, May 10, 2022.

Target Implementation Date: 04/30/2022

Responsible Officials:
Manager, Field Human Resources, Indianapolis IN
Plant Manager, Indianapolis P&DC

Recommendation [3]:

We recommend the **Westshores Division Director, Logistics,** coordinate with **Headquarters Logistics and Human Resources** to identify and implement additional strategies to increase the number of Postal Vehicle Service drivers at the Indianapolis Processing and Distribution Center.

Management Response/Action Plan:
Management agrees with this recommendation.

MVS hiring is conducted at a HQ National level for all MVS sites. This consist of HRSSC posting positions nationally on USPS.com/eCareer to the site level. Postings are up for one week intervals and viable candidates within said posting are then pushed to the local TANS or designee to conduct the interview. All Hiring is tracked by HRSSC.

In addition to the above, HRSSC and HQ Logistics is working with Brand Marketing and Recruitment to ensure continued marketing strategies align with national job postings.

Target Implementation Date: 04/30/2022

Responsible Official:
Westshores Division Director, Logistics

Frank M Vee

A/Sr. Division Director, Processing Operations

cc: Manager, Corporate Audit Response Management

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