

Office of Inspector General | United States Postal Service

Audit Report

Mail Operations at the Raleigh, NC, Processing and Distribution Center

Report Number 21-184-R21 | August 12, 2021



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Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

August 12, 2021

MEMORANDUM FOR: SCOTT D. TOSCH
SOUTH ATLANTIC DIVISION DIRECTOR
PROCESSING OPERATIONS

A handwritten signature in black ink that reads "Adam Bieda".

FROM: Adam Bieda
Director, Plant Evaluation Team

SUBJECT: Audit Report – Mail Operations at the Raleigh, NC, Processing
and Distribution Center (Report Number 21-184-R21)

This report presents the results of our audit of the Mail Operations at the Raleigh, NC, 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 Adam Bieda, Director, Plant Evaluation Team, or me at 703-248-2100.

Attachment

cc: Postmaster General
Chief Logistics and Processing Operations Officer and Executive Vice President
Vice President, Eastern Region Processing Operations
Corporate Audit and Response Management

Results

Background

The U.S. Postal Service considers mail to be delayed when it is not processed in time to meet the established delivery day. Delayed mail can adversely affect Postal Service customers and harm the organization's brand.

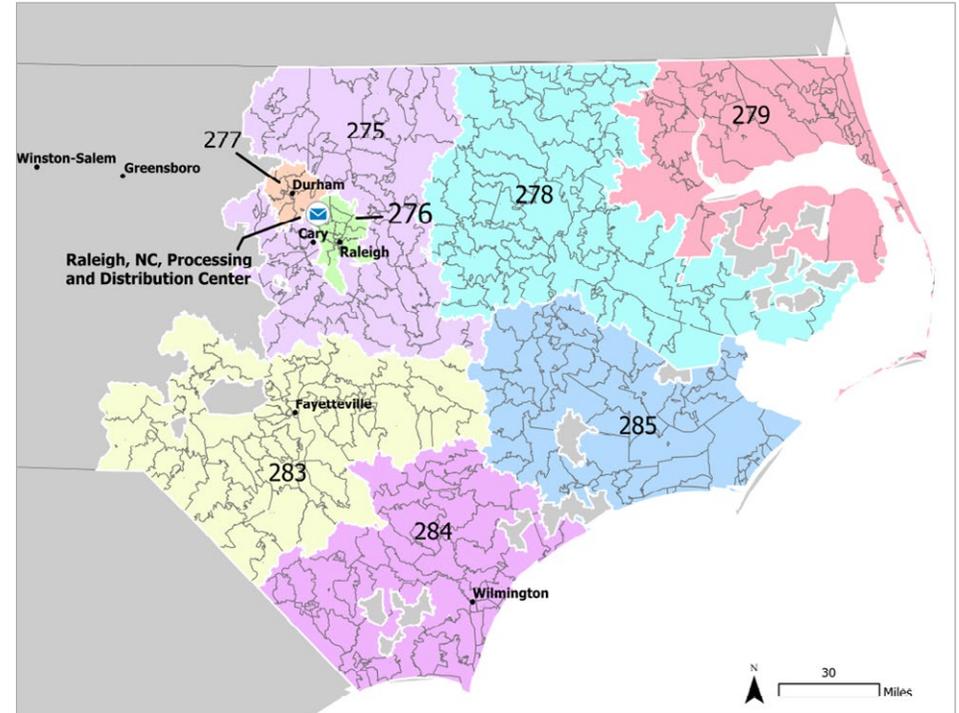
To track mail conditions at processing facilities, the Postal Service launched the Mail Condition Visualization (MCV) system in January 2019. The system provides near real-time visibility of a facility's on-hand volume, delayed processing volume, and delayed dispatch volume. Specifically, the MCV system calculates:

- Late arriving containers - containers that arrived from another processing plant after the Critical Entry Time¹ necessary to meet their delivery commitment for their class and shape.
- Delayed inventory - mailpieces that have not received their next expected processing operation scan by 6:59 a.m. for destinating final processing operations and by 6:00 a.m. for all other operations.
- Delayed dispatch containers - containers that have not received final dock (departure) scan more than 15 minutes after Dispatch of Value.²

From January 1, 2020, through March 31, 2021, the Raleigh, NC, Processing and Distribution Center (P&DC) reported 7,483 late arriving containers, about 1.44 billion pieces of delayed inventory, and 112,302 delayed dispatch containers. This site was selected based on the high number of delayed dispatch containers during this time period.

The Raleigh P&DC is in the South Atlantic Division of the Eastern Processing Region. The facility processes letters, flats, and packages for ZIP Codes throughout NC (see Figure 1).

Figure 1. ZIP Codes Served by the Raleigh P&DC



Source: Postal Service National Distribution Labeling List and Postal Service Office of Inspector General (OIG) analysis.

A portion of the audit scope and our site observations occurred during the COVID-19 pandemic. The Postal Service experienced decreased employee availability and increased package volume during this time, which impacted operations nationwide.

¹ The latest time that committed mail can be received in an operation and still be processed before clearance time to meet the service standard for mail processing, dispatch, and final delivery.

² The last dispatch of the day that is loaded on transportation in time to meet the service standard for the mail class or destination.

Objective, Scope, and Methodology

Our objective was to evaluate mail conditions at the Raleigh, NC, P&DC.

We interviewed Raleigh P&DC management and observed mail processing and dock operations from June 15–17, 2021. We also analyzed late arriving, delayed inventory, and delayed dispatch data in the MCV system from January 1, 2020, to March 31, 2021. Additionally, we looked at Surface Visibility Web (SVWeb)³ scans and calculated volume processed using data from Web Management Operating Data System. Furthermore, we reviewed Informed Visibility (IV) system data to identify the operational performance and Run Plan Generator reports in Web End of Run to identify operational clearance performance for the Raleigh P&DC compared to national targets and trends.

We assessed the reliability of data from these systems by interviewing agency officials knowledgeable about the data and reviewing related documentation. We determined that the data used were sufficiently reliable for the purposes of this report.

We conducted this performance audit from June through August 2021 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 August 2, 2021 and included their comments where appropriate.

Finding #1: Delayed Inventory Mail Reported in Mail Condition Visualization

From January 1, 2020, to March 31, 2021, the MCV system reported over 1.4 billion pieces of delayed inventory at the Raleigh P&DC. Specifically, the top six categories of delayed mail inventory represented 93.6 percent of all delayed inventory for the Raleigh P&DC (see Table 1).

Table 1. Top Delayed Mail Types at the Raleigh P&DC

Raleigh P&DC Processing Operation	Delayed Inventory	Percentage to Total Delayed Inventory
First Class Letters (second pass delivery point sequence (DPS) ⁴)	354,284,138	24.7%
Marketing Letters (first pass DPS)	345,540,499	24.0%
Marketing Letters (second pass DPS)	335,691,454	23.4%
First Class Letters (first pass DPS)	214,388,029	14.9%
First Class Incoming Primary Letter	49,133,751	3.4%
First Class Outgoing Primary Letter	45,480,926	3.2%
Subtotal	1,344,518,797	93.6%
Other	92,456,531	6.4%
Total	1,436,975,328	100.0%

Source: MCV.

³ A system that provides real time transportation updates and reporting on the movement of trailers in the surface network.

⁴ An automated process of sorting mail into delivery order. DPS requires sorting the mail twice, with a first pass to sequence the mail and a second pass to sort the sequenced mail by each carrier.

Not all of this mail was actually delayed but was reported as delayed inventory in the MCV application. During the week of our site visit, about 1.27 million pieces of delayed inventory were reported in the MCV system, while Raleigh P&DC management counted 92,580 pieces as delayed during their physical count (see Table 2). Delayed inventory is reported in the MCV system for up to five days, which contributes to the high daily delayed inventory numbers.

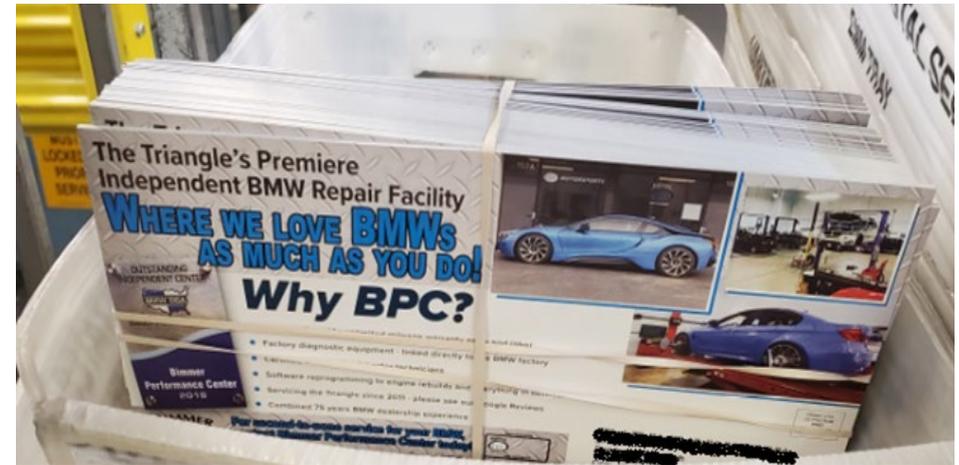
Table 2. Comparison MCV Delayed Inventory to Physical Count

Day of Week	MCV Delayed Inventory	Physical Count	Percent Variance
Monday, June 14, 2021	215,914	19,128	91.14%
Tuesday, June 15, 2021	173,543	16,209	90.66%
Wednesday, June 16, 2021	248,435	17,631	92.90%
Thursday, June 17, 2021	329,757	16,239	95.08%
Friday, June 18, 2021	303,344	23,373	92.29%
Total	1,270,993	92,580	92.72%

Source: MCV and Raleigh P&DC delayed inventory counts.

The MCV system expects mail to be processed in accordance with the designed mail flow. However, Raleigh P&DC management did not process Marketing Mail⁵ on the appropriate sort plans because they deemed the mail incompatible with the mail processing machines since the mailpieces caused jams. This resulted in the machines being shut down frequently to clear the jammed mail. Instead, Raleigh P&DC management dispatched the mail directly to the delivery units. When mail processing operations were bypassed and scans did not occur, the mail was reported as delayed inventory in the MCV system. An example of Marketing Mail that frequently jammed the machines was “fletters”⁶ (see Figure 2).

Figure 2. Example of Fletter



Source: Raleigh P&DC management.

Raleigh P&DC management stated they could not reconcile the differences between the delayed inventory reported in the MCV system and their physical count of delayed mail at the facility. Therefore, they did not rely on the MCV data to measure their performance and make operational decisions. Data integrity becomes an issue when management is unable to accurately determine the actual amount of delayed mail or rely on MCV data to make operational decisions.

Recommendation #1

We recommend the **South Atlantic Division Director, Processing Operations**, coordinate with the appropriate Postal Service groups to identify solutions for processing mail on the applicable machines to prevent jamming of Marketing Mail.

Recommendation #2

We recommend the **South Atlantic Division Director, Processing Operations**, develop a plan to assist plant management with analyzing the Mail Condition Visualization data to mitigate causes for delayed inventory.

⁵ Consists of mail not required to be mailed as First-Class Mail, is not authorized to be mailed as Periodicals, and weighs less than 16 ounces.

⁶ Mailpieces that mailers pay letter postage rates, are designed to meet the largest allowed Domestic Mail Manual letter dimensions and look more like flat mailpieces.

Finding #2: Missed Priority Mail Clearance Times

The Raleigh P&DC was not processing Priority Mail⁷ timely. Specifically, from October 1, 2019, to March 31, 2020, the Raleigh P&DC met the clearance time for destinating Priority Mail, on average, 68 percent of the time. In January 2020, the Postal Service initiated the Surface Transfer Centers (STC)⁸ redesign, a Postal Service initiative to reduce transportation costs and improve service through route optimization. Prior to the STC redesign, the Raleigh P&DC received mail volume over a 13 hour period. However, after the STC redesign was implemented in April 2020, the Raleigh P&DC received mail over a seven hour period.

Also, after the redesign, mail started to arrive about six hours later, which caused the mail to be processed late. Specifically, from April 1, 2020, to April 30, 2021, the Raleigh P&DC met the clearance time for destinating Priority Mail, on average, only 51 percent of the time. The goal was 95 percent (see Figure 3).

There is increased risk that Priority Mail will be delayed if clearance times are missed. This could adversely affect customers and the Postal Service's brand.

Recommendation #3

We recommend the **South Atlantic Division Director, Processing Operations**, develop a plan for the Raleigh, NC, Processing and Distribution Center to meet or surpass the percentage goal for the Priority Mail clearance time.

Finding #3: Low Employee Availability

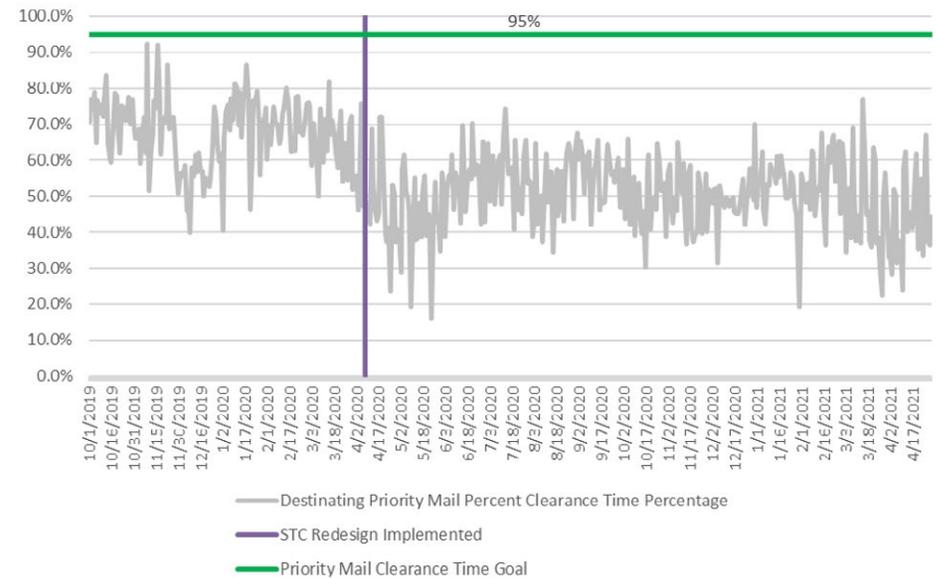
The Raleigh P&DC had issues with low employee availability from January 1, 2020, to May 31, 2021. Specifically, during this timeframe, employee availability ranged from 71 to 81 percent and averaged about 76 percent (see Figure 4). This was below the goal of 94.82 percent for fiscal years 2020 and 2021. Raleigh P&DC management stated this was due to employees using excessive leave, reporting to work late, and frequently using leave without pay⁹. As a result,

⁷ An expedited service and may contain any mailable matter weighing no more than 70 pounds.

⁸ Mail consolidation and re-distribution facilities with the primary function of achieving increased vehicle cubic capacity and utilization. STCs receive mail containerized by product type or by ZIP Code range for cross dock transfer; mixed mail volume is sorted for dispatch to the appropriate destination.

⁹ Is an authorized absence from duty in a non-pay status.

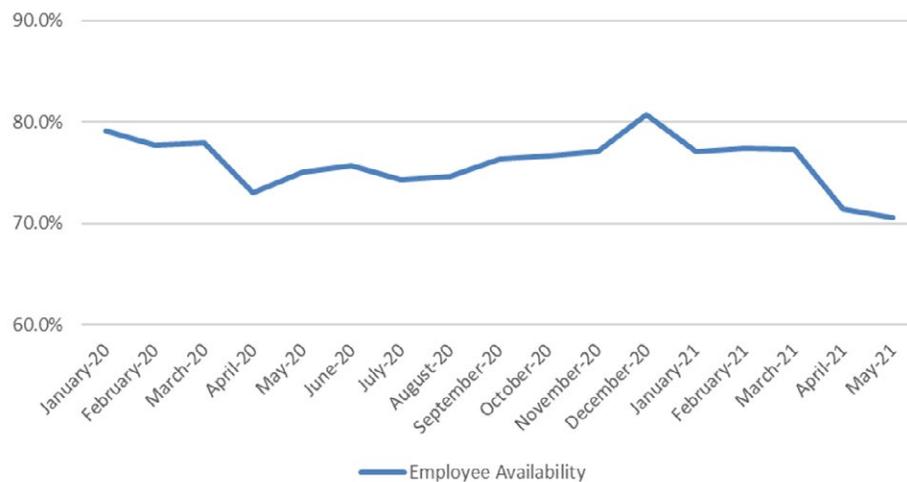
Figure 3. Percent Raleigh P&DC Met Priority Mail Clearance Times from Oct 1, 2019 – April 30, 2021



Source: Service Analysis and Assessment 24-hour Clock Key Indicators Report and OIG analysis.

there were not enough employees to sort the mail and ensure that operational clearance times were met.

Figure 4. Raleigh P&DC Employee Availability Percent from January 1, 2020 – May 31, 2021



Source: Time and Attendance Collection System.

To help mitigate these issues, the Raleigh P&DC recently hired a new attendance control officer in June 2021. An attendance control officer is responsible for reviewing employee attendance and works with employees to improve employee availability percentages.

Recommendation #4

We recommend the **South Atlantic Division Director, Processing Operations**, coordinate with the attendance control officer to create an attendance plan to increase employee availability.

Finding #4: Delayed Dispatch Containers Reported in Mail Condition Visualization

The missed clearance times for Priority Mail and employee availability issues contributed to containers being counted as delayed dispatch. Containers were also being counted as delayed dispatch because load scans¹⁰ were missed. From January 1, 2020, to March 31, 2021, the Raleigh P&DC reported 112,302 containers of delayed dispatch, the ninth highest in the country (see Table 3).

Table 3. Top P&DC's with Highest Delayed Dispatch Container Volume

Facility Name	Delayed Dispatch
Sacramento, CA, P&DC	221,861
North Houston, TX, P&DC	172,612
West Valley, AZ, P&DC	172,416
Denver, CO, P&DC	168,490
Los Angeles, CA, P&DC	160,318
Richmond, VA, P&DC	156,549
Oakland, CA, P&DC	124,885
Mid Carolina, NC, P&DC	114,494
Raleigh, NC, P&DC	112,302

Source: MCV.

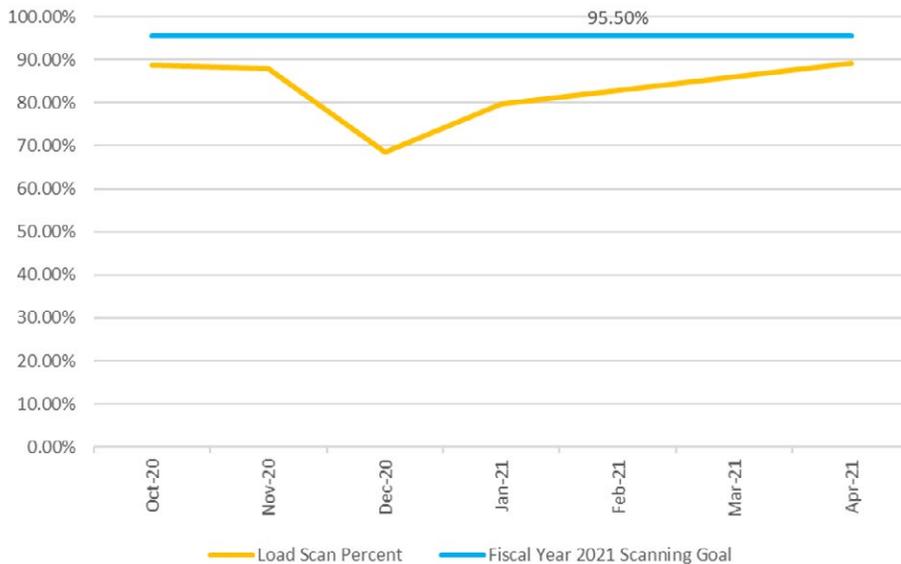
Employees should scan a container before it is loaded on a truck. When a container does not receive a proper load scan before being dispatched, the MCV system will record the container as delayed dispatch. Raleigh P&DC employees were not performing the container load scans consistently before dispatching the mail to the next facility. During the week of our observations, June 14–18, 2021, we noted 682 instances where Raleigh P&DC personnel did not properly scan

¹⁰ Performed when the container is loaded onto the trailer for dispatch.

containers as loaded before the containers were dispatched. However, these containers were not actually delayed and were dispatched timely.

Raleigh P&DC management stated that the decrease in load scanning performance was due to a key manager being on extended leave from late October 2020 to the beginning of May 2021 and employees losing focus on consistently performing the load scans. Specifically, from January 1, 2020, to September 30, 2020, the Raleigh P&DC's average monthly load scan score was 92.5 percent (out of 100 percent). However, from October 1, 2020, to April 30, 2021, the Raleigh P&DC's average monthly load scan score decreased to 83.4 percent (out of 100 percent), which was also below the scanning goal of 95.5 for FY 2021 (see Figure 5).

Figure 5. Raleigh P&DC Average Monthly Load Scan Performance



Source: SVWeb.

Additionally, in December 2020, an increase in package volumes during peak season caused load scans to decrease. Since the key manager returned to the Raleigh P&DC, load scanning performance has increased to an average

monthly score of 91.7 percent in May and June 2021. However, it is still below the scanning goal of 95.5 percent.

Recommendation #5

We recommend the **South Atlantic Division Director, Processing Operations**, develop a plan to further increase load scan scores to meet or surpass the scanning goal.

Management's Comments

Management agreed with the findings and recommendations in this report. See [Appendix A](#) for management's comments in their entirety.

Regarding recommendation 1, management stated that mail must be, at a minimum, processed to carrier route level prior to dispatch. However, mail that has not been fully processed prior to being dispatched to the delivery units must have management approval and a signed Mail Transport Equipment Label placard confirming the mail could not be processed on automation. The target implementation date is August 31, 2021.

Regarding recommendation 2, management stated that they will implement a process that requires management to perform daily MCV analysis after the data file is made available in the MCV system. The target implementation date is August 31, 2021.

Regarding recommendation 3, management stated that they will implement stronger controls for separating First-Class packages with both the associate offices and within the plant. Management will also focus on staffing and machine throughputs on package machines to meet destinating package clearance time. The target implementation date is August 31, 2021.

Regarding recommendation 4, management stated that the new Attendance Control Officer will work with management to improve attendance oversight. Specifically, managers will meet with employees who have had three or more days with attendance issues in the last 90 days and take necessary actions. Additionally, the plant manager will review the results with certain managers

based on Attendance Control Officer reports. The target implementation date is August 31, 2021.

Regarding recommendation 5, management stated that a Lean Six Sigma project was started with transportation to evaluate options for increasing scan scores and eliminate the errors created by not scanning. The project will focus on the transportation errors but also include mailhandlers on the dock. The target implementation date is November 30, 2021.

Evaluation of Management's Comments

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

All recommendations require OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. Recommendations should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendations can be closed.

Appendix A: Management's Comments



August 9, 2021

JOSEPH E. WOLSKI
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Response to Draft Audit Report – Mail Operations at the Raleigh, NC,
Processing and Distribution Center
(Project Number 21-184-DRAFT)

Thank you for the opportunity to respond to the Office of Inspector General (OIG) draft audit report of Mail Operations at the Raleigh, NC Processing and Distribution Center.

Management agrees with the findings and recommendations noted in the audit report.

Recommendation #1

We recommend the South Atlantic Division Director, Processing Operations, coordinate with the appropriate Postal Service groups to identify solutions for processing mail on the applicable machines to prevent jamming of Marketing Mail.

Management Response/Action Plan

Management agrees with this recommendation and has implemented by requiring MDO/Automation Supervisor approval prior to raw mail being dispatched to delivery units. A signature is required on manual volumes going to the field. Mail must be Carrier Route volume or at a minimum processed to Carrier Route level on the AFSM prior to dispatch. IPS will monitor through RPG 896 volumes which will increase with this process. To request closure of this recommendation a copy of the email requiring MTEL placards to be signed by the supervisor confirming only raw mail that could not be processed on automation has been released will be provided.

Target Implementation Date

August 31, 2021

Responsible Official

Plant Manager, Raleigh P&DC

Recommendation #2

We recommend the South Atlantic Division Director, Processing Operations, develop a plan to assist plant management with analyzing the Mail Condition Visualization data to mitigate causes for delayed inventory.

Management Response/Action Plan

Management agrees with this recommendation and has implemented by requiring In Plant Support to perform daily analysis on MCV after 11:00 when the MCV file for delayed inventory drops. The issue in Raleigh is in letter mail delayed inventory. We have identified that color coding of STD mail is an issue here at the Low Cost Tray Sorter and now require IPS verification of color coding at the operation. While the MCV DI volume does not match failures in service performance we do recognize we have opportunity for improvement. To request closure of this recommendation a copy of the email requiring In Plant Support to perform a daily analysis of MCV will be provided.

Target Implementation Date

August 31, 2021

Responsible Official

Manager In Plant Support

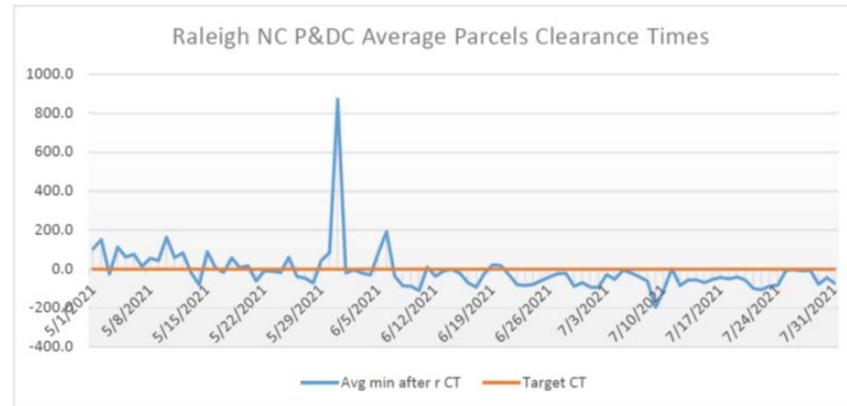
Recommendation #3

We recommend the South Atlantic Division Director, Processing Operations, develop a plan for the Raleigh, NC, Processing and Distribution Center to meet or surpass the percentage goal for the Priority Mail clearance time.

Management Response/Action Plan

Management agrees with this recommendation and has implemented by placing stronger controls on separation of FC packages with both the associate offices and within the Plant. We have also focused additional staffing on the package machines and throughputs on the machines. As noted in the graph below, since June 1 we have consistently met our 04:00 clearance time on destinating packages. The outlier days were due to machine downtime issues. This will remain one of the top priorities of management in Raleigh given the volume increase expected during peak season. To request closure of this recommendation the following graph of recent clearance times

showing continued improvement is being provided. Copies of the staffing matrix before and after the audit will also be provided.



Target Implementation Date

August 31, 2021

Responsible Official

Plant Manager, Raleigh P&DC

Recommendation #4

We recommend the South Atlantic Division Director, Processing Operations, coordinate with the attendance control officer to create an attendance plan to increase employee availability.

Management Response/Action Plan

Management agrees with this recommendation and has implemented by assigning Attendance Control Officer in Raleigh effective July 19. The ACO is sending out the 3 or more in 90 day report with spreadsheet. All pay locations have been assigned with Supervisor Distribution Operations oversight. The SDO has two weeks to meet with identified employees and take necessary action. The first spreadsheet is due back to the Plant Manager on August 9. Plant Manager will select SDO's for audits based on results of spreadsheet. SDO will meet with MDO and Plant Manager to go over report and results. To request closure of this recommendation a copy of the email requiring

meeting with each employee with 5 or more instances in the last 90 days along with taking necessary action to address will be provided.

Target Implementation Date

August 31, 2021

Responsible Official

Plant Manager, Raleigh P&DC
Attendance Control Officer

Recommendation #5

We recommend the South Atlantic Division Director, Processing Operations, develop a plan to further increase load scan scores to meet or surpass the scanning goal.

Management Response/Action Plan

Management agrees with this recommendation and has implemented by starting a Lean Six Sigma project with transportation to evaluate options to increase scan scores and eliminate the errors created by not scanning at the station. Around 50% of our load scanning failures are due to this error. The project will focus on the transportation errors but also include Mailhandlers on the dock. To request closure of this recommendation a copy of the project's findings and potential solutions will be provided.

Target Implementation Date

November 30, 2021

Responsible Official

Plant Manager, Raleigh P&DC
LSS Coordinator

Scott D. Tosch Digitally signed by Scott D. Tosch
Date: 2021.08.06 11:56:25 -04'00'

Scott Tosch
South Atlantic Division Director, Processing Operations

cc: Manager, Corporate Audit & Response Management

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