



September 28, 2007

ANTHONY M. PAJUNAS
VICE PRESIDENT, NETWORK OPERATIONS MANAGEMENT

SUBJECT: Management Advisory – Color-Code Capping Report
(Report Number NO-MA-07-003)

This capping report summarizes our work on color-coding issues (Project Number 07XG033NO000). The report identifies inconsistencies in color-code tagging that adversely affect the processing of Standard Mail®. In this, our fifth and final report on color-coding, we identify opportunities to improve color-coding processes nationwide.

Background

The U.S. Postal Service uses color-coding¹ 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 First-In, First-Out (FIFO) processing.

Postal Service policy requires a color-code tag on all Standard Mail, regardless of where the Postal Service receives it. This code, represented by a colored tag, corresponds to the day that mail should be cleared from operations or delivered. Processing and Distribution Center (P&DC) employees generally use colored placards or tags to code mail. Table 1 presents the 1-Day Clearance Matrix for color-code tags.

Table 1. 1-Day Clearance Matrix

Receipt Day	Color-Code	Clearance Day
Saturday	White	Sunday
Sunday	Blue	Monday
Monday	Orange	Tuesday
Tuesday	Green	Wednesday
Wednesday	Violet	Thursday
Thursday	Yellow	Friday
Friday	Pink	Saturday

¹ Employees apply colored tags to Standard Mail containers based on the arrival time of mail and the facility's critical entry time.

Objective, Scope, and Methodology

This report summarizes the results of our recent reviews at P&DCs in Portland, Oregon; San Diego, California; Bellmawr, New Jersey; and Mobile, Alabama, with the objective of identifying opportunities to enhance color-coding processes nationwide. We also reviewed the National Color-Code Policy, compared and analyzed the color-code tags from each site, and met with Postal Service Headquarters personnel.

We conducted this review from June through September 2007 according to the President's Council on Integrity and Efficiency, *Quality Standards for Inspections*. We discussed our observations with management officials on June 21, 2007 and included their comments where appropriate.

Prior Review Coverage

The U.S. Postal Service Office of Inspector General (OIG) has issued four reports on color-coding of Standard Mail. These reports identified opportunities to improve color-coding procedures and practices at specific locations. (See Appendix A for prior review coverage.)

Capping Report Results

Color-Coding Application Inconsistencies

Based on the four reviews, we found that 2,065 out of 2,202 Standard Mail containers (about 94 percent) were tagged with the correct color-code on arrival and processed with the original tag. (See Appendix B.) However, the color-coding on 137 of the 2,202 Standard Mail containers (about 6 percent) did not conform to Postal Service policy. Specifically:

- 94 containers were not color-coded.
- 43 containers had an incorrect color-code tag.

Also, 920 of the remaining 2,065 Standard Mail containers coded with the correct color did not conform to best practices.² Specifically:

- 694 containers had a color-code tag that was missing both the time and date the mail arrived.
- 226 containers had a color-code tag that was missing the time the mail arrived.

² Network Operations Management Service, *Review of Processing Facilities in the North Florida Jacksonville District*, dated January 2006, discusses best practices for color-coding.

Color-Coding Tag Inconsistencies

Color-code tags were not in a standardized format, and the contents of the tags were inconsistent. (See Table 2.)

Table 2. Summary of Review of Color-Code Tags

Location	Standardized Format	Critical Entry Time Noted	Colored by Day	Clearance Date Identified	Time Slot	Date Slot
Mobile, Alabama	No	No	No	Yes	Yes	Yes
Bellmawr, New Jersey	No	No	Yes	Yes	Yes	Yes
San Diego, California	No	No	Yes	Yes	Yes	Yes
Portland, Oregon ³	No	No	Yes	No	No	No

The following illustrations show color-code tags in use at the four locations we visited.



Illustration 1: Color-code tag used at the Portland P&DC.



Illustration 2: Colored strip of paper used in some cases instead of a color-code tag at the Portland P&DC.

³ In some cases, the Portland P&DC used appropriately colored strips of paper instead of actual tags. However, these strips of paper did not have slots for the time and date the mail was received.

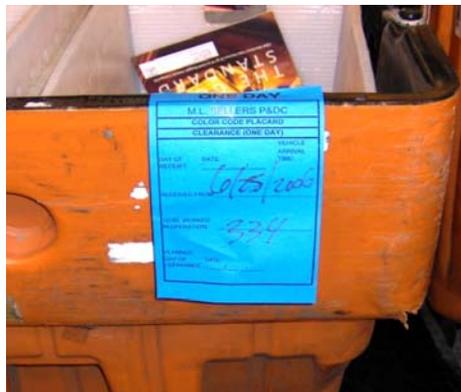


Illustration 3: Color-code tag used at the San Diego P&DC.



Illustration 4: Color-code tag used at the Bellmawr P&DC.



Illustration 5: Color-code tag used at the Mobile P&DC.

The Postal Service has well-established criteria for color-coding Standard Mail. The *Postal Operations Manual* (POM), Section 458, sets the National Color-Code Policy for Standard Mail. Facilities must apply color-codes depending on the mail’s arrival time at the facility in relation to the facility’s Critical Entry Time (CET) for Standard Mail.⁴

P&DC managers must develop local procedures to ensure that employees apply and maintain the correct color-code on the mail based on its arrival time on Postal Service property. Postal Service facilities use color-coding to determine what mail did not meet their operating plans for the mail condition reporting system.

The Postal Accountability and Enhancement Act of 2006 requires the Postal Service to establish service standards for market-dominant products.⁵ The Postal Service must also provide a system of objective external performance measurements for each

⁴ CET is the latest time mail can enter an operation if it is to complete processing by the planned clearance time.

⁵ Standard Mail is considered a market-dominant product because it accounted for 47.4 percent of the total mail volume in FY 2006.

market-dominant product as a basis for measuring performance. Currently, performance measurements for Standard Mail are under development.

Causes and Impact

We believe these inconsistencies occurred because the color-coding processes had not always received adequate management attention. Also, the National Color-Code Policy does not require standardized and consistent tags. In addition, responsible officials had not always received the required training in color-coding.

Without a standardized and consistent tag and proper color-coding, the Postal Service cannot:

- Ensure the timely processing, dispatching, and delivery of Standard Mail.
- Track service standards to ensure compliance.
- Always determine whether employees processed Standard Mail using the FIFO method.

The Postal Service plans to update the National Color-Code Policy to comply with the Postal Accountability and Enhancement Act of 2006. This includes modernizing the service standards and developing performance measurements. To improve color-coding, we also recommend the following.

Recommendations

We recommend the Vice President, Network Operations Management:

1. Issue a directive to all plants that process Standard Mail requiring managers to adequately oversee color-coding and provide periodic training as necessary.
2. Standardize color-code tags nationwide, with the appropriate elements included on the tags.
3. Modify the *Postal Operations Manual*, Section 458 to require employees to complete all elements on the color-code tag.

Management's Comments

Management agreed with our finding and recommendations. They agreed to issue a standard operating procedure requiring local managers to oversee the color-coding processes and provide training. They developed a national standardized color-code tag that included appropriate elements for incorporation into the color-code policy. These

issues should be completed by January 2008. They also agreed to amend the Postal Operations Manual, Section 458 to ensure completion of all color-code tag elements. Management's comments, in their entirety, are included in Appendix C.

Evaluation of Management's Comments

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

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
William P. Galligan
David E. Williams
Katherine S. Banks

APPENDIX A

PRIOR REVIEW COVERAGE

We have issued four reports on the color-coding of Standard Mail in the last year.

- *Color-Coding of Standard Mail at the Portland, Oregon Processing and Distribution Center* (Report Number NO-MA-06-003, dated September 26, 2006).
- *Color-Coding of Standard Mail at the Margaret L. Sellers Processing and Distribution Center* (Report Number NO-MA-06-004, dated September 28, 2006).
- *Color-Coding of Standard Mail at the South Jersey Processing and Distribution Center* (Report Number NO-MA-07-001, dated March 20, 2007).
- *Color-Coding of Standard Mail at the Mobile, Alabama Processing and Distribution Center* (Report Number NO-MA-07-002, dated June 26, 2007).

These P&DCs generally color-coded Standard Mail according to the Postal Service's National Color-Code Policy. In each review, we found instances where color-coding did not conform to postal policy or best practices. Management at each P&DC agreed with the findings, and their actions, taken or planned, should correct the issues identified in each report.

APPENDIX B

Summary of Observations at All Four P&DCs

Location	Containers Observed	No Color-Coding	Wrong Color-Code	No Date or Time	No Time	Total Exceptions	Percent
Portland, OR (Notes 1 & 2)	576	6	0	107	0	113	20%
Margaret L. Sellers, San Diego, CA	697	46	13	506	132	697	100%
South Jersey, Bellmawr, NJ	780	32	14	68	75	189	24%
Mobile, AL	149	10	16	13	19	58	39%
Total (Note 3)	2,202	94	43	694	226	1,057	48%

Note 1: Includes 25 pallets that had color-code information written on the plastic shrink-wrap, but no evidence of date and time received.

Note 2: Includes 70 containers that were tagged with colored slips of paper showing the correct color-code information, but no evidence of the date and time received.

Note 3: 137 tags (94 + 43) did not conform to Postal Service policy. An additional 920 tags (694 + 226) did not conform to best practices.

APPENDIX C. MANAGEMENT'S COMMENTS

TONY PAJUNAS
VICE PRESIDENT, NETWORK OPERATIONS



September 26, 2007

COLLEEN A. MCANTEE
DEPUTY ASSISTANT INSPECTOR GENERAL
FOR MISSION OPERATIONS

SUBJECT: Draft Management Advisory – Color-Code Capping Report
(Report Number NM-MA-07-DRAFT)

We appreciate the opportunity to review and provide comments on the subject draft report, and concur with the report results.

Recommendation 1: The draft audit recommends the Vice President, Network Operations issue a directive to all plants that process Standard Mail requiring managers to adequately oversee color-coding and provide periodic training as necessary.

Response: Network Operations agrees with Recommendation 1 and the National Color-Code Policy is currently under revision. Validation of the policy will include field testing in a pilot site and include communication, education, and training components. The Standard Operating Procedures will also require regular periodic training as necessary.

Recommendation 2: The draft audit recommends the Vice President, Network Operations standardize color-code tags nationwide, with the appropriate elements included on the tags.

Response: Network Operations agrees with Recommendation 2 and the new Color-Code Policy will include a standardized national placard. The placard will include space to note the date and time of mail arrival to properly record the entry day.

Recommendation 3: The draft audit recommends the Vice President, Network Operations modify the Postal Operations Manual, Section 458 to require employees to complete all elements on the color-code tag.

Response: Network Operations agrees with Recommendation 3 and the Postal Operations Manual, Section 458 will be amended to include instructions on proper completion of all elements of the color code tag.

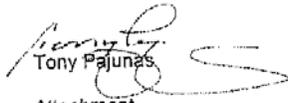
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Training and national rollout are targeted for January 2008. A national directive will be issued with the rollout which will require local managers to oversee color-coding and provide periodic training as needed.

This report and management's response do not contain information that may be exempt from disclosure under the Freedom of Information Act.

If you have questions or comments on this response, please contact Chris Oronzio, Manager, Processing Center Operations, at (202) 268-3294.


Tony Pajunas
Attachment

STANDARD MAIL

3 DAY

DELIVERY CODE

RECEIVED

TUESDAY

DATE: _____

TIME: _____

FOR DELIVERY ON

FRIDAY

ZIP CODE: _____

STANDARD MAIL

3 DAY

DELIVERY CODE

RECEIVED

TUESDAY

DATE: _____

TIME: _____

FOR DELIVERY ON

FRIDAY

ZIP CODE: _____