



August 14, 2008

LINDA J. WELCH
DISTRICT MANAGER, DALLAS CUSTOMER SERVICE DISTRICT

SUBJECT: Audit Report – Delayed Mail at the North Texas Processing and Distribution Center (Report Number NO-AR-08-006)

This report presents the results of our audit of delayed mail at the North Texas Processing and Distribution Center (P&DC) in Coppell, Texas (Project Number 07XG028NO000). Our objective was to determine whether the North Texas P&DC processed mail in a timely manner. This audit was conducted based on allegations of delayed mail at the North Texas P&DC. Click here to go to [Appendix A](#) for additional information about this audit.

Conclusion

During fiscal year (FY) 2007, the North Texas P&DC had difficulty with the timely processing of all types of mail, resulting in significant increases in delayed mail volumes. However, by March 2008, the North Texas P&DC had made significant progress in reducing the amount of delayed mail.

Timeliness of Mail Processing at the North Texas Processing and Distribution Center

We found the North Texas P&DC:

- Experienced a 206 percent increase in delayed mail in 1 year.¹ In FY 2006, delayed mail totaled 35.7 million mailpieces; by the end of FY 2007, it totaled 109.5 million mailpieces. [Click here](#) to go to Appendix B for our detailed analysis of this topic.

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

- Incurred delayed mail volumes at the end of FY 2007 that were the 6th highest out of 36 group one facilities.² [Click here](#) to go to Appendix B for details.

These delayed mail problems occurred because:

- Supervision was inconsistent.
- The operating plan did not include a current mail arrival profile, as required.³
- Employees did not use first-in, first-out (FIFO) procedures when staging mail. [Click here](#) to go to Appendix C for details.⁴
- Flat mail preparation operations were inadequately staffed. Employees who normally worked in flat mail preparation were often used to work on sack mail in the bulk mail center (BMC) or in other operations. [Click here](#) to go to Appendix D for details.
- The North Texas P&DC had bottlenecks of mail and equipment that often prevented trucks from leaving on time.

As a result of these deficiencies, mail at the North Texas P&DC was often delayed. This could result in late delivery and decreased customer satisfaction. However, during the audit, delayed mail volumes began to decline. Delayed mail for the first 6 months of FY 2008 averaged 5.7 million pieces monthly, a 53 percent decline from the average of 12.1 million delayed mailpieces experienced during the same period in FY 2007. With continued management attention and the implementation of our recommendations, delayed mail volumes at the North Texas P&DC should continue to decline.

We recommend the District Manager, Dallas Customer Service District, direct the Plant Manager, North Texas Processing and Distribution Center, to:

1. Ensure that supervisors oversee mail processing, monitor delayed mail regularly, and develop action plans, if necessary, to ensure the timely processing of mail.

² Mail processing facilities are divided into seven groups according to mail volume, with group one plants the largest and group seven plants the smallest.

³ An operating plan requires a current mail arrival profile, which is determined by the time of day that the facility receives mail. 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.)

⁴ The Postal Service uses a system of color-coding to facilitate the timely processing, dispatch, and delivery of Standard Mail to meet established service standards. Color-coding allows mail to be put in sequence to ensure FIFO processing. Mail is properly color-coded when it bears a color-code tag showing the date and time the mail arrived at the facility. If Standard Mail is mixed with a higher class of mail, it loses its identity and is considered upgraded and treated as the higher class of mail. (Postal Operations Manual, Issue 9, July 2002, updated with *Postal Bulletin* revisions through August 3, 2006, pages 213 through 217.)

2. Develop and implement a mail arrival profile to align current staff assignments with mail flow as part of the operating plan.
3. Ensure that Standard Mail and Periodicals are staged and processed using first-in, first-out procedures.
4. Rearrange Delivery Bar Code Sorters or move sort programs to different pieces of mail sorting equipment to eliminate bottlenecks in the dispatch of delivery point sequence mail.

We recommend that the District Manager, Dallas Customer Service District:

5. Direct that sack mail operations be returned to the Dallas Bulk Mail Center.

Management's Comments

Management agreed with the findings and recommendations in the report. As corrective actions, management established processes, began monitoring delayed mail, created action plans, implemented a mail arrival profile within the operating plan, adjusted staging areas, conducted training, and rearranged equipment. Management's comments, in their entirety, are included in [Appendix E](#).

Evaluation of Management's Comments

Management's actions were proactive, and the deficiencies identified in the report have been corrected. The U.S. Postal Service Office of Inspector General (OIG) considers management's comments responsive to the recommendations and management's corrective actions should resolve the issues identified in the report.

Other Matters: Web Mail Condition Reporting System Issues

The Postal Service uses the Web Mail Condition Reporting System (WebMCRS), formerly the *Daily Mail Condition Report*, as a repository for information on mail processing operations.⁵ During our observations at the North Texas P&DC, we noted that daily mail counts were not conducted consistently.

This problem occurred because:

- Management did not provide standardized training in how to conduct daily mail counts.
- Employees who counted mail used different methods to record delayed mail volumes.

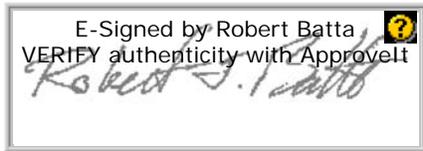
⁵ The WebMCRS Training/User Guide, dated September 24, 2007, states, "All mail volume, regardless of the amount, must be counted in the respective categories, including On-Hand, Plan Failure, and delayed volumes."

- The facility did not use a standardized form to record the daily mail count.

As a result, the North Texas P&DC may not be able to rely on WebMCRS data to achieve operational targets or analyze operational trends.

We did not make a recommendation on this issue because the Postal Service is in the process of issuing a new color-coding policy. The new policy along with the associated training should address this consistency issue.

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



Robert J. Batta
Deputy Assistant Inspector General
for Mission Operations

Attachments

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APPENDIX A: ADDITIONAL INFORMATION

BACKGROUND

The North Texas P&DC, located in Coppell, Texas, is part of the Dallas Customer Service District of the Southwest Area. In FY 2007, the North Texas P&DC processed more than 1.65 billion first handling pieces (FHP) using approximately 2.23 million workhours. From FYs 2004 to 2007, the national trend was a 1 percent decrease in FHP; however, in the same period, FHP at the North Texas P&DC increased by more than 9 percent. The OIG initiated this audit based on allegations of delayed mail at the North Texas P&DC.

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. 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. . . .⁶

OBJECTIVE, SCOPE, AND METHODOLOGY

Our objective was to determine whether the North Texas P&DC processed mail in a timely manner. To achieve this objective, we observed processing operations at the North Texas P&DC from December 2007 through January 2008; 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)

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 concluded that MODS data were valid and reliable for the purposes for which the Postal Service uses the data.⁷

We conducted this performance audit from May 2007⁸ through August 2008 in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. Those

⁶ The standards allow for ranges by mail classes: 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.

⁷ *Management Operating Data System* (Report Number MS-AR-07-003, dated August 6, 2007).

⁸ The audit project was suspended because of other priorities, and a second entrance conference was conducted on October 29, 2007, when fieldwork resumed.

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 February 20, 2008, and included their comments where appropriate.

PRIOR AUDIT COVERAGE

The table below lists four reports issued by the OIG on the subject of delayed mail.

Report Title	Report Number	Final Report Date	Report Results
<i>Delayed Mail at the Waco Processing and Distribution Facility</i>	NO-AR-08-002	March 13, 2008	We recommended management ensure that supervisors oversee mail processing, monitor delayed mail regularly, and develop action plans, if necessary, to ensure the timely processing of Standard Mail; develop and implement a mail arrival profile; and relocate accumulated mail transport equipment to allow full use of the mail processing floor.
<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, high-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 sending mail to other facilities for final processing when volume at the Southeastern P&DC exceeds capacity, and instruct plant managers to process mail using the FIFO method.

**APPENDIX B: TIMELINESS OF MAIL PROCESSING
AT THE NORTH TEXAS PROCESSING AND DISTRIBUTION CENTER**

In FY 2006, the North Texas P&DC had a total of 35.7 million pieces of delayed mail. By the end of FY 2007, total delayed mail volumes had increased to more than 109.5 million pieces, a 206 percent increase. At other group one plants, delayed mail volume decreased by an average of 20 percent during the same period. See the tables below for details.

**Table 1.
Comparison of Delayed Mail Processing at North Texas P&DC
to Other Group 1 Plants, FY 2006 to FY 2007**

Delayed Mail Volumes at North Texas P&DC	Total Delayed Mail
FY 2006	35,771,361
FY 2007	109,482,417
Percentage change, FY 2006 to FY 2007	+206.06%
Total Delayed Mail Volumes at Group 1 Plants (Excluding North Texas P&DC)	Total Delayed Mail
FY 2006	2,789,901,768
FY 2007	2,227,869,316
Percentage change, FY 2006 to FY 2007	-20.15%

Table 2
Changes in Delayed Processing of Mail at North Texas P&DC
From FYs 2006 to 2007

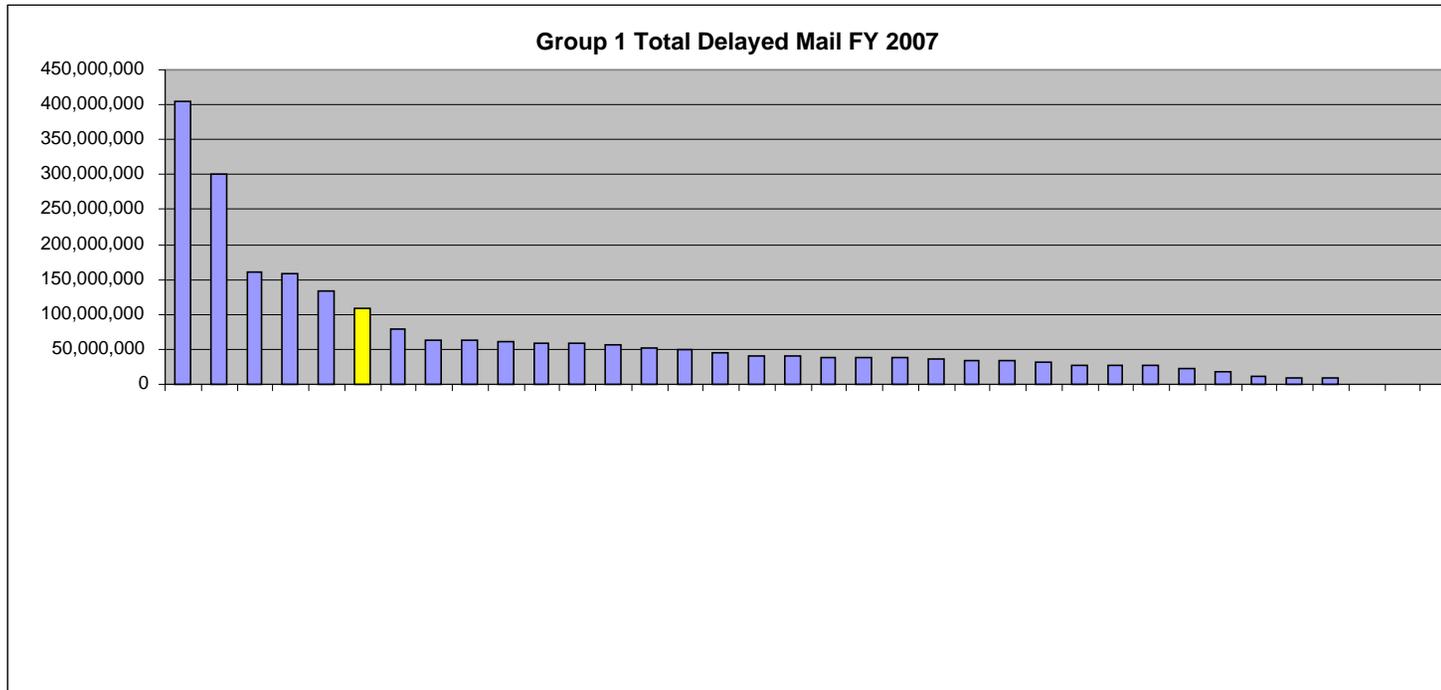
	Flats and Periodicals	Letters	Priority Mail and Packages	Totals
Delayed mail in mailpieces, FY 2006	22,808,646	12,903,703	59,012	35,771,361
Delayed mail in mailpieces, FY 2007	49,920,165	59,499,472	62,780	109,482,417
Percentage difference between FYs 2006 and 2007	+118.87%	+361.10%	+6.39%	+206.06%

Table 3
Average Total Delayed Mail at North Texas P&DC for
First 6 Months of FY 2007 Compared to Same Period FY 2008

	October 1, 2006, through March 31, 2007	October 1, 2007, through March 31, 2008
Total delayed mail in mailpieces	72,536,331	34,082,526
Number of months	6	6
Average delayed mailpieces per month for first 6 months of each FY	12,089,389	5,680,421
Percentage reduction in delayed mail between first 6 months of FY 2007 and same period FY 2008		53

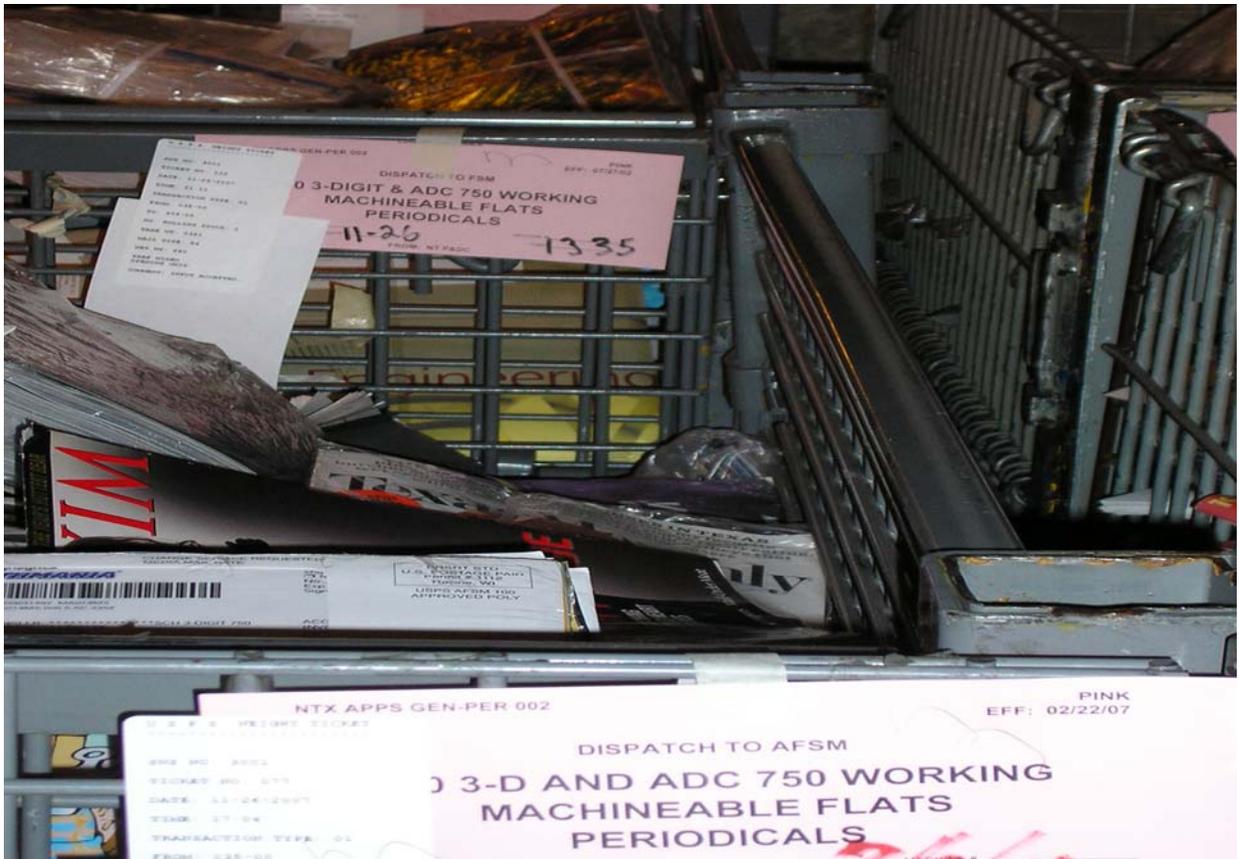
Table 4

FY 2007 Total Delayed Mail at Group 1 Facilities



APPENDIX C: OBSERVATIONS OF FLAT MAIL PROCESSING AT THE NORTH TEXAS PROCESSING AND DISTRIBUTION CENTER

On Thursday, November 29, 2007, between 4:00 p.m. and 10:00 p.m., auditors observed staged flat mail at the North Texas P&DC. In the mail preparation area by the Automated Package Processing System (APPS), we noted four wire containers of Periodical mail dated November 26, 2007, and 14 wire containers of Periodical mail dated November 27, 2007. We also observed a mail handler pulling one wire container of Periodical mail dated November 28, 2007, and proceeding to the flat mail preparation area to process that mail. This observation showed that the North Texas P&DC was not using the FIFO method to process Periodicals mail.



From 11:00 p.m. on Thursday, December 6, to 1:45 a.m. on Friday, December 7, 2007, auditors observed staged flat mail at the North Texas P&DC. We noted that 15 Ergo carts or wire containers (containing flat buckets) were prepared and ready for processing on the Automated Flat Sorting Machine (AFSM). Ten of these containers were labeled "12/4 Periodicals," three were labeled "12/5

During the same period, near the APPS area, we found at least 66 containers of delayed mail. These containers held Periodicals mail and were dated December 3 through 6, 2007. This observation also showed that mail was commingled and not staged using the FIFO method.



We also observed 100 wire containers of flat mail that had been processed on the APPS and staged in the annex¹⁰ area. This mail was ready for flat mail preparation before it was processed on the AFSMs. In the photograph below, Friday (yellow) Standard Mail was stored in front of older Standard Mail with Wednesday (green) processing tags.

The mail containers were not organized to facilitate FIFO processing, and some older mail was stacked in rows that were five containers deep. Wire containers for Standard Mail were intermingled with containers for Periodicals mail, and dates and colors were dispersed among the staged containers. We observed Tuesday (orange) mail staged behind two other containers of newer mail. The Tuesday mail had been placed against a solid rail and could not be taken for

¹⁰ The Annex to the North Texas P&DC is an addition to the original building. It houses cancellation operations and provides additional floor space for working or storing mail.

processing unless the newer containers in front were moved out of the way. Some of this mail was delayed.



APPENDIX D: SACK MAIL FROM DALLAS BULK MAIL CENTER PROCESSED AT NORTH TEXAS PROCESSING AND DISTRIBUTION CENTER

The North Texas P&DC processed some sacks of Periodicals mail that had been processed at the Dallas BMC until 4 years ago. At that time, the former district manager moved sack mail processing to the North Texas P&DC in an effort to address customer complaints about mail service from the Dallas BMC. The North Texas P&DC processed this mail on a manual belt built specifically for this operation.

Management at the North Texas P&DC stated that the facility did not receive any additional staff when the operation was moved. The operation uses about 32 workhours daily. Management said these hours could be better used to address staffing shortages in flat mail preparation.

APPENDIX E: MANAGEMENT'S COMMENTS

SR. PLANT MANAGER
NORTH TEXAS P&DC



July 8, 2008

LUCINE WILLIS
DIRECTOR, AUDIT OPERATIONS
OFFICE OF INSPECTOR GENERAL

SUBJECT: Review of Delayed Mail at the North Texas Processing and
Distribution Center (Report Number NO-AR-08-DRAFT)

This letter is in response to report number NO-AR-08-DRAFT generated from
project number 07XG028NO000 in which a review was conducted on delayed
mail volumes at the North Texas Processing and Distribution Center.

I am in agreement to the findings identified by the report. In response to the audit
and meetings with the Office of Inspector General (OIG) we have implemented
the following to address the recommendations brought to our attention:

1. "Ensure that supervisors oversee mail processing, monitor delayed mail
regularly, and develop action plans, if necessary, to ensure the timely
processing of mail."
 - o Since the audit, we have assigned a supervisor to the flats prep
area on a consistent basis and have implemented a process to
track volumes prepped within the flats prep operation. This assists
the supervisor in tracking the amount of workload remaining in the
unit. Additionally, all delayed mail volumes are recorded in the Mail
Condition Reporting System and discussed on a daily basis in our
morning teleconference. My Managers of Distribution Operations
(MDO) are tasked with creating action plans geared towards the
prompt processing of volumes quantified as delayed.
2. "Develop and implement a mail arrival profile to align current staff
assignments with mail flow as part of the operating plan."
 - o Our mail arrival is governed by systems such as Transportation
Information Management Evaluation and Facility Access Shipment
Tracking (FAST) systems where all mail volumes arrive at the

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facility based upon defined operating windows. Based upon the arrival of workload, our plant operations plan on staffing.

3. "Ensure that Standard Mail and Periodicals are staged and processed using first-in, first-out procedures."
 - o We now have defined areas for staging of Standard and Periodical mail volumes geared towards processing these mail volumes in the first-in, first-out manner. We also have trained our supervisors and craft employees on how to arrange mail volumes in these areas such that the oldest mail in the operation can be easily identified.
4. "Rearrange Delivery Bar Code Sorters or move sort programs to different pieces of mail sorting equipment to eliminate bottlenecks in the dispatch of delivery point sequence mail."
 - o Recently, we have rearranged our automation area and relocated our Delivery Bar Code Sorters closer to the dock area. Additionally we place those ZIP Codes with the heaviest delivery point sequence mail volumes on the machines closest to the dock to ensure timely dispatch.
5. "Direct that sack mail operations be returned to the Dallas Bulk Mail Center."
 - o The events surrounding the Periodical Sacks is as follows:
 - Periodical Sacks were processed at the North Texas P&DC up until the time the Sack Sorting Machine (SSM) was removed.
 - Upon removal of the SSM, we shifted the Periodical Sacks to the Dallas Bulk Mail Center for processing. Once processed the mail was shipped back to North Texas in order to meet dispatches to our Periodical hubs.
 - We had multiple complaints regarding service related to these Periodical Sacks thus forcing us to relocate these volumes back to North Texas and begin processing these volumes manually.
 - o With that said, we have requested a piece of mechanized equipment named the Low Cost Universal Sorter (LCUS) which will assist us in the timely and efficient processing of these mail volumes.

Please let me know if there are any questions or comments surrounding the responses detailed above.



Tim Vierling

cc: Ellis Burgoyne
Linda Welch
David Williams