



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

Postal Service Performance During the Fiscal Year 2013 Fall Mailing Season

Audit Report

March 29, 2013

Report Number NO-AR-13-002



OFFICE OF
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UNITED STATES POSTAL SERVICE

HIGHLIGHTS

March 29, 2013

Postal Service Performance During the Fiscal Year 2013 Fall Mailing Season

Report Number NO-AR-13-002

BACKGROUND:

Generally, the U.S. Postal Service's performance is impacted in the fall by higher than normal Standard Mail[®] volume in response to increased back-to-school and winter holiday advertising. In fiscal year (FY) 2012, some Postal Service mailers expressed concern about a greater amount of delayed mail during the fall mailing season which occurs from October through December each year. Our objective was to assess the Postal Service's performance during the FY 2013 fall mailing season.

WHAT THE OIG FOUND:

The Postal Service made significant progress reducing the amount of delayed mail (not processed in time to meet its delivery day) at the 43 largest mail processing and distribution centers during the 2013 fall mailing season. Delayed mail declined from the prior fall mailing season by 56 percent, or from 1.034 billion to 438 million mailpieces. Service performance achievement scores measure the time from when mail is picked up at the collection box to when its delivered. These scores rose to 90.71 percent during the 2013 fall mailing season from 81.20 percent during the same period last year.

Much of the decline in delayed mail can be attributed to management's emphasis on timely processing of mail to include a readiness checklist and

expanded use of the Intelligent Mail[®] barcode, which allows the Postal Service to track mail through the mail processing network.

While we commend the Postal Service for these improvements, opportunities remain to further reduce delayed mail. We found that mail was not always properly staged for first-in first-out processing due to floor congestion caused by excess mail transportation equipment, such as mail tubs and trays.

As a result, the Postal Service cannot ensure the timely processing, dispatch, and delivery of Standard Mail. Although delayed mail experienced a downward trend, any amount of delayed mail could result in revenue loss, as affected mailers and customers seek other alternatives. We estimated that \$3.8 million in revenue could be at risk if customers elect to use alternative advertising or delivery methods.

WHAT THE OIG RECOMMENDED:

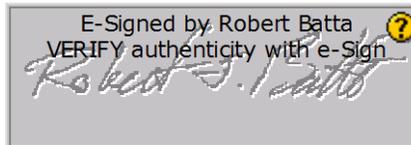
We recommended the vice president, Network Operations, coordinate with area vice presidents to ensure that all field personnel properly color code Standard Mail in accordance with Postal Service policy and properly store mail transportation equipment to facilitate mail flow.

[Link to review the entire report](#)



March 29, 2013

MEMORANDUM FOR: DAVID E. WILLIAMS, JR.
VICE PRESIDENT, NETWORK OPERATIONS



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

SUBJECT: Audit Report – Postal Service Performance During the Fiscal
Year 2013 Fall Mailing Season
(Report Number NO-AR-13-002)

This report presents the results of our audit of U.S. Postal Service Performance During the Fiscal Year 2013 Fall Mailing Season (Project Number 12XG032NO001).

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

Attachments

cc: Megan J. Brennan
Deborah Giannoni-Jackson
Area Vice Presidents
Corporate Audit and Response Management

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Introduction

This report presents the results of our audit of U.S. Postal Service Performance During the Fiscal Year (FY) 2013 Fall Mailing Season (Project Number 12XG032NO001). The objective of this audit was to assess Postal Service performance during the FY 2013 fall mailing season. This is the second of two reports. The first report¹ focused on the Postal Service's progress in addressing large business mailer concerns about the Postal Service's mail operations' feedback system for the FY 2013 fall mailing season. This self-initiated audit addresses operational risk. See [Appendix A](#) for additional information about this audit.

Some mailers were concerned about the Postal Service's ability to process mail timely, especially during peak mailing periods, such as the fall mailing season.² Generally, the Postal Service's performance is impacted in the fall by higher than normal Standard Mail[®] volume in response to increased back-to-school and winter holiday advertising. The Postal Service considers mail to be delayed in processing when it does not meet established mail processing goals; however, a mailpiece may still be dispatched in time to meet its expected delivery date. In response to mailer concerns, the Postal Service increased its emphasis on processing mail timely.³

Conclusion

The Postal Service made significant progress reducing delayed mail⁴ during the FY 2013 fall mailing season and increasing service performance for timely delivery of mail. We can largely attribute these improvements to initiatives to address delayed mail, including the use of a fall mailing season readiness checklist and expanded the use of the Intelligent Mail[®] barcode (IMb) service performance diagnostic (SPD) tool which allows the Postal Service to track mail through the mail processing network. Delayed mail declined from the prior fall mailing season by 56 percent, or from 1.034 billion to 438 million mailpieces. Service performance achievement scores⁵ rose to 90.71 percent during the FY 2013 fall mailing season, up from 81.20 percent during the same period the previous year.⁶

While the Postal Service is to be commended for these improvements, opportunities to further reduce delayed mail remain. Our observations determined that mail was not

¹ Management Alert – *Customer Service Feedback* (Report Number NO-MA-13-001, dated December 17, 2012).

² Fall mailing season is from October 1 to December 31.

³ See Postal Service management comments in *Postal Service Performance During the 2010 Fall Mailing Season* (Report Number NO-AR-11-007, dated September 7, 2011).

⁴ Delayed mail occurs when committed mail is not processed and finalized in time to meet its intended delivery day.

⁵ Service performance achievement scores measure the time it takes from deposit of mail into a collection box or lobby chute until its delivery to a home or business.

⁶ IMb data used to determine service scores was not available for the FY 2011 fall mailing season.

always properly color coded⁷ and, in some cases, could not be staged properly due to floor congestion caused by unprocessed mail transportation equipment (MTE⁸).

As a result, the Postal Service cannot ensure the timely processing, dispatch, and delivery of Standard Mail. Although delayed mail trended downward, any amount of delayed mail could result in possible revenue loss as affected mailers and customers seek alternatives. We conservatively estimate that \$3.8 million in revenue could be at risk if customers elect to use alternative advertising or delivery methods. See [Appendix B](#) for a detailed explanation of revenue at risk.

Fiscal Year 2013 Fall Mailing Season Initiatives

The Postal Service implemented several initiatives during the FY 2013 fall mailing season that contributed to improved performance from the prior year. These initiatives included:

- Using a fall mailing season checklist to ensure readiness for the fall mailing season at the local plant level. The checklist includes reviews of customer communications, projected volume and capacity, employee complement, equipment, transportation, and space and contingency planning.
- Holding several webinars on the Flat Sequencing System (FSS⁹) and political mail processing, as well as color-code procedures.
- Expanding use of the IMb SPD tool to track individual mailings to identify bottlenecks and potential delays. This allowed local plant management to take corrective action to minimize the risk of delayed mail.
- Having mail processing plants provide daily reports on their on-hand and delayed mail volumes. The Postal Service's National Operations Center considered and reviewed this information to identify plants with unusually high on-hand or delayed volume based on pre-determined thresholds. This information was directed to senior plant management for corrective action.
- Increasing the budget for MTE to \$120 million from the previous year's \$48 million (a 150 percent increase) to ensure that adequate MTE was available. In addition, the Postal Service launched the first phase of the mail transport equipment ordering system. This system provided the 400 largest mailers with a tool to order and track MTE online.
- Using FSS tiger teams¹⁰ to review operations at all 46 FSS sites to help ensure timely processing of flat mail.

⁷ Application of color codes is based on the arrival date and time mail entered at the facility and assists management to sort mail timely.

⁸ MTE includes tubs, trays, pallets, and containers used to transport the mail.

⁹ FSS places mail in walk sequence delivery for the carriers.

¹⁰ A group of experts assigned to investigate and/or solve technical or systemic problems.

Delayed Mail Volume and Service Scores

Overall, delayed mail volume in Quarter (Q) 1, FY 2013 for the 43 largest plants¹¹ decreased significantly compared to the 2 prior years. For example, delayed mail as a percentage of total first-handling pieces (FHP¹²) volume was 2.38 percent compared to 5.50 percent in FY 2012 and 6.45 percent in FY 2011 (see Table 1). [Appendix C](#) shows the percentage of delayed mail for each of the 43 plants for Q1, FYs 2011, 2012, and 2013.

Table 1. Percentage of Delayed Mail at the 43 Largest Plants

Period	FHP Volume	Delayed Mail	Percentage of Delayed FHP
Q1, FY 2011	18,712,693,480	1,207,650,578	6.45%
Q1, FY 2012	18,814,699,772	1,034,604,568	5.50%
Q1, FY 2013	18,407,925,863	438,369,015	2.38%

Source: Enterprise Data Warehouse (EDW).

Moreover, during the FY 2013 fall mailing season, delayed mail volume declined from the prior fall mailing season by 56 percent, or from 1.034 billion pieces to 438 million pieces. In comparison, from the FY 2011 fall mailing season to the FY 2012 fall mailing season, delayed mail declined by 17 percent, or from 1.2 billion to 1.034 billion pieces. With the exception of Priority Mail and Periodicals,¹³ all classes of mail experienced a decrease in delays from Q1, FY 2011 to Q1, FY 2013, Q1 (see Table 2).

Table 2. Delayed Mail Volume by Mail Class at the 43 Largest Plants

Period	Priority	First-Class	Periodicals	Standard	Packages	Total
Q1, FY 2011	1,013,837	38,650,685	41,771,183	1,125,917,720	297,153	1,207,652,589
Q1, FY 2012	1,262,212	12,907,643	55,763,794	964,298,087	372,832	1,034,606,580
Q1, FY 2013	1,875,071	18,024,330	45,747,732	372,581,889	139,993	438,371,028

Source: EDW.

Also, service performance achievement scores increased to 90.71 percent during the FY 2013 fall mailing season, from 81.20 percent during the FY 2012 fall mailing season.

While the Postal Service is to be commended for these improvements, opportunities to further reduce delayed mail remain.

¹¹ The 43 largest plants process about 40 percent of total FHP volume.

¹² The volume of mail handled for the first time at a mail processing facility.

¹³ Due to more stringent service performance standards, Periodicals and Priority Mail were severely impacted by Hurricane Sandy, resulting in an increase in delayed mail for the FY 2013 fall mailing season.

Color Coding and Mail Flow

During our plant observations, we noted mail that was not always properly color-coded (see Figure 1 and Figure 2). According to the national color-code policy for Standard Mail, color-coding procedures provide a guide to maintaining service goals for Standard Mail. Color coding Standard Mail allows for the processing of mail in a first-in first-out (FIFO)¹⁴ manner. Additionally, the tag identifies the mail's scheduled delivery day and allows for accurate delayed mail reporting. By not accurately color coding the mail, the Postal Service cannot ensure timely processing, dispatch, and delivery of Standard Mail.

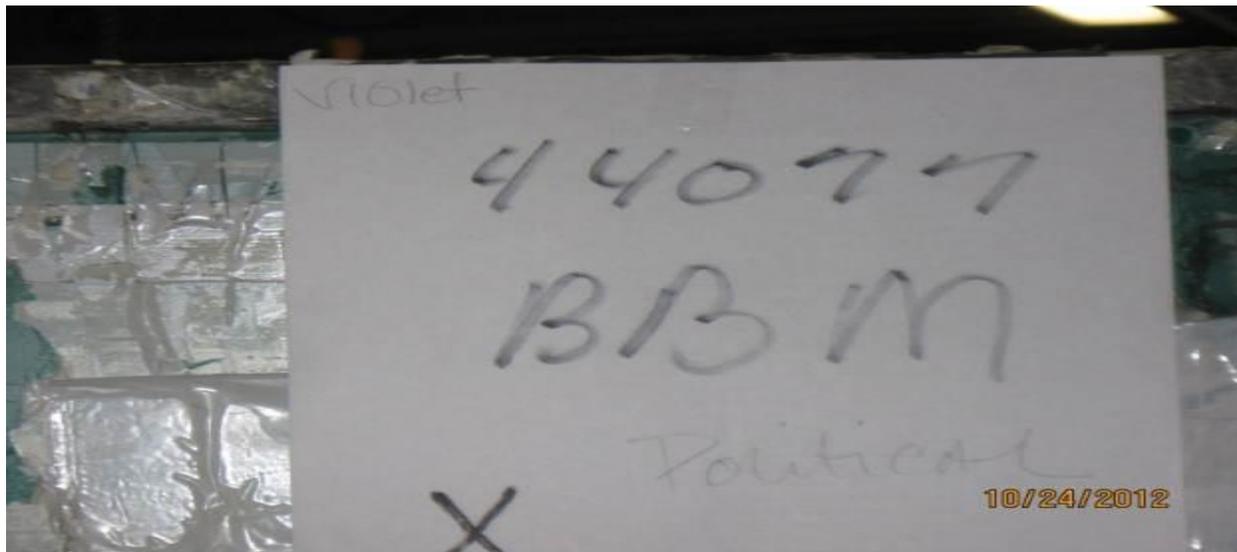
Figure 1. Mail Containers Missing Color-Code Information



Source: U.S. Postal Service Office of Inspector General (OIG) photograph taken October 23, 2012 at the Cleveland, OH Processing and Distribution Center (P&DC). The color-code tag contains neither the date nor time, providing no assurance that this mail was processed in FIFO order and accurately reported.

¹⁴ Mail is staged and processed based on order of receipt.

Figure 2. Mail Containers Missing Color-Code Placards



Source: OIG photograph taken October 24, 2012 at the Cleveland, OH P&DC. Container of mail, identified as Political Mail, did not have a color-code tag.

Observations at several plants revealed floor congestion caused by excess¹⁵ MTE in staging areas, aisles, and other areas hindered the staging of mail and mail flow that contributed to mail delays (see [Figure 3](#) and [Figure 4](#)). Processing plants generate empty MTEs whenever a tray of mail is emptied for processing. Once a tray is emptied, it should be stacked on a pallet to eliminate re-handling and floor congestion. Once the pallet is full, the trays should be shrink-wrapped and ready for their next use (see [Figure 5](#)).

¹⁵ Observations revealed excessive mail transportation equipment at the St. Louis, Philadelphia, and Charlotte P&DCs.

Figure 3. Excessive Empty Equipment on the Work Floor



Source: OIG photograph taken November 14, 2012. Empty mail equipment stacked on the work floor taking up space that could be used for mail processing at the St. Louis, MO P&DC.

Figure 4. Excessive Empty Equipment on the Work Floor



Source: OIG photograph taken December 12, 2012. Empty mail equipment stacked on the work floor taking up space that could be used for mail processing at the Philadelphia, PA P&DC.

Figure 5. Best Practices for MTE Handling



Source: OIG archived photograph, taken May 10, 2011. Example of properly stacked MTE at the Miami, FL P&DC.

Revenue at Risk

Delayed mail had a negative impact on service. For example, the 21 P&DCs with the highest volumes of delayed mail, or those above the median,¹⁶ did not achieve the same level of IMb service performance as the 21 P&DCs with lower volumes of delayed mail (see Table 3).

Table 3. IMb Service Performance and Delayed Mail for the 43 Largest P&DCs Q1, FY 2013

Description	IMb Service Performance Score
21 largest P&DCs with above median delayed mail	87.90%
21 largest P&DCs with below median delayed mail	93.07%

Source: SPD.

In addition, high volumes of delayed mail adversely impact mailers and increase the risk that Standard Mail delivery may be late. This could result in customers seeking alternative advertising or delivery methods outside of the Postal Service.

¹⁶ The median amount of delayed mail in Q1, FY 2013 was 1.56 percent of total FHP volume. There were 21 plants above the median and 21 plants below the median.

We conservatively estimated that \$3.8 million in revenue could be at risk if customers elect not to use the Postal Service. See [Appendix B](#) for a detailed explanation of revenue at risk.

Recommendation

We recommend the vice president, Network Operations, coordinate with area vice presidents to:

1. Ensure that all field personnel properly color code Standard Mail in accordance with Postal Service policy and store mail transportation equipment to facilitate mail flow.

Management's Comments

Management agreed with the recommendation. They stated that, effective August 2013, Processing Operations management will ensure that all field personnel are properly color-code trained and the MTE is processed in a way that facilitates mail flow. See [Appendix D](#) for management's comments in their entirety.

Evaluation of Management's Comments

The U.S. Postal Service OIG considers management's comments responsive to the recommendation and corrective actions should resolve the issues identified in the report.

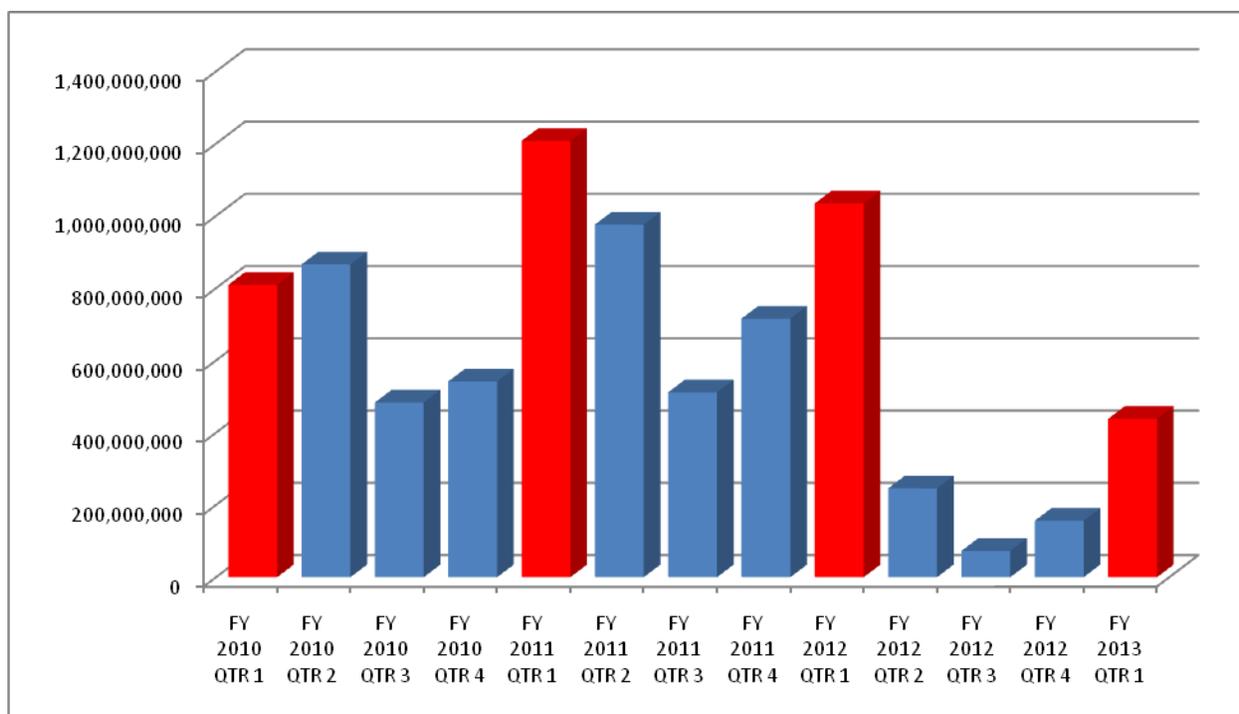
The OIG considers recommendation 1 significant and therefore requires OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective action is completed. This recommendation should not be closed in the Postal Service's follow-up tracking system until the OIG provides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

Appendix A: Additional Information

Background

Despite continued success in generating new package delivery revenue, improving efficiency, and reducing costs, the Postal Service ended FY 2012 with a net loss of \$15.9 billion. Contributing significantly to this loss was \$13.5 billion in expenses for the legislatively mandated prefunding of retiree health benefits. There has been a continual decline in mail volume since peaking at 213 billion pieces in 2006. In FY 2012, the total number of mailpieces declined from 168.3 billion to 159.9 billion. Overall, delayed mail volume during Q1 of the FY 2013 fall mailing season for the 43 largest plants decreased significantly compared to Q1 of FYs 2012 and 2011.

Figure 6. Delayed Mail Volumes



The Postal Service measures service performance in terms of speed and reliability. Single-piece First-Class Mail includes letters, flats, and parcels and is measured from collection box drop point to delivery. Standard Mail is a class of mail consisting of mailable matter that is not required to be mailed as First-Class Mail or Periodicals.¹⁷ Standard Mail service performance is tracked by an IMb which documents mail arrival time at a designated postal facility to start the clock and is scanned by an external, third-party reporter to stop the clock. This data is collected and provided to an independent, external contractor to calculate service measurement.¹⁸

¹⁷ Service performance for Periodicals (for example, publications) and Package Services, which includes Parcel Post, Bound Printed Matter, Media Mail, and Library Mail is measured from entry into the Postal Service system to delivery.

¹⁸ The system used for this reporting is called iMAPS.

Objective, Scope, and Methodology

Our objective was to assess the Postal Service's performance during the FY 2013 fall mailing season. To meet our objective, we conducted interviews and analyzed mail volume and trends. We also conducted site visits at five P&DCs with high delayed mail volume. We used computer-processed data from the Mail Condition Reporting System, the Intelligent Mail Accuracy and Performance System, and the EDW. We pulled data from October 1, 2011, through December 31, 2012, but did not test controls over these systems. We assessed the reliability of volume data by interviewing knowledgeable Postal Service managers and determined that the data were sufficiently reliable for the purposes of this report.

We conducted this performance audit from October 2012 through March 2013 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 February 13, 2013, and included their comments where appropriate.

Prior Audit Coverage

Report Title	Report Number	Final Report Date	Monetary Impact (in millions)
<i>Customer Service Feedback</i>	NO-MA-13-001	12/17/2012	None
<p>Report Results: <i>Although preparing for and reporting on a good start to this fall's mailing season, some large business mailers raised concerns about mail operations' feedback system during this fall's mailing season. While the Postal Service has a tracking and feedback system, it is not effective or robust enough for mailers' needs. Specifically, we found the system is not designed to provide timely, well-informed feedback to customers, nor is it set up to provide maximum mail visibility to customers. These conditions occurred because (1) some Business Service Network representatives have limited knowledge and access to mail processing operations and (2) the feedback process was cumbersome. Timely, responsive feedback to mailers and customers is critical to preserving revenue for the Postal Service. Management agreed to provide training to Business Service Network representatives on the SPD tool and provide continuous feedback to field operations for customer service requests that have not been abated within 24 hours.</i></p>			
<i>Timeliness of Mail Processing at Processing and Distribution Centers</i>	NO-AR-12-010	9/28/2012	\$17,330,587
<p>Report Results: Through the first 3 quarters of FY 2012, the Postal Service made significant progress in reducing the amount of delayed mail at the 43 largest P&DCs in its network. They also improved service performance scores as measured by the Intelligent Mail Accuracy and Performance System. During this period, about 2.6 percent of total mail volume was reported as delayed, compared to 4.8 percent in FY 2011. About 1.4 billion mailpieces have been reported delayed in the first 3 quarters of FY 2012, while about 3.5 billion mailpieces were reported delayed during the same period in FY 2011. Management agreed to continue evaluating operations, including consolidations, to reduce the amount of delayed mail in the network and ensure that field personnel are properly trained in color coding Standard Mail, as well as the counting and reporting delayed mail in accordance with current policies.</p>			

Report Title	Report Number	Final Report Date	Monetary Impact (in millions)
<i>Timely Processing of Mail at the Pittsburgh, PA Processing and Distribution Center</i>	NO-AR-12-008	9/18/2012	None
<p>Report Results: The Pittsburgh P&DC experienced difficulties with timely processing of all mail during FY 2011, the bulk of it being Standard Mail. Among the 43 largest Postal Service facilities, the Pittsburgh P&DC ranked second highest, with more than 12 percent of delayed mail volume. The primary causes for the excessive delayed mail were underuse of mail processing equipment, poor mail flow, and failure to follow operating procedures. As a result, mail was not processed in a timely manner, thereby adversely impacting customer service and jeopardizing Postal Service revenue. Management agreed to adjust workhours, assignments, and other operational requirements to ensure the Pittsburgh P&DC processes mail timely compared to similar-sized sites. Management also agreed to increase tray sorters' capacity and throughput and expand the windows of operation, improve mail flow throughout the facility, and train employees to ensure proper color coding of Standard Mail according to Postal Service policy.</p>			
<i>Timely Processing of Mail at the Richmond, VA Processing and Distribution Center</i>	NO-AR-11-008	9/13/2011	None
<p>Report Results: The Richmond P&DC experienced difficulties with timely processing of mail during FY 2010 and Q1, FY 2011. Delayed mail volume rose from 22.6 million to 54.2million mailpieces over a 2-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. Causes of 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. 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.</p>			

Report Title	Report Number	Final Report Date	Monetary Impact
<i>Postal Service Performance During the 2010 Fall Mailing Season</i>	NO-AR-11-007	9/7//2011	\$10,900,000
<p>During the 2010 fall mailing season, the U.S. Postal Service had more than 3.4 billion delayed mailpieces, a 37 percent increase compared to the same period last year. About 95 percent of this delayed mail was Standard Mail. This adversely impacted service and resulted in about \$10.9 million in revenue at risk. Factors contributing to this condition included failure to adjust mail flow, sort plans, and staffing to meet operational changes, particularly when implementing consolidations and realignments. We identified a very small amount of stand-by time (or idle time) during this period; thus, it appears the vast majority of employees were engaged in processing mail. Contributing factors also included underestimating mail volume, underutilizing machines, not consistently color coding mail, and not accurately identifying and reporting delayed mail. We have referred three instances of intentional misreporting of delayed mail to the Office of Investigations over the past several years. Management agreed with the recommendations and indicated they will develop checklists, action plans, and scheduling models to assist plant management in planning for fall mail volume variations. In addition, operations will work with the Business Service Network and Customer Outreach to identify plant specific hotspots for delays and identify areas for improvement.</p>			

Appendix B: Other Impacts

We conservatively estimated that 1 percent of mail that failed to meet service performance standards (about 11.7 million mailpieces) is at risk of diversion to alternative advertising or delivery methods outside the Postal Service. We determined that about \$3.8 million¹⁹ of the revenue associated with the failed mailpieces is at risk.

Revenue at Risk²⁰

Recommendation	Impact Category	Amount
1	Revenue at Risk	\$3,752,245

Should high delayed mail volume negatively impact customer service or if customers experience delays with their mail, it could cause some to seek alternative delivery methods, further decreasing both mail volume and revenue.

¹⁹ We conservatively estimated the revenue at risk for mailers selecting alternative delivery methods as 1 percent of IMb failed pieces of more than 1.2 billion by the average revenue per mailpiece of 32 cents ($1,172,576,610 \times .01 = 11,725,766 \times .32 = \$3,752,245$). We used this methodology in a previous OIG-issued report titled, *Postal Service Performance During the Fall Mailing Season* (Report Number NO-AR-11-007, dated September 7, 2011).

²⁰ Revenue the Postal Service is at risk of losing (for example, when a mailer seeks alternative solutions for services the Postal Service currently provides).

**Appendix C: Delayed Mail as a Percentage of First-Handling Piece
Volume for the 43 Largest Plants**

*Rank	Plant	Q1, FY 2012	Q1, FY 2013
1	SAN FRANCISCO P&DC	12.17%	11.63%
2	MID-ISLAND P&DC	8.24%	7.71%
3	DOMINICK V DANIELS P&DC	0.65%	7.68%
4	PITTSBURGH P&DC	9.90%	7.02%
5	CLEVELAND P&DC	16.85%	5.59%
6	PHILADELPHIA P&DC	8.35%	4.85%
7	MORGAN P&DC	4.67%	4.62%
8	COLUMBUS P&DC	15.05%	4.30%
9	TAMPA P&DC	3.45%	4.20%
10	MINNEAPOLIS P&DC	4.24%	3.74%
11	NASHVILLE P&DC	4.34%	3.38%
12	METROPLEX P&DC	7.84%	2.69%
13	NORTH HOUSTON P&DC	7.04%	2.59%
14	CINCINNATI P&DC	6.78%	2.22%
15	SANTA ANA P&DC	1.71%	2.09%
16	SALT LAKE CITY P&DC	5.05%	1.98%
17	PALATINE P&DC	11.97%	1.94%
18	LOS ANGELES P&DC	2.55%	1.90%
19	OAKLAND P&DC	9.45%	1.89%
20	SAN ANTONIO P&DC	1.44%	1.83%
21	PORTLAND OR P&DC	3.92%	1.81%
22	ST. LOUIS P&DC	7.26%	1.56%
23	PHOENIX P&DC	1.58%	1.43%
24	HOUSTON P&DC	2.04%	1.04%
25	MARGARET L. SELLERS P&DC	4.88%	0.91%
26	DENVER P&DC	2.31%	0.84%
27	NORTH TEXAS P&DC	3.56%	0.70%
28	KANSAS CITY MO P&DC	3.04%	0.53%
29	CAROL STREAM P&DC	3.70%	0.51%
30	SACRAMENTO P&DC	1.67%	0.45%
31	MILWAUKEE P&DC	3.91%	0.42%
32	JACKSONVILLE P&DC	2.36%	0.40%
33	FT. WORTH P&DC	3.62%	0.40%
34	INDIANAPOLIS P&DC	4.54%	0.31%
35	RICHMOND P&DC	11.57%	0.23%
36	SEATTLE P&DC	0.10%	0.22%

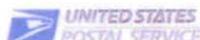
**Appendix C: Delayed Mail as a Percentage of First-Handling Piece
Volume for the 43 Largest Plants (Continued)**

37	DALLAS P&DC	1.95%	0.18%
38	SANTA CLARITA P&DC	2.25%	0.18%
39	NORTH METRO P&DC	9.76%	0.17%
40	CARDISS COLLINS P&DC	7.64%	0.13%
41	BALTIMORE P&DC	2.86%	0.08%
42	ATLANTA P&DC	2.45%	0.02%
43	CHARLOTTE P&DC	7.24%	0.00%
	Average	5.50%	2.38%

*Rank is based on FY 2013 percentage.

Appendix D: Management's Comments

DAVID E. WILLIAMS
Vice President, Network Operations



March 19, 2013

JUDITH LEONHARDT
DIRECTOR, AUDIT OPERATIONS

Subject: Draft Audit Report – Postal Service Performance during the Fiscal Year 2013
Fall Mailing Season – (Report Number NO-AR-13-Draft) dated March 1, 2013

We reviewed the audit performed by the Office of Inspector General on the Postal Service's performance during the FY2013 fall mailing season and appreciate the opportunity to provide feedback to your findings and recommendations. Overall, we agree with your assessment that mail processing performance during the fall mailing season and election period was substantially improved over the previous year(s)' performance. This achievement was obtained just after the consolidation of 46 mail processing operations that took place last summer. The key initiatives that were developed for the FY2013 fall mailing season played an integral role in our success. We have refined these initiatives for FY2014 to include:

- We have updated our fall mailing season checklist to include color code compliance and Mail Transport Equipment (MTE) focus;
- We will have updated web-based color code training including a proficiency test to better track understanding and adherence to the established policy;
- We have updated the Service Performance Diagnostic (SPD) tool to include a first-in-first-out (FIFO) selection that shows when mail is worked out of order;
- We have created an MTE reporting process that includes Post Office level EAS 20 and above so that MTE equipment is accounted for and redistributed as necessary;
- We are finalizing an MTE model that uses Run Plan Generator (RPG) data to determine MTE levels for plants. This will reduce clutter on the workroom floor and establish an MTE thresholds for mail processing needs;

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- We will continue with our field audits that monitor color code practices, swim lane adherence, and mail condition reporting;
- We have added robust National Operations Center reports and an established feedback mechanism by the areas; and
- We have established internal goals to reduce processing cycle times.

Recommendation 1:

Coordinate with Area Vice Presidents to ensure that all field personnel properly color-code Standard Mail in accordance with Postal Service policy and store mail transportation equipment to facilitate mail flow.

Management Response / Action Plan:

Management agrees with the recommendation and will ensure that field personnel are properly color-coded trained and that MTE is processed in a way that facilitates mail flow.

Target Implementation Date:

August 2013

Responsible Official:

Linda Malone
Manager, Processing Operations

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



David E. Williams

cc: Ms. Brennan
Ms. Malone