



AUDIT REPORT

Manual Parcel Processing Operations at the Brooklyn, NY, Processing and Distribution Center

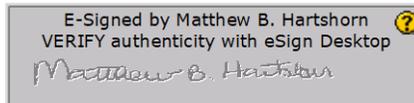
December 23, 2019





December 23, 2019

MEMORANDUM FOR: ERIC HENRY
MANAGER, TRIBORO DISTRICT



FROM: Matthew B. Hartshorn
Director, Plant Evaluation Team

SUBJECT: Audit Report – Manual Parcel Processing Operations at the
Brooklyn, NY, Processing and Distribution Center
(Report Number 20-099-R20)

This report presents the results of our audit of Manual Parcel Processing Operations at the Brooklyn, NY, Processing and Distribution Center.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Jeff Giordano, Operations Manager, or me at 703-248-2100.

Attachment

cc: Postmaster General
Corporate Audit and Response Management
Acting Vice President, Processing and Maintenance Operations
Vice President, Northeast Area Operations

Background

This report presents the results of our self-initiated audit of manual parcel processing operations at the Brooklyn Processing and Distribution Center (P&DC) in Brooklyn, NY (Project Number 20-099). We conducted this audit to provide U.S. Postal Service management with timely information on operational risks at the Brooklyn P&DC.

The Brooklyn P&DC is in the Triboro District of the Northeast Area. During fiscal year (FY) 2019, it manually processed 80 million letters, 10.6 million flats, and 807,000 parcels. Mail is processed manually when its dimensions or address quality prevent it from being processed on mail processing equipment; however, it is much more cost effective to process mail on mail processing equipment. In FY 2019, average productivity¹ for parcels processed on mail processing equipment was 278 parcels per hour while the average productivity for manually processed parcels was 74 parcels per hour.

We selected the Brooklyn P&DC for review based on our analysis of manual parcel productivity as measured by the Management Operating Data System (MODS).² The Postal Service uses MODS data to plan workloads, project workhours and mail volume, track mail processing activities, evaluate the efficiency of facilities, and estimate staffing requirements. In addition to its operational uses, the Postal Service uses MODS workhour data to calculate totals for many of the cost pools³ within the Clerks and Mail Handlers Cost Segment. Postal Service management and the Postal Regulatory Commission rely on accurate and precise product cost estimates to set postal prices and to reliably determine whether revenue for products and mail classes cover attributable costs. The Brooklyn P&DC's FY 2019 manual parcel productivity of 16 mailpieces per hour⁴ was significantly lower than the national average productivity of 74 mailpieces per hour.

Objective, Scope, and Methodology

Our objective was to assess the manual parcel processing operations at the Brooklyn P&DC.

To accomplish our objective, we analyzed manual parcel processing productivity metrics for FY 2019. During our November 4-7, 2019 site visit, we interviewed P&DC management and employees, conducted observations of manual parcel operations, and analyzed manual parcel workhours and volume. We also reviewed the P&DC's

¹ The Postal Service calculates productivity by taking the total mail volume and dividing it by the total workhours.

² A web-enabled application that provides a systematic approach to gathering, storing, and reporting data on workload, workhours, and machine utilization by operation number and facility type.

³ A cost pool represents the cumulative costs incurred from related activities performed within an organization. Examples of Postal Service cost pools include Manual Priority, Dispatch, and Mail Processing Support.

⁴ Manual Parcel Volume of 807,160/Manual Parcel Workhours of 51,122.

operating plan to ensure it included the correct information for manual parcel processing operations.

We relied on computer-generated data from the Enterprise Data Warehouse.⁵ Although we did not test the validity of controls over these systems, we assessed the accuracy of the data by reviewing existing information, comparing data from other sources, observing operations, and interviewing Postal Service officials knowledgeable about the data. Therefore, we determined the data were sufficiently reliable for the purposes of this report.

We conducted this audit from November through December 2019, in accordance with generally accepted government auditing standards. 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 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 December 3, 2019, and included their comments where appropriate.

Finding #1: Manual Parcel Volume

The Brooklyn P&DC's manual parcel processing volume was understated, which caused the manual parcel productivity to be understated. This occurred because employees did not follow required scanning procedures⁶, which require manual parcels processed to be scanned to record accurate volume. Specifically, on November 5, we observed only one of eight employees manually processing parcels using a ring scanner to record manual parcels processed. We immediately notified P&DC management of this issue. As a result, over the next two days we observed an increase in the number of employees using ring scanners to record manual parcels processed.

According to Postal Service policy⁷, managers at field offices and mail processing facilities are responsible for ensuring data integrity, including accurate recording of workhours and mail volume in the proper operation number⁸. Additionally, management is responsible for correcting data reporting errors. The Brooklyn P&DC's FY 2019 manual parcel productivity of 16 mailpieces per hour⁹ was significantly lower than the national average productivity of 74 mailpieces per hour. When employees do not properly report volume and supervisors do not correct the errors, the Postal Service cannot accurately track mail processing activities, estimate staffing requirements, and evaluate productivity to identify opportunities to reduce workhours and costs. In

⁵ A repository intended for all data and the central source for information on retail, financial, and operational performance. Mission-critical information comes to EDW from transactions that occur across the mail delivery system, points-of-sale, and other sources.

⁶ Handbook PO-610, *Signature Capture and Electronic Record Management: Manager's Guide to Standard Operating Procedures*, dated November 2014.

⁷ Handbook 32, *Management Operating Data Systems*, dated September 2018.

⁸ A 3-digit number provided for recording all work hours in Postal Service facilities according to the function or activity performed.

⁹ Manual Parcel Volume of 807,160/Manual Parcel Workhours of 51,122.

addition, persistent errors in MODS data, if significant, would cause the Postal Service to improperly allocate costs to cost pools and postal products.

In addition, using a ring scanner provides Postal Service customers with parcel tracking data. Customers rely on this data to track their packages in real-time and receive notification of an expected delivery window. By improving scanning operations, the Postal Service can reduce customer complaints and help meet the goal of providing customers with real-time visibility over their mail.

Recommendation #1: We recommend the **District Manager, Triboro District**, instruct Brooklyn Processing and Distribution Center management to ensure supervisors monitor mail processing productivity and instruct unit management to ensure staff follow standard operating procedures for scanning mailpieces.

Finding #2: Operating Plan

We found that the P&DC's operating plan, which they last updated in January 2017, did not reflect current mail processing operations as depicted in the Run Plan Generator (RPG)¹⁰. For example, the operating plan's Clearance Time¹¹ for the incoming Automated Package Processing Sorter (APPS)¹² was 4:00 p.m.; however, the RPG showed that the APPS was not scheduled to finish with incoming primary transactions until about 4:00 a.m. The manual section should not finish until the APPS operation is complete because there are parcels the APPS may reject and that volume is processed in the manual operation. In addition, the operating plan did not list the start, end, and critical entry time (CET)¹³, and clearance times for the manual parcels processing operation. The P&DC manager stated that they were aware that the operating plan was not current and intended to update the plan. Postal Service policy requires accurate operating plans to assist management in the scheduling, processing, and delivery of mail. Operating plans are contained in the Mail Processing Operating Plan System and provide an approach for planning mail processing operations to meet service commitments. A facility uses its operating plan to efficiently process and move mail from one operation to the next. From a larger perspective, all network and logistics planning for the facility are based on the facility's critical entry clearance and critical entry times reflected in the operating plan.¹⁴ Failure to maintain an updated operating plan can adversely impact employee and transportation scheduling and overall mail processing efficiency and service.

¹⁰ The RPG is an Excel-based application used by mail processing facilities to plan machine utilization based on volume, clearance times, throughputs and other criteria.

¹¹ The clearance time is the latest time committed mail can clear an operation for proper dispatch or delivery.

¹² An APPS sorts packages and bundles.

¹³ CET is the latest time committed mail can be received in an operation and still be processed before clearance time. CET impacts staffing, sort programs, service, and mailflows.

¹⁴ *Mail Processing Operating Plan System User Guide*, May 19, 2009.

We previously identified issues with P&DCs not having operating plans that reflect current mail processing operations.¹⁵ Because we are continuing to find similar issues in our current audits, we are planning to conduct future nationwide audit work to determine the impact of P&DCs having outdated operating plans and if there are more efficient tools which can be utilized for network and logistics planning.

Recommendation #2: We recommend the **District Manager, Triboro District**, instruct Brooklyn Processing and Distribution Center (P&DC) management to ensure the P&DC's operating plan is updated to reflect current mail processing operations.

Management's Comments

Management agreed with the report's findings and recommendations.

Regarding recommendation 1, management stated that Brooklyn P&DC management put procedures in place to track the daily scanning of the manual parcel post packages, monitor the manual parcel operation daily, and update employees on scan performance. They also determined that the number of daily average parcel scans increased after these procedures were implemented.

Regarding recommendation 2, management stated that the Brooklyn P&DC's operating plan was updated to reflect current mail processing operations. Subsequent to their management comments, management provided an approved updated operating plan, dated December 20, 2019.

See [Appendix A](#) for management's comments in their entirety.

Evaluation of Management's Comments

The U.S. Postal Service Office of Inspector considers management's comments responsive to the recommendations in the report. Based on the information provided by Postal Service management, we consider recommendations 1 and 2 closed with the issuance of this report.

¹⁵ For example, see *Continuous Improvement of Mail Processing Operations* (Report Number [NO-AR-16-012](#), September 29, 2016), *Timeliness of First-Class Flats* (Report Number [NO-AR-17-001](#), October 6, 2016), and *Delayed Mail Reporting in the Great Lakes Area* (Report Number [NO-AR-18-005](#), May 17, 2018).

Appendix A. Management's Comments



December 16, 2019

LAZERICK POLAND
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Manual Parcel Processing Operations at the Brooklyn, NY Processing and
Distribution Center

The findings and recommendations outlined in the above noted audit report have been reviewed and we agree with the findings. Our response to the Recommendations are as follows:

Recommendation #1

We recommend the District Manager, Triboro District, instruct Brooklyn Processing and Distribution Center management to ensure supervisors monitor mail processing productivity and instruct unit management to ensure staff follow standard operating procedures for scanning mail pieces.

Management Response:

We agree with the recommendation. The Brooklyn Processing and Distribution management currently tracks the daily scanning of the manual parcel post packages. The Brooklyn Sr. Plant Manager has instructed that the PSS Ring Scan System in the unit be monitored daily and employees updated on performance. Appendix A shows a history of scans for the last 14 days.

Target Implementation Date:

Completed – November 28, 2019

Responsible Official:

Brooklyn Senior Plant Manager

Recommendation #2

We recommend the District Manager, Triboro District, instruct Brooklyn Processing and Distribution Center (P&DC) management to ensure the P&DC's operating plan is updated to reflect current mail processing operations.

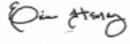
Management Response:

We agree with the recommendation. The Brooklyn P&DC's Operating Plan has been updated to reflect the current processing operations schedules.

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Target Implementation Date:
Completed – December 9, 2019

Responsible Official:
Brooklyn Senior Plant Manager



Digitally signed by Eric E. Henry
DN: cn=Eric E. Henry, o=USPS,
ou=Triboro District,
email=eric.e.henry@usps.gov, c=US
Date: 2019.12.16 15:28:14 -0500

Eric E. Henry
District Manager, Triboro

cc: VP Area Operations (Northeast)
Manager Operations Support (Northeast)
Manager In-Plant Support (Northeast)
Area Accounting Manager (Northeast)
Finance Manager (Triboro)
Manager, Corporate Audit Response Management