



OFFICE OF  
**INSPECTOR  
GENERAL**  
UNITED STATES POSTAL SERVICE

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**Timely Processing of Mail at the  
Richmond, VA Processing and  
Distribution Center**

**Audit Report**

September 13, 2011

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Report Number NO-AR-11-008



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# HIGHLIGHTS

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***IMPACT ON:***

Excessive delayed mail adversely impacts mailers and Postal Service customers.

***WHY THE OIG DID THE AUDIT:***

While conducting a concurrent review of the U.S. Postal Service's performance during the 2010 Fall Mailing Season, we observed mail processing operations at some Postal Service mail processing facilities with high delayed mail volumes. As a result, in March 2011 we reviewed Richmond Processing & Distribution Center (P&DC) operations and communicated preliminary recommendations to Richmond P&DC management. Because of the magnitude of problems observed, we decided to issue a separate report on the Richmond P&DC to facilitate and expedite corrective action.

***WHAT THE OIG FOUND:***

The Richmond P&DC experienced difficulties with timely processing of mail during fiscal year (FY) 2010 and Quarter 1 of FY 2011. Delayed mail volume rose from 22.6 million pieces to 54.2 million over a two year period. This represented an increase in delayed mail volume of more than 139 percent, while similar-sized facilities decreased delays by 3 percent over the same period. The causes for the excessive delayed mail were inadequate staffing and supervision, low mail throughput on machines, and failure to consistently

color-code arriving mail. Other causes included not accurately identifying and reporting delayed mail, and mail damage caused by poor packaging.

***WHAT THE OIG RECOMMENDED:***

We recommended the district manager, Richmond District, promptly assess the current mail volume and swiftly adjust workhours, assignments, sort plans, transportation, and other operational requirements to ensure the Richmond P&DC meets customer and service commitments.

***WHAT MANAGEMENT SAID:***

Management agreed with the recommendations and indicated they have created a Lean Six Sigma team to address delayed mail concerns and developed a scheduling model to assist plant management in aligning resources with workload. Management has also filled vacant craft positions and appointed a new plant manager. To increase machine run times, plant management established daily tracking mechanisms to monitor machine throughputs, runtime, and productivities.

***AUDITORS' COMMENT:***

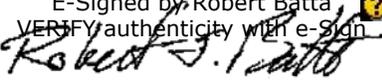
The OIG considers management's comments responsive to the recommendations and the corrective actions should resolve the issues identified in the report.

[\*Link to review the entire report\*](#)



September 13, 2011

**MEMORANDUM FOR:** JACOB L. CHEEKS  
DISTRICT MANAGER  
RICHMOND CUSTOMER SERVICE DISTRICT

E-Signed by Robert Batta  
VERIFY authenticity with e-Sign  


**FROM:** Robert J. Batta  
Deputy Assistant Inspector General  
for Mission Operations

**SUBJECT:** Audit Report – Timely Processing of Mail at the Richmond,  
VA Processing and Distribution Center  
(Report Number NO-AR-11-008)

This report presents the results of our audit on the timeliness of mail processing at the Richmond, VA Processing and Distribution Center located in the Richmond District in the Capital Metro Area (Project Number 11XG038NO000).

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.

#### Attachments

cc: Megan J. Brennan  
David C. Fields  
Frank Neri  
Isaac S. Cronkhite  
Deborah Giannoni-Jackson  
Corporate Audit and Response Management

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## Introduction

This report presents the results of our audit on the timely processing of mail at the Richmond, VA Processing and Distribution Center (P&DC) located in the Richmond District in the Capital Metro Area (Project Number 11XG038NO000). This self-initiated audit addresses operational risk. Our objective was to determine whether mail at the Richmond P&DC is processed in a timely manner. See [Appendix A](#) for additional information about this audit.

While conducting a concurrent review of the U.S. Postal Service's performance during the 2010 fall mailing season, we observed mail processing operations at some Postal Service mail processing facilities with high delayed mail volumes. As a result, in March 2011, we reviewed Richmond P&DC operations. Because of the magnitude of conditions observed, we decided to issue a separate report on the Richmond P&DC to facilitate and expedite corrective action.

## Conclusion

The Richmond P&DC experienced difficulties with the timely processing of mail during fiscal year (FY) 2010 and Quarter 1, FY 2011. This condition led to significant mail delays in First-Class Mail<sup>®</sup> (FCM), Periodicals, and Standard Mail<sup>®</sup> classes and service declines. The primary causes for the excessive delayed mail were inadequate staffing and supervision, low mail throughput on machines, failure to consistently color-code arriving mail,<sup>1</sup> and inaccurate identification and reporting of delayed mail. Also, mail damage from poorly packaged mail resulted in delayed processing of flat mailpieces. During the audit management began to take corrective action in a number of areas.

## Delayed Mail Trends and Site Comparisons

Delayed mail volume at the Richmond P&DC has increased significantly over the last couple of years. Delayed mail volume rose from more than 22.6 million pieces in Quarter 1, FY 2009, to approximately 54.2 million pieces in Quarter 1, FY 2011. This represented an increase in delayed mail volume of more than 139 percent, while similar-size facilities decreased delays by 3 percent and all facilities decreased by 2 percent during the same period (see Table 1).

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<sup>1</sup> Mail containers did not always have color-code tags and the tags often did not contain the date and time. Not properly completing color codes prohibited accurate reporting and made adherence to processing mail on a first-in, first-out basis difficult.

**Table 1: Delayed Mail Trends, Quarter 1, FY 2009 to Quarter 1, FY 2011**

	Richmond P&DC	Average of Similar-Size Facilities	All Facilities
Quarter 1, FY 2009 Mail Volume	██████████	██████████	██████████
Quarter 1, FY 2011 Mail Volume	██████████	██████████	██████████
Delayed Mail Volume Change	██████████	██████████	██████████
Percentage Change	139.65%	-2.92%	-2.03%

Standard Mail accounted for close to 95 percent of all delayed mail at the Richmond P&DC. Periodicals and Standard delayed mail increased by 2,495 percent and 131 percent, respectively, from Quarter 1, FY 2009 to Quarter 1, FY 2011 (see Table 2).

**Table 2: Richmond P&DC Delayed Processing Trends by Mail Class**

	Priority	FCM	Periodicals	Standard	Packages	Total
Quarter 1, FY 2009	██████████	█	██████████	██████████	██████████	██████████
Quarter 1, FY 2011	██████████	██████████	██████████	██████████	█	██████████
Percentage Change	37%	NA	2,495%	131%	-100%	140%

For FY 2010, the Richmond P&DC had the highest percentage of delayed mail as a percentage of first-handled pieces (FHP) volume among similar-sized facilities. Percentages ranged from 11.69 percent to .29 percent with an average of 3.9 percent (see Table 3).

**Table 3: Richmond P&DC Delayed Processing as a Percent of FHP for FY 2010  
Compared to Similar-Sized Facilities**

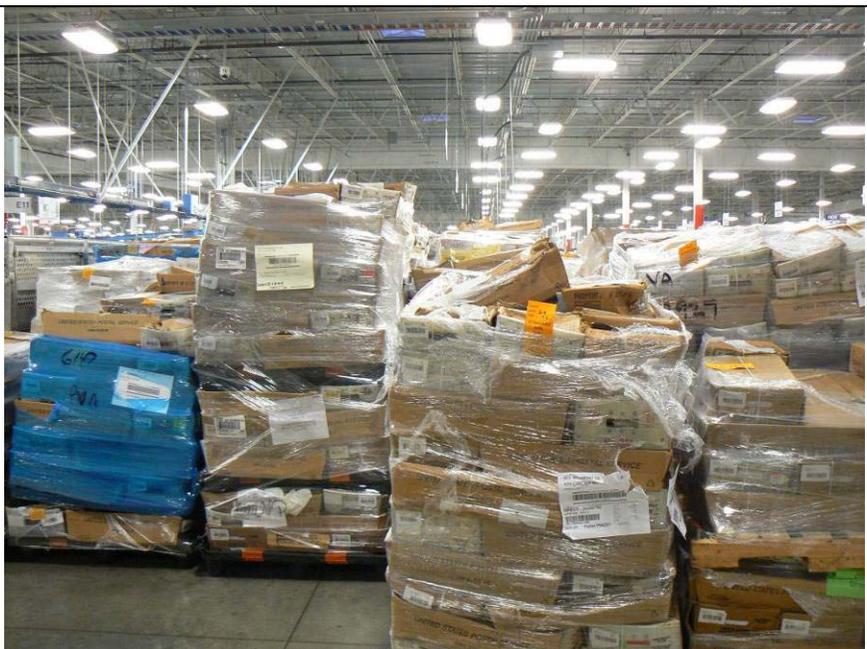
<b>Ranking</b>	<b>Facility</b>	<b>Percent of FHP</b>
1	Richmond P&DC	11.69%
2	Michigan Metroplex P&DC	11.05%
3	Pittsburgh P&DC	9.82%
4	St. Louis MO P&DC	9.80%
5	Milwaukee P&DC	8.28%
6	Cincinnati P&DC	7.59%
7	Columbus P&DC	7.57%
8	Nashville P&DC	7.14%
9	Cleveland P&DC	6.59%
10	Philadelphia P&DC	5.61%
11	Salt Lake City P&DC	5.60%
12	North Metro P&DC	5.43%
13	Oakland P&DC	5.12%
14	Charlotte P&DC	4.57%
15	Chicago P&DC	3.98%
16	Indianapolis P&DC	3.69%
17	Mid-Island P&DC	3.60%
18	Atlanta P&DC	3.28%
19	Baltimore P&DC	3.19%
20	North Houston P&DC	3.18%
21	Jacksonville P&DC	3.07%
22	Sacramento P&DC	3.07%
23	Palatine P&DC	2.81%
24	Carol Stream P&DC	2.81%
25	Houston P&DC	2.51%
26	Denver P&DC	2.19%
27	Phoenix P&DC	2.16%
28	Dominick V Daniels Bldg P&DC	2.02%
29	New York Morgan P&DC	1.95%
30	Minneapolis P&DC	1.91%
31	Portland P&DC	1.75%
32	Santa Clarita P&DC	1.74%
33	Kansas City, MO P&DC	1.53%
34	San Antonio P&DC	1.46%
35	North Texas P&DC	1.41%
36	Los Angeles P&DC	1.35%
37	San Francisco P&DC	1.26%
38	Dallas P&DC	1.16%
39	Ft. Worth P&DC	1.12%
40	Santa Ana P&DC	0.98%
41	Margaret Sellers P&DC	0.94%
42	Tampa P&DC	0.74%
43	Seattle P&DC	0.29%

When we compared the Richmond P&DC with 43 similar-sized sites by mail class in FY 2010, we found it had (the lower the ranking, the higher the amount of delayed mail):

- 156 million pieces of total delayed mail, ranking it fourth among the sites.
- 3.1 million pieces of delayed FCM, ranking it eighth among the sites.
- 10.6 million pieces of delayed Periodicals, ranking it third among the sites.
- 142 million pieces of delayed Standard Mail, ranking it fourth among the sites.

**Picture 1: Excessive  
Delayed Mail in Staging  
Area**

(June 7, 2011, 5:42 a.m.)



**Picture 2: Delayed  
Standard Mail dated  
February 25, 2011. A note  
from In-Plant Support  
dated March 9, 2011,  
instructs employees to  
process immediately.**

(March 10, 2011, 5:58 a.m.)



**Picture 3: Delayed newspapers dated the last week in May 2011, in the manual flat operation.**

**(June 7, 2011, 10:46 a.m.)**



The *President's Commission on the U.S. Postal Service* report dated July 31, 2003, states that the mission of the Postal Service is:

. . . to provide high-quality, essential postal services to all persons and communities by the most cost-effective and efficient means possible at affordable and, where appropriate, uniform rates.

Title 39 U.S.C., Part 1, Chapter 4, §403, states:

The Postal Service shall plan, develop, promote, and provide adequate and efficient postal services at fair and reasonable rates and fees.

Handbook PO-420, *Small Plant Best Practices Guidelines*, dated November 1999, Chapter 7, In-Plant Support, and Chapter 9, Success Strategies, states that:

In-Plant Support personnel may assist operations in maintaining and updating all signage; and successful small plants maintain excellent signage for staging and dispatch areas, respectively.

The primary causes for excessive delayed mail were:

- Inadequate staffing due to a consolidation and poor supervision.
- Low mail throughput on machines.
- Failure to follow color-coding procedures.
- Inaccurate identification and reporting of delayed mail.
- Machine mail damage.

### Staffing and Supervision

Staffing and supervision at the Richmond P&DC were inadequate. On June 1, 2010, the Charlottesville Processing and Distribution Facility consolidated both its originating and

destinating mail processing operations into the Richmond P&DC. As part of the consolidation, craft and management positions were reassigned to the Richmond P&DC. However, because of retirements and alternative transfers, not all of the anticipated reassignments occurred. As a result, the Richmond P&DC was understaffed by approximately 33 clerks and mail handlers and 37 maintenance employees.<sup>2</sup>

Our observations revealed that floor supervisors did not ensure employees adhered to color-code and mail reporting requirements. Also, they routinely failed to promptly assess the mail volume and adjust workhours, assignments, sort plans, transportation, and any other operational requirements to ensure the Richmond P&DC met customer service commitments. Other factors impacting supervision include:

- Six of 33 Distribution Operation manager positions were vacant at the Richmond P&DC. Seven of the 27 remaining supervisors and four of the six Distribution Operations managers were promoted and have limited experience.
- High turnover in senior management. The plant has had four different senior plant managers in the last 2 years.

### Machine Capacity

The Richmond P&DC generally had sufficient machine processing capacity to process its mail volume timely. However, opportunities exist to better use the machine capacity on the Automated Flat Sorting Machine (AFSM) 100, Automated Processing Packaging System (APPS), and Small Parcel and Bundle Sorter (SPBS). Productivity on this mail processing equipment was below national averages (see Table 4). By increasing machine productivities, the Richmond P&DC could process more mail and minimize delayed mail volumes.

**Table 4: Productivity Comparison in Mailpieces**

	FY 2010		FY 2011, Qs 1 and 2	
	Richmond P&DC	National Average	Richmond P&DC	National Average
AFSM100	4,189	5,070	4,710	4,920
APPS	249	393	227	400
SPBS	147	252	146	253

In addition, on average, the AFSM 100s, APPS, and SPBS all operated at daily runtimes lower than the goal of 20 hours (see Table 5).

<sup>2</sup> During our March 2011 visit, Richmond P&DC management stated they needed an additional 55 mail handlers to properly staff operations. In April, the Richmond P&DC received 28 mail handlers excessed from the Capital District. Additionally, the Capital Metro Area authorized an additional 35 casual clerks.

**Table 5: Daily Machine Run Time in Hours**

	Fiscal Year 2010	FY 2011, Quarter 1
AFSM 100	6.82	7.54
APPS	11.94	18.17
SPBS	10.84	15.37

Additionally, some major pieces of equipment incurred an extensive amount of idle time (see Table 6). By decreasing machine idle time, the Richmond P&DC can process more mail and minimize delayed mail volumes.

**Table 6: FY 2010 End of Run – Machine Summary**

	Operational Time Workhours	Run Time Workhours	Idle Time Workhours	Down Time Workhours	Idle Time Percentage
AFCS <sup>3</sup>	14,354	5,118	9,236	0	64.34
AFSM 100	12,411	10,302	674	1,435	5.43
APPS	4,977	3,606	1,017	353	20.44
CIOSS	6,658	4,185	1,773	699	26.63
DBCS	67,367	42,151	21,482	3,734	31.89
DIOSS	20,790	12,026	6,498	2,267	31.25
SPBS	6,690	4,911	1,571	209	23.48

We examined the potential for the Richmond P&DC to increase the volume processed through reducing idle time in letter processing and by increasing the run time in flat and parcel processing. We found that:

- By reducing idle time on the CIOSSs by 50 percent, the Richmond P&DC could process an additional 28.4 million mailpieces annually.
- By reducing idle time on the DBCSs by 50 percent, the Richmond P&DC could process an additional 371.7 million mailpieces annually.
- By reducing idle time on the DIOSSs by 50 percent, the Richmond P&DC could process an additional 99.9 million mailpieces annually.
- By increasing the run time on the AFSMs by 4 hours per day, the Richmond P&DC could process an additional 84 million mailpieces annually.
- By increasing the run time on the APPS by 3 hours per day, the Richmond P&DC could process an additional 5.7 million mailpieces annually.

<sup>3</sup> Advanced Facer-Canceller System (AFCS), AFSM, APPS, Combined Input Output System (CIOSS), Delivery Barcode Sorter (DBCS), Delivery Input Output System (DIOSS), SPBS.

- By increasing the run time on the SPBS by 3 hours per day, the Richmond P&DC could process an additional 2 million mailpieces annually.

### Color-Coding of Standard Mail

We noted some improvements in color-coding, while other processes need to be improved. During our first visit, the week of March 7, 2011, 163 of 314 containers (52 percent) were missing color-code tags. However, during our follow-up visit the week of June 6, 2011, only 29 of 546 containers (5 percent) were missing tags. While more containers had color-code tags, the tags often did not contain the date and time. In many cases, the tour number was entered rather than the time. During our March visit, 146 of 314 containers (46 percent) had incomplete tags, while during our June visit, 511 of 546 containers (94 percent) had incomplete tags. See tables 7 and 8 for details.

We also found that when employees processed mail bearing different color-codes together, they did not properly re-color-code it. Some periodicals were improperly staged and tagged as Standard Mail. Standard Mail does not receive the same expedited treatment as Periodicals, thus contributing to Periodicals delays (see Picture 4). Not properly completing color-codes prohibited accurate reporting and made processing mail on a first-in, first-out basis difficult.

**Table 7: Color-Code Observations the Week of March 7, 2011**

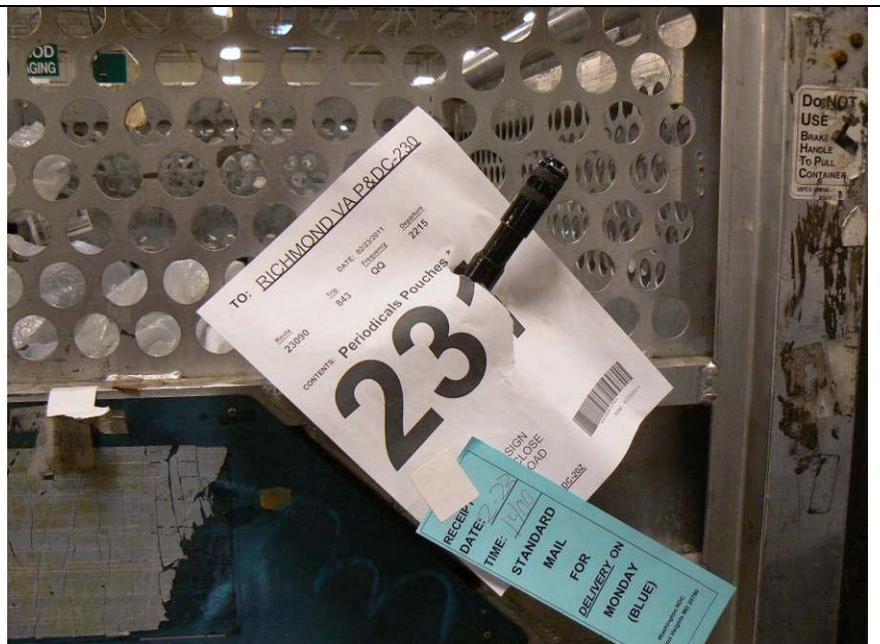
DATE	TIME	TOUR	LOCATION	NO. OF CONTAINERS OBSERVED	NO. OF CONTAINERS MISSING TAGS	NO. OF CONTAINERS INCOMPLETE TAGS	OVERALL ERROR RATE
3/8/2011	2150	3	APPS	18	1	12	72.22%
3/8/2011	2200	3	APPS (flats)	11		11	100.00%
3/8/2011	2205	3	APPS	9	9		100.00%
3/8/2011	2215	3	AFSM	18	4	14	100.00%
3/8/2011	2220	3	AFSM	36	12	24	100.00%
3/8/2011	2230	3	DBCS	43	10	33	100.00%
3/9/2011	2055	3	FSS	86	86		100.00%
3/9/2011	2057	3	APPS	25	25		100.00%
3/10/2011	1215	2	APPS	68	16	52	100.00%
<b>Total</b>				<b>314</b>	<b>163</b>	<b>146</b>	<b>98.40%</b>

**Table 8: Color-Code Observations the Week of June 6, 2011**

DATE	TIME	TOUR	LOCATION	NO. OF CONTAINERS OBSERVED	NO. OF CONTAINERS MISSING TAGS	NO. OF CONTAINERS W/INCOMPLETE TAGS	OVERALL ERROR RATE
6/7/2011	1040	2	DBCS staging	17		11	64.71%
6/7/2011	1045	2	Low Cost Tray Sorter (LCTS)	33		33	100.00%
6/7/2011	1110	2	LCTS induction	15		15	100.00%
6/7/2011	1111	2	LCTS induction	17		17	100.00%
6/7/2011	1115	2	Dock	68		68	100.00%
6/7/2011	1120	2	AFSM 100	45		45	100.00%
6/7/2011	1140	2	AFSM 100	62	6	56	100.00%
6/8/2011	1220	2	LCTS/Dock	82	13	69	100.00%
6/8/2011	1245	2	AFSM 100	37		37	100.00%
6/8/2011	1300	2	APPS	27	4	23	100.00%
6/9/200	2215	3	Dock	143	6	137	100.00%
<b>Total</b>				<b>546</b>	<b>29</b>	<b>511</b>	<b>98.90%</b>

**Picture 4: Periodicals improperly color-coded as Standard Mail could cause them to be delayed.**

**(March 9, 2011, 7:42 a.m.)**



**Picture 5: A container depicts the wrong color-code tag and is missing the date and time.**

**(March 7, 2011, 3:17 p.m.)**



**Picture 6: An improper color-code tag applied by an employee based on her interpretation of the color-code policy. The employee believed that since it was Wednesday, the mail should be coded for Saturday delivery, regardless of what color mail was being fed on the machine.**

**(March 9, 2011, 11:53 a.m.)**



**Picture 7: One mailing has  
a missed in home date and  
is not color-coded.**

**(June 7, 2011, 5:44 a.m.).**



### Mail Condition Reporting

The Richmond P&DC was not accurately reporting delayed mail. For example,

- On March 9, we identified a significant amount of delayed periodicals, while the Mail Condition Reporting System (MCRS) reported no periodicals were delayed. The MCRS report was revised to reflect 7,453 delayed pieces with the oldest date of February 12.
- On March 9, Standard destinating flats mailpieces were understated and oldest date not properly recorded. As a result of our observations, the MCRS report was updated from 87,306 pieces with the oldest date of March 6, to 93,722 pieces with the oldest date of February 22.
- On March 10, the oldest date for destinating Standard flats was incorrectly reported as March 1. Management subsequently updated the MCRS report to reflect the oldest mail date of February 25.
- On June 7, delayed mail volume was understated by 363,780 pieces. As a result, the MCRS report was updated to reflect 47 pallets of delayed letters.

Not properly reporting delayed mail may prevent management from making effective operational decisions, including plans to ensure timely mail processing.

As a result of our observations, management implemented several internal controls, effective July 12, 2011. First, Richmond P&DC In-Plant Support assumed oversight and accountability for MCRS reporting. Additionally, the Capital Metro Area mandated daily MCRS reporting reviews by this group. Finally, the Richmond P&DC provided daily

delayed mail reports to the Distribution Operation managers and area office for review and action, if necessary.

### Machine Mail Damage

Mail damage as a result of poorly packaged mailpieces resulted in some delayed processing of flat mailpieces. We observed the processing of several hundred flat mailpieces containing video discs. These mailpieces frequently jammed both during induction, and as they moved from induction to the carousel on the AFSM 100. Following several machine jams, the AFSM 100 operator removed the remainder of the mailpieces and sent these flats to manual operations for processing. During our observations of manual operations, we noted a backlog of mail that resulted in additional mail delays.

### Impact

Because of delayed mail, the Richmond District experienced a negative impact on customer service. For example, the Richmond P&DC's service scores have generally lagged behind national and other Capital Metro service scores for FY 2010 and the first two quarters of FY 2011 (see Table 9).

**Table 9: EXFC Service Scores**

	Mail Class	Richmond P&DC	Capital Metro	National
Quarter 1, FY 2010	Overnight	93.70	96.30	95.90
	Two-Day	87.52	91.47	92.47
	Three Day	87.44	91.02	89.08
Quarter 2, FY 2010	Overnight	94.95	95.89	96.09
	Two-Day	88.48	90.98	92.83
	Three-Day	85.22	90.39	90.39
Quarter 3, FY 2010	Overnight	96.51	97.10	96.79
	Two-Day	94.07	94.50	94.86
	Three-Day	93.86	94.00	93.35
Quarter 4, FY 2010	Overnight	94.61	96.92	96.73
	Two-Day	93.67	94.06	94.94
	Three-Day	94.44	93.74	93.66
Quarter 1, FY 2011	Overnight	94.61	96.23	96.05
	Two-Day	86.50	91.56	92.57
	Three-Day	87.31	90.25	89.25
Quarter 2, FY 2011	Overnight	96.13	96.51	96.14
	Two-Day	88.51	91.49	92.58
	Three-Day	88.45	90.20	89.74

Note: Red text indicates that Richmond P&DC service scores were lower than Capital Metro and national service scores.

Our results also determined that Richmond P&DC destinating flat FCM service scores were significantly lower than the Capital Metro Area and national service scores, except for Three-Day in Quarter 2, FY 2011 (see Table 10). Destinating flat FCM comprises approximately 57 percent of total FCM volume. During the first two quarters of FY 2011, on average, destinating FCM Richmond scores trended lower than Capital Metro and national service scores by between 4 to 11 percent (see Table 10).

**Table 10: Destinating Flat Service Scores**

	Mail Class	Richmond	Capital Metro	National
Quarter 1, FY 2011	Overnight	85.85%	90.95%	90.55%
	Two-Day	74.04%	82.07%	84.63%
	Three-Day	71.59%	82.03%	78.40%
Quarter 2, FY 2011	Overnight	81.82%	90.79%	90.55%
	Two-Day	76.58%	81.08%	84.20%
	Three-Day	81.20%	80.57%	79.07%

Note: Red text indicates that Richmond P&DC service scores were 4 to 11 percent lower than Capital Metro and national service scores.

## Recommendations

We recommend the district manager, Richmond District:

1. Promptly assess the current mail volume and swiftly adjust workhours, assignments, sort plans, transportation, and any other operational requirements to ensure the Richmond Processing and Distribution Center meets customer service commitments.
2. Increase the Automated Package Processing System, Small Parcel Bundle Sorters, and Automated Flat Sorter Machine's window of operation and reduce idle time during peak volume periods.
3. Train employees to ensure proper color-coding of Standard Mail according to Postal Service policy.
4. Direct the district color-code coordinator to conduct periodic color-code reviews and provide program oversight.
5. Provide mail condition reporting training and oversight to employees.
6. Notify customers to modify poorly packaged mailpieces to expedite processing.

## Management's Comments

Management agreed with the recommendations and indicated they have created a Lean Six Sigma team to address delayed mail concerns and developed a scheduling model to assist plant management in aligning resources with workload. Management has also filled vacant craft positions and appointed a new plant manager. Additionally, they are working to fill their vacant supervisory positions. To increase machine run times, plant management established daily tracking mechanisms to monitor machine throughputs, runtime, and productivities. Management reported that color-coding has improved through additional training, assignment of a new color-code coordinator, and posting of additional instructional signage in the facility. The area office will begin conducting audits of MCRS reporting to supplement in-plant support audits. To mitigate mail damage, the Richmond P&DC is informing customers of problems with mail make-up and the manual flat unit has been relocated to increase management visibility. See [Appendix B](#) for management's comments in their entirety.

## Evaluation of Management's Comments

The U.S. Postal Service Office of Inspector General (OIG) considers management's comments responsive to the recommendations and corrective action should resolve the issues identified in the report.

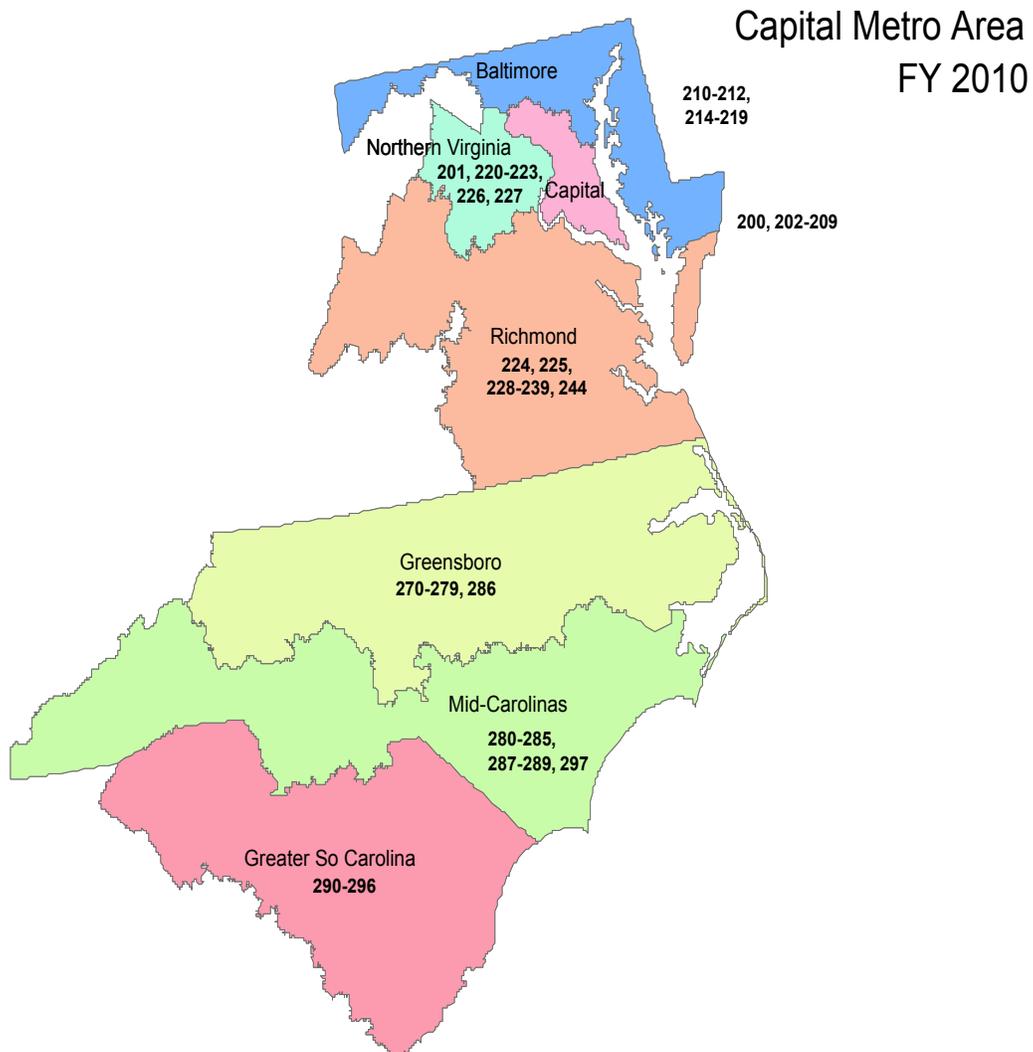
The OIG considers recommendation 1 significant, therefore, requires OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. This recommendation should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendation can be closed.

## Appendix A: Additional Information

### Background

The Richmond P&DC is in the Richmond Customer Service District in the Capital Metro Area. The following map shows the Capital Metro Area districts by 3-digit ZIP Code™.

**Map 1: Districts with ZIP Codes in the Capital Metro Area**



The Richmond P&DC is a new state-of-the-art facility activated on October 1, 2009, equipped with the latest mail sorting technology. The facility has 715,743 square feet of interior space. The Richmond P&DC processed more than 1.3 billion pieces of mail and used 1.6 million workhours in FY 2010. The facility processes Priority Mail, FCM,

Periodicals, Standard Mail, and Packages. As of Pay Period 13, calendar year 2011, the facility has 1,163 bargaining unit employees.

### Objective, Scope, and Methodology

Our objective was to determine whether mail at the Richmond P&DC was processed timely. To meet our objective, we conducted interviews; performed analysis of mail volumes, workhours, and machine output; analyzed trends; and conducted observations of the facility.

We used computer-processed data from the MCRS System, Enterprise Data Warehouse, and Management Operating Data System. We pulled data from October 1, 2008, through March 31, 2011, but did not test controls over these systems. However, we checked the reasonableness of results by confirming our analysis and results with management and multiple data sources.

We conducted this performance audit from May through September 2011 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 June 9, 2011, and included their comments where appropriate.

Prior Audit Coverage

Report Title	Report Number	Final Report Date	Report Results
<i>Fort Worth Processing and Distribution Center Delayed Mail Issues</i>	NO-AR-09-009	9/14/2009	We recommended that management follow established standards for identifying employees with attendance problems and ensure necessary disciplinary actions are taken for those who abuse leave privileges and ensure a sufficient number of employees are available to work AFSM to process Standard Mail and Periodicals timely. Management agreed with our findings.
<i>Timeliness of Mail Processing at the San Juan Processing and Distribution Center</i>	NO-AR-09-002	1/29/2009	We recommended management monitor delayed mail daily and develop action plans, if necessary, to ensure timely processing of mail; develop and submit a request to modify the Universal Sorter Machine to reduce damaged mail; assign accountability to ensure dispatches to the islands are accurate and expedite turn-around time of any mail sent to the wrong island; increase small parcel bundle sorter and AFSM windows of operation during peak volume periods; ensure employees are properly trained to identify delayed mail and ensure all mail is accurately reported on Web MCRS; and consider and weigh the benefits of service over risks to all the U.S. Virgin Islands to keep and cancel local letter mail as is done in other U.S. territories. Management agreed with our findings.
<i>Delayed Mail at the North Texas P&amp;DC</i>	NO-AR-08-006	8/14/2008	We recommended management ensure supervisors oversee mail processing, monitor delayed mail regularly, and develop action plans; develop and implement a mail arrival profile; ensure Standard Mail and Periodicals are staged and processed using first-in, first-out procedures; 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; and direct sack mail operations be returned to the Dallas Bulk Mail Center. Management agreed with our findings.

## Appendix B: Management's Comments



August 30, 2011

SHIRIAN B. HOLLAND  
ACTING DIRECTOR, AUDIT OPERATIONS  
U.S. POSTAL SERVICES OFFICE OF INSPECTOR GENERAL

SUBJECT: Timely Processing of Mail at the Richmond, VA Processing and  
Distribution Center (Project Number 11XG038NO000)

Listed below are the primary causes for the excessive delayed volume identified  
during the audit and associated actions to address the issues:

Staffing and Supervision - Agreement

Recommendation:

Promptly assess the current mail volume and swiftly adjust work hours,  
assignments, sort plans, transportation, and any other operational requirements to  
ensure the Richmond Processing and Distribution Center meets customer service  
commitments.

Management Response/Action Plan:

The requirement for mail handler complement increased due to the equipment set  
after transitioning into the new facility. During this period, there was a moratorium  
on excessing due to the national agreement with the APWU. Richmond was  
authorized to hire additional mail handler casuals up to their contractual cap. In  
addition to offset further, Capital Metro Area approved our request to excess 26 mail  
handlers into the Richmond facility from Capital District in April 2011. In addition, ten  
mail handlers from eReassign were approved to reduce current vacancies. In June  
2011, approximately 24 employees transitioned to maintenance from all crafts  
(clerks/mail handlers) to reduce vacancies. Recently, a total of 57 PSE's were hired  
to replace casual clerks.

Supervisor for Distribution Operations positions were recently posted nationally for  
the Richmond P & DC. There were no applications for these positions. We will  
continue to request for these positions to be posted. Isaac Cronkhite has been  
recently selected as the permanent Senior Plant Manager. Mr. Cronkhite has  
successfully implemented methods to reduced delayed volumes in many large  
Processing and Distribution Centers.

Target Implementation Date:

Implementation of above actions began in August 2011 and will continue.

1801 BROOK ROAD  
RICHMOND, VA 23232-9999  
(804) 775-6365

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Responsible Official:

Isaac S, Cronkhite, Senior Plant Manager  
James J. Gemmell, Manager, In-Plant Support

Machine Capacity – Agreement

Recommendation:

Increase the Automated Package Processing System, Small Parcel Bundle Sorters, and Automated Flat Sorter Machine's window of operation and reduce idle time during peak volume periods.

Management Response/Action Plan:

The Area Vice President assigned a team to the Richmond P & DC that included the Area Manager, Operations Support and Area Manager, In- Plant Support. Local Senior Management established hourly tracking mechanisms as well as tour telecons to report out on conditions. These practices are still in place with other processes that were implemented by the new Senior Plant Manager. We included the utilization of a Run Time Generator Tool and daily projections of delayed mail volume that is prepared by the Manager, Distribution Operations based on demonstrated thru-puts and available run time. Since Mr. Cronkhite's arrival the On-hand and delayed volumes has been reduced significantly.

Productivity is addressed daily and total volumes are shared with Area Manager, Operations Support by email. Delivery Point Sequencing processing is now being performed on Tour 3 to reduce potential delays to take advantage of available machine run time.

Richmond recently received an upgrade to the SPBS that allows parcels to be scanned versus keying that has increased overall pieces processed. We are expanding our Parcel Sorting and AFSM processing window to expedite down flow to the FSS operation.

Target Implementation Date: August 2011

Responsible Official:

Isaac S, Cronkhite, Senior Plant Manager  
James J. Gemmell, Manager, In-Plant Support  
Penny Neville, Sr. Manager, Distribution Operations  
Jason Reynolds, Manager, Distribution Operations  
Daryl Davis, Manager, Distribution Operations  
Carol Davis, Manager, Distribution Operations

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Color Coding of Standard Mail – Agreement

Recommendation:

Train employees to ensure proper color-coding of Standard Mail according to Postal Service policy.

Management Response/Action Plan:

Color training has been conducted and continues to be addressed daily. Manager, In- Plant Support has named a new Color Code Coordinator. This Operations Support Specialist along with all members of In-Plant completes a daily report indicating the units that were not in compliance with the National Color Code Policy. Periodical training was recently completed and documented to comply with new national policy. Additional Color Code and Periodical signage was established to increase awareness with all employees. Separate periodical AFSM sort plans and staging areas have been created to ensure mail was processed first in and first out by scheduled delivery date.

Target Implementation Date:

Color code training will be completed for all EAS will be completed by September 23, 2011.

Responsible Official:

James J. Gemmell, Manager, In-Plant Support  
Penny Neville, Sr. Manager, Distribution Operations  
Jason Reynolds, Manager, Distribution Operations  
Daryl Davis, Manager, Distribution Operations  
Carol Davis, Manager, Distribution Operations

Mail Condition Reporting – Agreement

Recommendation:

Provide mail condition reporting training and oversight to employees.

Management Response/Action Plan:

As stated in the findings, P & DC Plant Manager assigned full oversight of the MCRS to the Manager, In-Plant Support. The MIPS provided the OIG the information that was shared with all of the MDOs and SDOs that included MCRS line item definitions, worksheets for mail count that serve as supporting documentation. In addition, In-Plant Staff conducts a daily audit and documents corrections which is a daily part of MCRS packet. Capital Metro Area MOS and MIPS have also directed follow-up audits to ensure accurate reporting. The Run Time Generator tool also serves as a process check for the new Senior Plant Manager.

Target Implementation Date: September 2011

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Responsible Official:

James J. Gemmell, Manager, In-Plant Support  
Penny Neville, Sr. Manager, Distribution Operations  
Jason Reynolds, Manager, Distribution Operations  
Daryl Davis, Manager, Distribution Operations  
Carol Davis, Manager, Distribution Operations

Machine Mail Damage – Agreement

Recommendation:

Notify customers to modify poorly packaged mail pieces to expedite processing.

Management Response/Action Plan:

Maintenance has continued to focus on damage flat bundles during processing. eMirs is being utilized to inform customers of problems with mail make-up. The Manual Flat Unit has recently been redesigned to increase management visibility. It has been moved to the main aisle in the Plant. This will not only assist the visibility, but it is now aligned with the mechanization system to improve dispatching.

Target Implementation Date: September 2011

Responsible Official:

James J. Gemmell, Manager, In-Plant Support  
James Young, Manager, Maintenance

In summary, there has been a myriad of improvement initiatives implemented to reduce the delays in the Richmond Plant. A LSS Chronic Delayed Mail Team was developed to address concerns. In conjunction with this, a Staffing Resource Model was recently completed aligning resources with workload. Staffing changes have been initiated and will continue until completed. Mail Staging has been redefined and signage prepared. DBCS machines are in the process of being realigned to create one lane of machines and reduce travel time for both employees and mail flow.

Mail Preparation Guidelines have been modified to reduce separations by delivery units and increase direct containers to expedite processing upon arrival at the plant.

The Manual Priority Operation was transitioned to a belt operation to reduce distance to increase productivity.

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I am confident with the new leadership that the items identified during the audit are being addressed daily to prevent future occurrences.



Jacob L. Cheeks  
District Manager

CC: David C. Fields,  
James A. Nemeč  
Isaac S. Cronkhite  
Delores B. Shearin-Lyle  
Sally K. Haring