



Office of Inspector General | United States Postal Service

## Audit Report

# Mail Operations at the Mid Carolina, NC, Processing and Distribution Center

Report Number 21-185-R21 | August 25, 2021



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# Transmittal Letter



OFFICE OF INSPECTOR GENERAL  
UNITED STATES POSTAL SERVICE

August 25, 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 Mid Carolina, NC  
Processing and Distribution Center  
(Report Number 21-185-R21)

This report presents the results of our audit of Mail Operations at the Mid Carolina, 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 Jeff Giordano, Operations Manager, 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 or when it is processed but not on the dock in time for scheduled transportation to delivery units. Delayed mail can adversely affect Postal Service customers and harm the organization's brand.

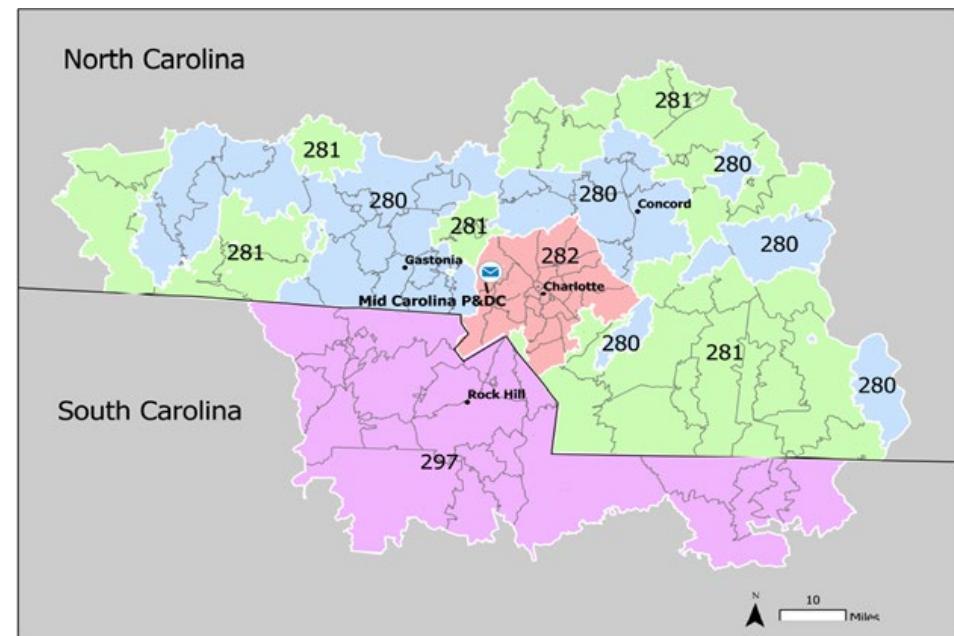
The Postal Service launched the new Mail Condition Visualization (MCV) system in January 2019. The system provides near real-time visibility of a facility's on-hand volume, delayed processing volume, delayed dispatch volume, and oldest mail date by mail category and processing operation; and stores historical trailer information. The MCV system calculates:

- Late arriving containers that arrived from another processing plant after the Critical Entry Time<sup>1</sup> necessary to meet their delivery commitment for their class and shape.
- Delayed inventory by day by determining which mailpieces have not received their next expected processing operation scan by 6:59 a.m. for destination final processing operations and by 6:00 a.m. for all other operations.
- Delayed dispatch to include containers that have not received final dock (departure) scan more than 15 minutes after Dispatch of Value<sup>2</sup> and before 7:30 a.m. on the Management Operating Data System<sup>3</sup> date following Dispatch of Value.

From January 1, 2020, through March 31, 2021, the Postal Service had over 13 million containers of delayed dispatch mail nationwide, as recorded in the MCV system. It also had over 2 million containers of late dispatch and 1.3 million containers of late arriving mail.

The Mid Carolina, NC, Processing and Distribution Center (P&DC) is in the South Atlantic Division of the Eastern Processing Region. This facility processes flats and packages for ZIP Codes in parts of NC and SC (see Figure 1).

**Figure 1. ZIP Codes Serviced by the Mid Carolina 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.

## Objective, Scope, and Methodology

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

We interviewed Mid Carolina P&DC management and observed mail processing and dock operations from June 28 – July 1, 2021. We also analyzed late arriving, delayed inventory, and delayed dispatch data in MCV from January 1, 2020, to

<sup>1</sup> 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.

<sup>2</sup> The last dispatch of the day that is loaded on transportation in time to meet the service standard for the mail class or destination per Postal Service Terms document.

<sup>3</sup> A data system where operational data is reported by operation numbers, which are assigned to all of the following: mail volume, work hours, and performance by operation (i.e., work activities).

March 31, 2021. Additionally, we looked at Surface Visibility Web (SVWeb)<sup>4</sup> scans and calculated volume processed using data from Web Management Operating Data System. Furthermore, we reviewed Informed Visibility system data to identify the operational performance and Run Plan Generator reports in Web End-of-Run to identify operational clearance performance for the Mid Carolina 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 16, 2021 and included their comments where appropriate.

## Finding #1: Delayed Dispatch Containers Reported in Mail Condition Visualization

From January 1, 2020, to March 31, 2021, the Mid Carolina P&DC reported 114,494 containers of delayed dispatch, the eighth highest in the country (see Table 1).

**Table 1. Top P&DC's<sup>5</sup> 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.

The high number of delayed dispatch containers was primarily caused by missed scans of facility barcodes<sup>6</sup>, missed load scans<sup>7</sup>, and load scans not being correctly counted in SVWeb. These containers were not actually delayed and were dispatched timely, which resulted in the number of actual delayed dispatch containers being overreported in the MCV system.

<sup>4</sup> A system that provides real time transportation updates and reports on the movement of trailers in the surface network.

<sup>5</sup> For the purposes of this audit, we included only P&DCs, not Network Distribution Centers or Auxiliary Service Facilities.

<sup>6</sup> At the Mid Carolina P&DC, these are known as Managed Service Point barcodes. The barcodes provide the loading time that can be compared to management records and a comparison of the expected versus actual performance.

<sup>7</sup> Performed when the container is loaded onto the trailer for dispatch.

## Missed Facility Scans

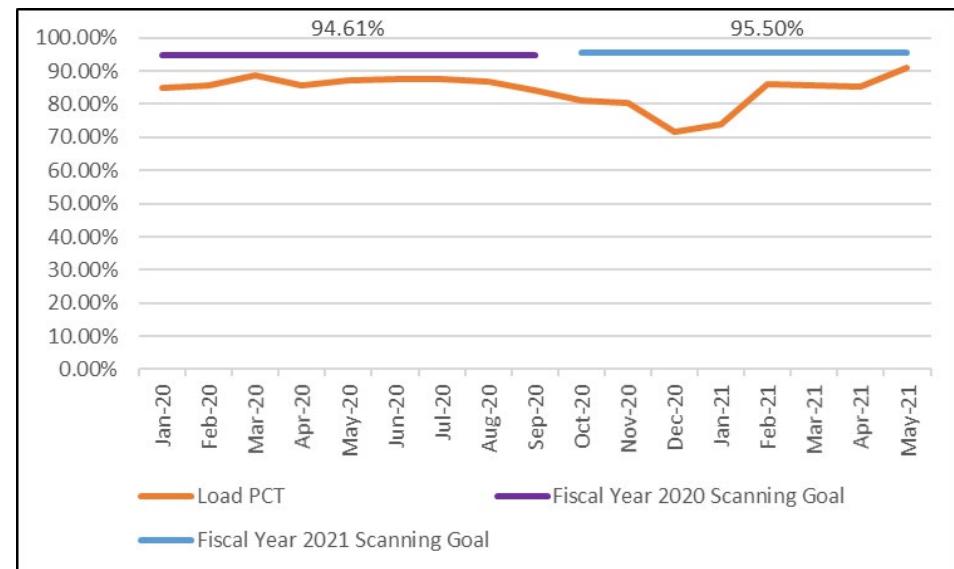
Postal Vehicle Service (PVS)<sup>8</sup> drivers were not scanning the facility barcode, which is located by each dock door at the Mid Carolina P&DC. Since these PVS drivers are assigned to both the Mid Carolina P&DC and the Charlotte, NC, P&DC, the facility barcode needs to be scanned prior to the load scan to assign the containers to the Mid Carolina P&DC. If this does not occur, the Mid Carolina P&DC will not receive credit for the load scan and the containers will be counted as delayed dispatch in the MCV system.

During our observations from June 28 – July 1, 2021, the Mid Carolina P&DC took corrective action and updated its *Surface Visibility and PVS Manual* to include the facility barcode scans in its process and was also in the process of communicating the required actions to PVS drivers. Therefore, we will not be making a recommendation on this issue.

## Missed Load Scans

Mid Carolina P&DC employees were not performing the container load scans consistently before dispatching mail to the next facility. Specifically, from January 1, 2020, to May 31, 2021, the Mid Carolina P&DC's average monthly load scan score was 84.36 percent (out of 100 percent), which was below the scanning goal of 94.61 percent in fiscal year 2020 and 95.5 percent in fiscal year 2021 (see Figure 2).

**Figure 2. Mid Carolina P&DC Average Monthly Load Scan Performance from January 1, 2020 – May 31, 2021**



Source: SVWeb.

Additionally, during the week of our observations from June 28 – July 2, 2021, there were 1,829 instances where Mid Carolina P&DC personnel did not properly scan containers as loaded before the containers were dispatched.

<sup>8</sup> A service the Postal Service operates to transport mail between mail processing facilities, post offices, post office branches, post office stations, detached mail units, various postal customers, and terminals.

## Incorrect Load Scans

In March 2021, the Mid Carolina P&DC management found some of the containers that received load scans were being counted as dispatch scans in SVWeb. Mid Carolina P&DC management submitted Surface Visibility help desk tickets to resolve the issue, but as of July 2021, the tickets had not been fully addressed.

### Recommendation #1

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.

### Recommendation #2:

We recommend the **South Atlantic Division Director, Processing Operations**, coordinate with the appropriate Postal Service groups to correct issues with load scans being counted as dispatch scans.

## Finding #2: Delayed Inventory Mail Reported in Mail Condition Visualization

From January 1, 2020, to March 31, 2021, the Mid Carolina P&DC reported over 35.9 million pieces of delayed inventory. Specifically, marketing and periodical Flat Sequencing System (FSS)<sup>9</sup> flats accounted for 83.5 percent of all delayed inventory for the Mid Carolina P&DC (see Table 2).

**Table 2. Top Delayed Mail Types at the Mid Carolina P&DC<sup>10</sup>**

Mid Carolina P&DC Processing Operation	Delayed Inventory	Percent to Total Delayed Inventory
Marketing FSS Flat	22,946,011	63.9%
Periodical FSS Flat	7,033,902	19.6%
First-Class Outgoing Primary Package	1,765,094	4.9%
Priority Outgoing Primary Package	784,929	2.1%
Other	3,401,779	9.5%
<b>Total</b>	<b>35,931,715</b>	<b>100.0%</b>

Source: MCV.

However, not all this mail was actually delayed, but instead was reported as delayed inventory in the MCV system. Delayed inventory is reported in the MCV system for up to five days, which contributes to high daily delayed inventory numbers. In addition, during our site visits from June 28 – July 1, 2021, 8,140 pieces of delayed inventory were reported in the MCV system, while Mid Carolina P&DC management only counted 1,858 pieces as delayed during their physical count (see [Table 3](#)).

<sup>9</sup> A two-pass flats sorting machine that automates sorting flat-sized mail into precise delivery order by internally refeeding first-pass mail for sorting on the second pass.

<sup>10</sup> This table represents the top four classes of mail for delayed inventory.

**Table 3. Comparison MCV Delayed Inventory to Physical Count**

Day of Week	MCV Delayed Inventory	Physical Count	Percent Variance
Monday, June 28, 2021	5,393	1,257	76.7%
Tuesday, June 29, 2021	676	199	70.6%
Wednesday, June 30, 2021	1,033	314	69.6%
Thursday, July 1, 2021	1,038	88	91.5%
<b>Total</b>	<b>8,140</b>	<b>1,858</b>	<b>77.2%</b>

Source: MCV and Mid Carolina P&DC delayed inventory counts.

Mid Carolina 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. However, during our site visit, Mid Carolina P&DC management started analyzing the MCV data to understand the causes of delayed inventory. Management found that employees were not processing marketing and periodical flats on the FSS because the mailpieces were too thick and caused damage when processed. Instead, Mid Carolina P&DC management processed marketing and periodical flats on the Automated Parcel Bundle Sorter.<sup>11</sup>

The MCV system expects mail to be processed in accordance with the designed mail flow and on the appropriate mail processing machine. When mail processing operations were bypassed on the FSS and scans did not occur for these marketing and periodical flat mailpieces, mail was reported as delayed inventory in the MCV system. Therefore, Mid Carolina P&DC management 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 #3

We recommend the **South Atlantic Division Director, Processing Operations**, coordinate with the appropriate Postal Service groups to identify solutions for processing marketing and periodical flats on the Flat Sequencing System machines.

### Recommendation #4

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'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 they are initiating a project with Transportation to evaluate options to increase scan scores and eliminate errors created when employees do not scan facility barcodes at the docks and drivers do not properly set up scanners. The target implementation date is September 15, 2021.

Regarding recommendation 2, management stated that they have reached out to the Surface Visibility help desk to identify and resolve issues with load scans assigned as dispatch scans. The target implementation date is August 30, 2021.

Regarding recommendation 3, management stated the FSS supervisor is required to obtain prior approval to not run compatible mail on the FSS. Additionally, management is required to ensure that employees record and report marketing and periodical volume that receives a discount, but is not FSS compatible. The target implementation date is August 31, 2021.

Regarding recommendation 4, management stated that they will implement a process that requires that they perform daily MCV analysis after the data file is made available in the MCV system. The target implementation date is August 31, 2021.

<sup>11</sup> An upgraded Small Parcel and Bundle Sorter with a new control system, barcode, and optical character reader technology; and improved induction stations.

## **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 23, 2021

JOSEPH E. WOLSKI  
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Response to Draft Audit Report – Mail Operations at the Mid Carolinas, NC,  
Processing and Distribution Center  
(Project Number 21-185-DRAFT)

Thank you for the opportunity to respond to the Office of Inspector General (OIG) draft audit report of Mail Operations at the Mid Carolinas, 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, develop a plan to further increase load scan scores to meet or surpass the scanning goal.

**Management Response/Action Plan**

Management agrees with these recommendations and has implemented by initiating a project with transportation to evaluate options to increase scan scores and eliminate the errors created by not scanning at the docks and improper scanner set up by MVS drivers. Around 50% of our load scanning failures are due to these errors. The project will focus on the transportation errors but will also include Mail handlers and expeditors on the dock.

**Target Implementation Date**

September 15, 2021

**Responsible Official**

Plant Manager, Mid Carolinas P&DC

**Recommendation #2:**

We recommend the South Atlantic Division Director, Processing Operations, coordinate with the appropriate Postal Service groups to correct issues with load scans being counted as dispatch scans.

**Management Response/Action Plan**

Management agrees with this recommendation and has implemented the following. Management has reached out to SV help desk to identify and resolve issues with load scans assigned as dispatch scans. The identified issue with trips in TOPS and with associated IODP placards has resolved this problem.

**Target Implementation Date**

August 30, 2021

**Responsible Official**

Manager Logistics  
Manager, In Plant Support

**Recommendation #3**

We recommend the South Atlantic Division Director, Processing Operations, coordinate with the appropriate Postal Service groups to identify solutions for processing marketing and periodical flats on the Flat Sequencing Machines.

**Management Response/Action Plan**

Management agrees with this recommendation and has implemented by requiring FSS Supervisor to obtain approval prior to electing to not run FSS compatible mail and sending it to the field as carrier routed volume. MDO is also required to ensure any marketing and periodical volumes which have an FSS discount, but are not FSS compatible, are recorded and reported via the appropriate Postal program.  
Example of directive below.



## DIRECTIVE

From: Plant Manager  
Date: Wednesday, August 25, 2021

Subject: FSS Processing/  
Attention: MDO's / SDO's.

All compatible FSS volume is expected to be ran on the machine. If there is an FSS mailing that cannot run, this must be reported to In-Plant immediately. SDOs must have permission by their MDO before declaring a mailing non-FSS compatible.

Please sign below that you have read and understand these instructions.

Thank you,  
Plant Manager

I have read and understand this instruction.

Name:

Signature:

Date:

### Target Implementation Date

August 31, 2021

### Responsible Official

Manager In Plant Support

### Recommendation #4:

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 Mid Carolinas was in marketing and periodical bundles counting as delayed inventory. We have identified that proper acceptance of mail on the FSS was the issue. While the MCV DI volume does not match failures in service performance we do recognize we still have opportunity for improvement. To

- 4 -

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



Scott Tosch  
South Atlantic Division Director, Processing Operations

cc: Manager, Corporate Audit & Response Management

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