



March 13, 2008

MANUEL ARGUELLO
ACTING DISTRICT MANAGER, RIO GRANDE DISTRICT

SUBJECT: Audit Report – Delayed Mail at the Waco Processing and Distribution Facility (Report Number NO-AR-08-002)

This report presents the results of our self-initiated¹ audit of delayed mail at the Waco Processing and Distribution Facility (P&DF) (Project Number 07XG038NO000). Our objective was to determine whether the Waco P&DF processed mail in a timely manner. Please refer to [Appendix A](#) for additional information about this audit.

Conclusion

The Waco P&DF has significantly reduced the amount of delayed mail, but continues to have difficulties with the timely processing of Standard Mail®, resulting in delays. The following summarizes our findings and recommendations regarding the timeliness of mail processing at the Waco P&DF.

Timeliness of Mail Processing at the Waco Processing and Distribution Facility

Since fiscal year (FY) 2005, the Waco P&DF has had difficulties with the timely processing of Standard Mail, resulting in mail delays.² The Waco P&DF has significantly reduced the amount of delayed mail since March 2007. (See [Appendix B](#).) However, the Waco P&DF continues to experience periods with relatively high volumes of delayed Standard Mail in September and October of 2007 and compared to similarly-sized facilities. (See [Appendixes B and C](#).)

¹ In June 2007, the U.S. Postal Service Office of Inspector General (OIG) Office of Investigations responded to Congressional allegations that Waco P&DF management intentionally delayed and misreported delayed mail volumes. OIG investigators reviewed these allegations and found evidence of delayed mail, but found no evidence of intentional delays or misreporting. They closed this case on July 27, 2007.

² Although we looked at all classes of mail, we found that only Standard Mail had significant volumes of delayed mail. Delays in all other mail classes combined represented only about 8 percent of all delayed mail during FY 2007. We found that First-Class and Priority Mail® were being processed in a timely manner, often ahead of the clearance time.

- In FY 2005, the Waco P&DF had 4.3 million pieces of delayed mail. By FY 2007, total delayed mail volumes had increased more than tenfold, to 47 million pieces.
- The bulk of this increase was in Standard Mail, which increased from approximately 3 million pieces in FY 2005 to more than 44 million pieces in FY 2007.
- In FY 2005, the Waco P&DF's delayed mail volumes ranked 18th out of 49 Group 5 facilities.³ By FY 2007, this ranking had fallen to last among the 49 facilities. ([See Appendix C.](#))

The U.S. Postal Service has well-established criteria for timely mail delivery. 39 U.S.C. § 101, Part 1, Chapter 1, states that the Postal Service “. . . shall provide prompt, reliable, and efficient services to patrons in all areas. . .” In addition, the Postal Service Strategic Transformation Plan, dated September 2005, states, “The Postal Service will continue to provide timely, reliable delivery to every address at reasonable rates.”

Further, Postal Service Handbook PO-420, *Small Plant Best Practices Guidelines*, November 1999, requires that all facilities should have an operating plan showing mail arrival times. A facility uses its operating plan to efficiently process and move mail from one operation to the next and to determine operational start-ups and staffing levels. It also requires that supervisors ensure mail transport equipment is not allowed to accumulate.

In addition, the *webMCRS Training/User Guide*, September 24, 2007 states, “ALL mail volume, regardless of the amount, must be counted, in the respective categories, including On-Hand (OH), Plan Failure (PF), and delayed volume categories”

These problems occurred because:

- Management oversight was inadequate. From June 2004 through November 2007, the Waco P&DF had 10 plant managers and acting plant managers, and some managers had tours of 4 months or less.⁴
- The operating plan did not include a mail arrival profile, as required.⁵

³ Mail processing facilities are divided into seven groups according to mail volume, with Group 1 plants the largest and Group 7 plants the smallest.

⁴ Waco P&DF management has already taken action to correct these problems; therefore, we are not making recommendations on this issue.

⁵ An operating plan requires a current mail arrival profile, which is determined by the time the mail is received. The mail arrival profile is used to determine operational start-ups and staffing levels. (Handbook PO-420, *Small Plant Best Practices Guidelines*, November 1999, Chapter 5.)

- Employees allowed empty mail transport equipment to accumulate, which prevented full use of the processing floor for staging and processing mail. (See [Appendix D](#), Illustration 1.)

We also found:

- The Waco P&DF had an insufficient number of managers.
- Management did not provide sufficient training on color-code procedures for processing mail in a timely manner.⁶
- Employees did not practice First-In, First-Out (FIFO) procedures when staging mail. On September 26 and October 30, 2007, we noted that employees were not processing mail in the order received and were not processing all mail in a timely manner. (See [Appendix D](#), Illustration 2.)

As a result of these deficiencies, Standard Mail was unnecessarily delayed. During the audit, Waco P&DF management took action to correct the latter three causes above. Therefore, we are not making any recommendations in these areas.

We recommend the Acting District Manager, Rio Grande District, direct the Plant Manager, Waco Processing and Distribution Facility, to:

1. Ensure supervisors oversee the processing and monitor delayed mail on a regular basis and develop action plans, if necessary, to ensure the timely processing of Standard Mail.
2. Develop and implement a mail arrival profile to align current staff assignments with mail flow as part of the operating plan.
3. Relocate accumulated mail transport equipment to allow full use of the mail processing floor.

Management's Comments

Management implemented the report recommendations. The District Manager stated training was conducted on February 15, 2008, for all plant managers, including the Waco P&DF, on critical processes. He further stated the Waco P&DF managers are monitoring operations and making adjustments as necessary to ensure minimal mail delay. He also indicated the Waco P&DF mail arrival profile was updated in January 2008, and staff realignment will be completed by September 2008. Finally, management relocated excess mail transport equipment to a tent at the Waco P&DF

⁶ The Postal Service uses color-coding to facilitate the timely processing, dispatch, and delivery of Standard Mail to meet established service standards. The purpose of color-coding is to sequence the mail to ensure FIFO processing.

and have procedures in place to excess this equipment to the Mail Transport Equipment Service Center. We have included management's comments, in their entirety, in [Appendix E](#).

Evaluation of Management's Comments

Management's comments are responsive to our recommendations. Management's actions taken and planned should correct the issues identified in the report.

Other Matters: Web Mail Condition Reporting System Issues

The Postal Service uses the WebMCRS, formerly the *Daily Mail Condition Report*, as a repository for information on the results of mail processing operations. We noted that at the Waco P&DF, PFs were not being counted and recorded properly.⁷ For example:

- On more than one occasion, employees did not correctly count the mail. For example, on September 26, 2007, a Supervisor, Distribution Operations (SDO) at the Waco P&DF recorded mail as PF on a previous day, but did not count it as PF on the following day's report. However, the SDO at the Waco Annex correctly counted and recorded PFs each day the mail was still in the building.
- On September 26, 2007, a SDO at the Waco P&DF used a blank piece of paper to record mail counts. Several days later, the SDO used a preprinted count form developed at the Waco P&DF. On October 31, 2007, another SDO used a scratch sheet of paper to document the mail count.
- A SDO counted the number of individual trays of mail and noted this number on the count sheet. However, since most of the mail trays were not filled to capacity, we determined that the entries entered into WebMCRS overstated the actual volume. In addition, an entire section of mail (sectional center letters) was not counted on the day of our observations.
- On October 31, 2007, a SDO did not count mail as delayed when the mail had been counted as delayed the previous day.

These problems occurred because:

- Training was insufficient.
- There was no standardized form for recording the daily mail count.
- Definitions of PF or delayed processing were misinterpreted.

As a result, Waco P&DF management could not rely on data in the WebMCRS to achieve operational targets or analyze trends. Following our discussion of this issue at

⁷ A PF occurs when committed mail is entered into a line item operation prior to its critical entry time but is not processed by the line item operation clearance time.

the exit conference, area staff provided WebMCRS and color code training to employees at the Waco P&DF on November 14 and 15, 2007. In addition, P&DF management implemented the use of standard forms at the Waco P&DF and the Waco Annex to record daily mail counts.

We appreciated the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Robert J. Batta, Director, Network Processing, or me at (703) 248-2100.

E-Signed by Colleen McAntee 
VERIFY authenticity with Approve!


Colleen A. McAntee
Deputy Assistant Inspector General
for Mission Operations

Attachments

cc: Patrick R. Donahoe
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APPENDIX A: ADDITIONAL INFORMATION

BACKGROUND

The Waco P&DF is located in the Rio Grande District of the Southwest Area. The Waco P&DF also has a nearby annex (Waco Annex) which processes mail. The Rio Grande District consists of facilities at Waco, Austin, Corpus Christi, San Antonio, El Paso, Midland, and McAllen, Texas. The Waco P&DF workload for FY 2007 was over 339 million first handling pieces processed using approximately 395,000 workhours.

The Postal Service considers mail delayed when it is not processed or dispatched to meet its programmed delivery day. The Postal Service recognizes that some delayed mail is expected and rates the most successful small plants as those with an average delayed mail volume of 4,000 or fewer pieces. The Postal Service defines a service standard as:

A stated goal for service achievement for each mail class. A service standard represents the level of service that the United States Postal Service strives to provide its customers. . . .⁸

OBJECTIVE, SCOPE, AND METHODOLOGY

Our objective was to determine whether the Waco P&DF processed mail in a timely manner. To achieve this objective, we observed processing operations at the Waco P&DF and the Waco Annex during the week of September 24 and again the week of October 29, 2007; analyzed mail volume, service scores, and delayed mail trends; and interviewed Postal Service officials and employees. We used computer-processed data from the following systems:

- Web Enterprise Information System
- Web End-of-Run System
- WebMCRS
- Management Operating Data System (MODS)
- Enterprise Data Warehouse

We did not test controls over these systems. However, we checked the reasonableness of results by confirming our analyses and results with Postal Service managers and multiple data sources. In addition, an OIG review of MODS concluded that the data contained in this system was valid and reliable at the plant level.⁹

We conducted this performance audit from July 2007 through March 2008 in accordance with generally accepted government auditing standards and included such

⁸ The standards allow for ranges by mail classes, as follows – Priority Mail: 1-3 days; First Class Mail: 1-3 days; Periodicals: 1-7 days; Package Services: 2-9 days; and Standard Mail: 3-10 days.

⁹ *Management Operating Data System* (Report Number MS-AR-07-003, dated August 21, 2007).

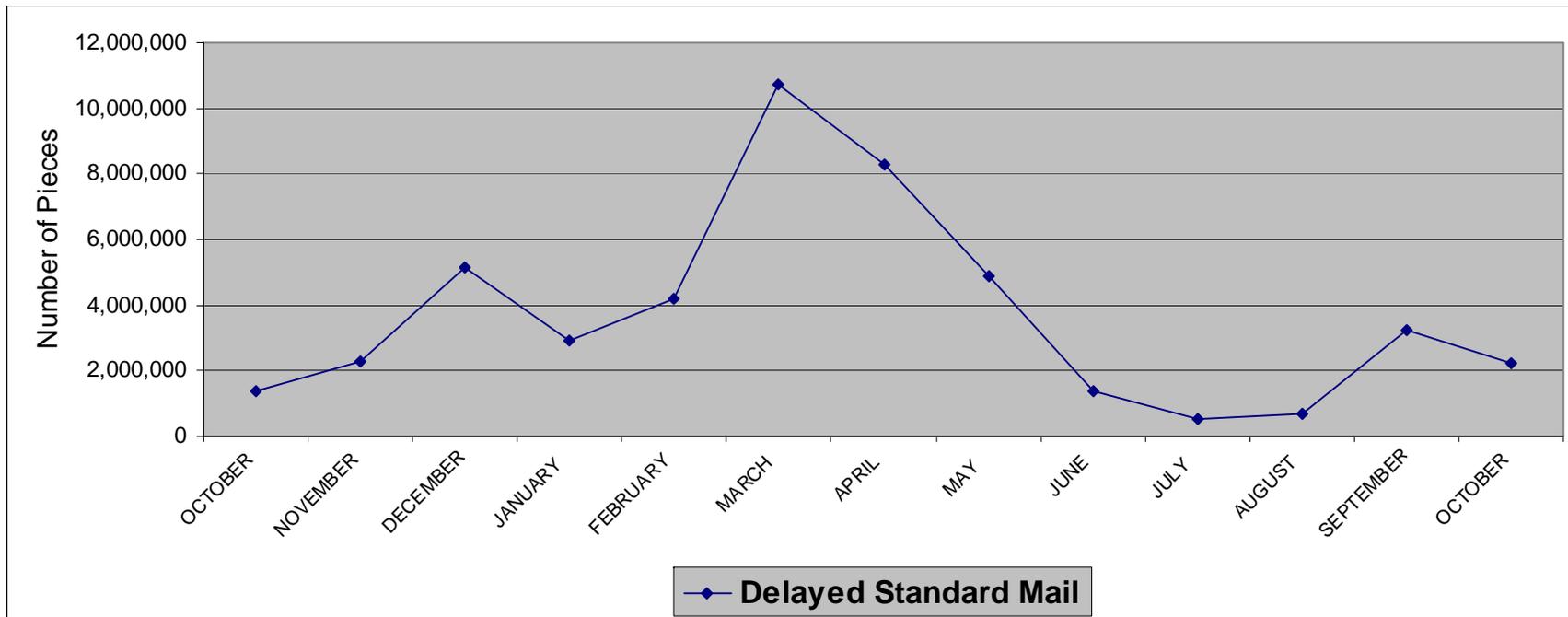
tests of internal controls as we considered necessary under the circumstances. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. We discussed our observations and conclusions with management officials on October 31, 2007, and included their comments where appropriate.

PRIOR AUDIT COVERAGE

Report Title	Report Number	Issued Date	Audit Recommendations
<i>Timeliness of Mail Processing at the Chicago, Illinois Cardiss Collins Processing and Distribution Center</i>	NO-AR-07-012	September 28, 2007	We recommended management provide consistent, quality supervision and training; improve planning; make employees accountable; and continue monitoring and adjusting mail processing operations to ensure the timely processing of mail.
<i>Timeliness of Mail Processing at the Los Angeles, California Processing and Distribution Center</i>	NO-AR-07-001	February 9, 2007	We recommended management correct deficiencies in the processing of Periodicals and Standard Mail.
<i>Mail Processing at the Southeastern Pennsylvania Processing and Distribution Center</i>	NO-AR-07-007	August 6, 2007	We recommended management implement procedures for finalizing the Southeastern Processing and Distribution Center's working mail at other facilities when volume exceeds capacity and instruct plant managers to process mail using the FIFO method.

APPENDIX B

TOTAL DELAYED STANDARD MAIL AT THE WACO P&DF OCTOBER 2006 THROUGH OCTOBER 2007¹⁰



Delayed Standard Mail volumes decreased from over 10.7 million mailpieces in March 2007 to about 700,000 in August 2007, a decline of more than 93 percent in 5 months. However, the Waco P&DF continues to experience relatively high degrees of delayed mail as shown in September and October of 2007.

¹⁰ We added October 2007 to the FY 2007 data to show a decrease in delayed mail during our fieldwork.

APPENDIX C

**DELAYED PROCESSING TRENDS, FY 2005 – 2007
WACO P&DF MAIL VOLUME COMPARED TO GROUP 5 AVERAGE¹¹**

Delayed Processing Trend – All Classes			
	FY 2005	FY 2006	FY 2007
Group 5 Average	11,685,446	13,175,009	12,648,299
Waco P&DF	4,344,218	16,749,706	47,762,592
Delayed Processing Ranking – All Classes			
	FY 2005	FY 2006	FY 2007
Waco P&DF	18th out of 49	35th out of 49	49th out of 49
Delayed Processing Trend – Standard Mail			
	FY 2005	FY 2006	FY 2007
Group 5 Average	9,550,006	10,851,221	10,675,696
Waco P&DF	2,704,044	14,937,715	44,192,539
Delayed Processing Ranking – Standard Mail			
	FY 2005	FY 2006	FY 2007
Waco P&DF	14th out of 49	38th out of 49	49th out of 49

¹¹ There are 49 plants in Group 5.

APPENDIX D

MAIL PROCESSING AT THE WACO ANNEX



Illustration 1: Empty mail transport equipment staged on the Waco Annex processing floor.



Illustration 2: Mail containers with color-coded tags showing multiple colors of unprocessed Standard Mail at the Waco Annex. Mail was not staged by colors and was not processed using the FIFO method.

APPENDIX E

MANAGEMENT'S COMMENTS

DISTRICT MANAGER, CUSTOMER SERVICE & SALES
RIO GRANDE DISTRICT



February 15, 2008

LUCINE WILLIS
ACTING DIRECTOR
AUDIT OPERATIONS
1735 NORTH LYNN STREET
ARLINGTON VA 22209-2020

SUBJECT: Delayed Mail at the Waco P&DF – Report #NO-AR-08-DRAFT

The following responses are submitted:

1. RECOMMENDATION: Ensure supervisors oversee the processing and monitor delayed mail on a regular basis and develop action plans, if necessary, to ensure the timely processing of standard mail.

RESPONSE: The District conducted training on critical processes on February 15, 2008, for all Plant Managers, including Waco. Our Managers and Supervisors on the work room floor are expected to adhere to these critical processes that are designed to provide excellent service to our customers while making budget challenges. The Plant Manager, along with his direct reports, review the daily mail condition report, and adjust operations as needed to meet the operating plan and reduce the possibility of delayed mail.

2. RECOMMENDATION: Develop and implement a mail arrival profile to align current staff assignments with mail flow as part of the operating plan.

RESPONSE: A mail arrival profile has been completed. Input into the Mail Processing Operating Plan System (MPOPS) was completed in January 2008. Realignment of the staffing to match the mail arrival profile is in process. The workforce will be realigned by September 30, 2008.

3. RECOMMENDATION: Relocate accumulated mail transport equipment to allow full use of the mail processing floor.

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FAX (210) 368-6511

-2-

RESPONSE: A portable tent was purchased and installed at the P&DF to accommodate excess MTE and to clear up the processing floor. In addition, weekly tasks have been created at the annex to keep this MTE prepped and shipped to the MTSEC to allow for more workroom floor space. The actual location at the annex has not changed at this time.



Bruno L. Tristán

cc: Ellis Burgoyne
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