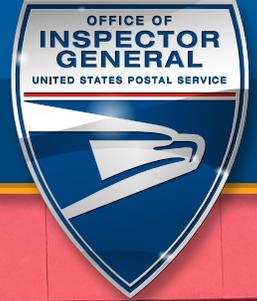


Efficiency of Operations at the Delaware Processing and Distribution Center, Wilmington, DE

AUDIT REPORT

Report Number 22-206-R23 | January 10, 2023



UNITED STATES POSTAL SERVICE
DELAWARE PROCESSING AND DISTRIBUTION CENTER
WILMINGTON, DELAWARE
19850-9998



Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

January 10, 2023

MEMORANDUM FOR: DAVE WEBSTER
CHESAPEAKE DIVISION DIRECTOR, PROCESSING OPERATIONS

BRIAN KELSO
CHESAPEAKE DIVISION DIRECTOR, LOGISTICS OPERATIONS

A handwritten signature in black ink, reading "Sean Balduff", is centered below the recipient names.

FROM: Sean Balduff
Director, Field Operations

SUBJECT: Audit Report – Efficiency of Operations at the Delaware Processing and
Distribution Center, Wilmington, DE (Report Number 22-206-R23)

This report presents the results of our audit of the Efficiency of Operations at the Delaware Processing and Distribution Center in Wilmington, DE.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Jeffrey Agnew, (A) Operational Manager, or me at 636-345-9708.

Attachment

cc: Postmaster General
Chief Processing and Distribution Officer and Executive Vice President
Chief Logistics Officer and Executive Vice President
Processing and Maintenance Operations Vice President
Logistics Vice President
Eastern Regional Processing Operations Vice President
Atlantic Regional Director, Logistics
Corporate Audit Response Management

Results

Background

This report presents the results of our self-initiated audit of the efficiency of operations at the Delaware Processing and Distribution Center (P&DC) in Wilmington, DE (Project Number 22-206). We conducted this audit to provide U.S. Postal Service management with timely information on operational risks at this P&DC. We selected the Delaware P&DC based on Congressional interest in Delaware and concerns raised during a recent House Oversight and Reform Committee hearing.¹ The Delaware P&DC is in the Chesapeake Division and processes letters, flats, and parcels. The Delaware P&DC services multiple 3-digit ZIP Codes in urban and rural communities² (see Table 1).

Table 1. Population Demographics

3-Digit ZIP Codes	Urban Population	Rural Population	Total Population
193	377,124	55,941	433,065
197-199	747,952	150,203	898,155
Total	1,125,076	206,144	1,331,220

Source: Postal Service National Distribution Labeling List and Esri data.

Objective, Scope, and Methodology

Our objective was to evaluate the efficiency of operations at the Delaware P&DC. To accomplish our objective, we focused on four audit areas: mail clearance times;³ delayed mail; late, canceled, and extra outbound trips; and load scans. Specifically, we analyzed Enterprise Data Warehouse (EDW)⁴ data for workhours, overtime, and penalty overtime from October 2021 through September 2022. Additionally, we reviewed Surface Visibility Web (SVWeb)⁵ data for

late, canceled, and extra trips, as well as load scans for fiscal year (FY) 2022. Further, we identified mail clearance times through interviews with Delaware P&DC management and compared them with operations shown in the Run Plan Generator report.⁶ During our site visit from October 24 to October 27, 2022, we interviewed P&DC management and observed mail processing and dock operations.

During the week of October 24, 2022, the U.S. Postal Service Office of Inspector General (OIG) also audited three delivery units⁷ serviced by the Delaware P&DC. We will provide the results of those audits to Delaware-Pennsylvania 2 district management in separate reports. See [Appendix A](#) for additional information about our scope and methodology.

Results Summary

We identified deficiencies for two of the four areas we reviewed that affected the efficiency of operations at the Delaware P&DC. We also identified an issue related to truck/trailer safety and security procedures (see Table 2).

Table 2. Summary of Results

Audit Area	Issues Identified	
	Yes	No
Clearance Times		X
Delayed Mail	X	
Late, Canceled, and Extra Outbound Trips		X
Load Scans	X	
Other Issues	X	

Source: Results of OIG review conducted from October 24 - 27, 2022.

¹ Delivering For Pennsylvania: Examining Postal Service Delivery and Operations from the Cradle of Liberty, September 7, 2022.

² We obtained ZIP Code information related to population and urban/rural classification from Esri, which is based on 2010 Census Bureau information.

³ The latest time committed mail can clear an operation for proper dispatch or delivery.

⁴ 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.

⁵ A website dedicated to the Surface Visibility program, which provides real-time transportation updates and reports on the movement of trailers in the surface network. The data captured to identify early, on-time, late, or canceled trips is also used to evaluate and improve transportation schedules.

⁶ An application mail processing facilities use to plan machine utilization based on volume, clearance times, and other factors.

⁷ The three delivery units were the Marshallton Main Post Office, Wilmington, DE (Project Number 22-208-4); Edgemoor Branch, Wilmington, DE (Project Number 22-208-5); and Lancaster Avenue Station, Wilmington, DE (Project Number 22-208-6).

For the audit areas where issues were not identified, we performed the following:

- Clearance Times – We analyzed mail processing schedules and data to verify the plant was meeting the scheduled clearance times. During our visit, we also observed the timely processing of mail.
- Late, Canceled, and Extra Outbound Trips – We observed departing trucks and analyzed data related to late and extra outbound trips and did not identify any systemic issues.

Finding #1: Delayed Mail

What We Found

On October 25, 2022, at 6:00 a.m., we found 2,700 pieces of delayed mail that was left in the manual processing area. This mail should have been taken to the dock for dispatch to delivery units by 5:00 a.m. so that it could be delivered that day.

Why Did it Occur

The delayed mail occurred due to a lack of management oversight. Specifically, management did not ensure the mail from the manual unit was taken to the dock timely for dispatch because they were focused on dispatching Delivery Point Sequence⁸ mail.

What Should Have Happened

Management should ensure that all mail in the manual mail processing area is sorted daily and directed to the dock for dispatch to the delivery units timely.

Effect on the Postal Service and its Customer

When mail is not taken from processing areas to the docks in time for dispatch to delivery units, delays and service failures may occur.

Recommendation #1

We recommend the **Chesapeake Division Director, Processing Operations**, develop and implement a plan to ensure all mail in the manual mail processing area at the Delaware Processing and Distribution Center is sorted daily and directed to the dock for dispatch to delivery units.

⁸ An automation processing system used to sort the mail into delivery sequence order.

Finding #2: Load Scans

What We Found

Delaware P&DC employees were not performing container load scans consistently before dispatching mail to the next facility. Specifically, from October 2021 through September 2022, scanning performance for load scans at the Delaware P&DC was 86.59 percent, which was below the Postal Service's scanning goal of 92 percent (see Figure 1).

Why Did it Occur

Load scans were not being performed consistently due to a lack of management oversight. Local processing operations management, who recently gained additional responsibility for scanning performance, stated they were aware of the low load scan performance and will be addressing scanning performance.

Delaware P&DC management also stated that they were experiencing intermittent connectivity issues with the scanners, which led to several instances where an employee scanned a mail container, but the information was not transferred to SVWeb. Delaware P&DC management is actively working with facility maintenance to improve network connectivity at the facility. Therefore, we are not making a recommendation for the connectivity issue.

What Should Have Happened

Postal Service policy⁹ states that management should ensure employees are scanning containers before loading them onto a trailer.

Effect on the Postal Service and its Customer

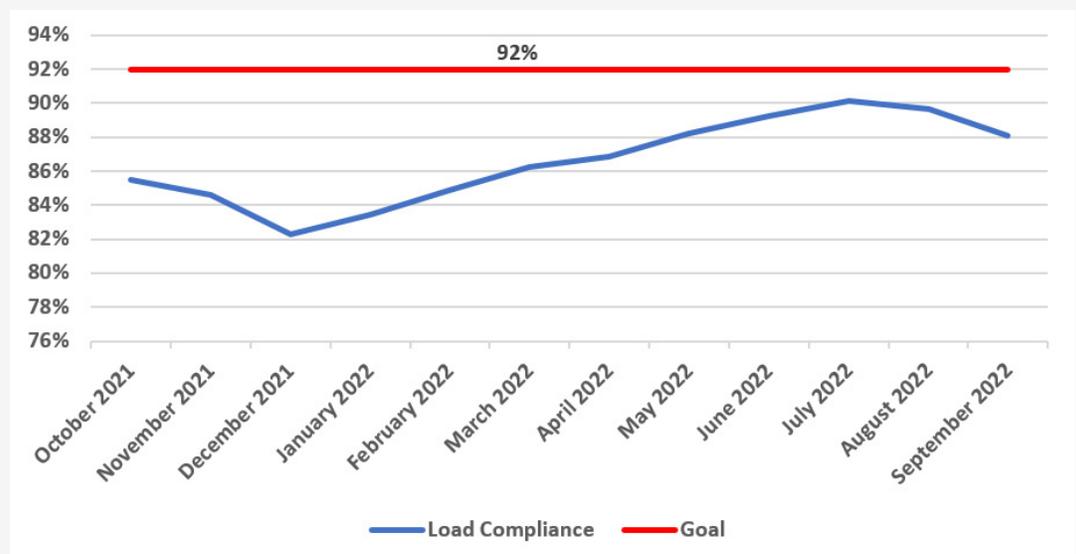
When containers do not receive a load scan, management is unable to determine trailer utilization. According to SVWeb, the Delaware P&DC average trailer utilization for network trips departing from the plant was 42.70 percent from October 2021 through September 2022, which was higher than the Postal Service's goal of 40 percent.¹⁰ However, due to data integrity issues related to missing load scans, management could not rely on this data to accurately measure trailer utilization and make operational decisions.

Recommendation #2

We recommend the **Chesapeake Division Director, Processing Operations**, develop and implement a plan to ensure load scanning at the Delaware Processing and Distribution Center is completed in accordance with policy.

Figure 1. Delaware P&DC Average Monthly Load Scan Performance from October 2021 – September 2022

Source: SVWeb.



⁹ Surface Visibility Program User booklet.

¹⁰ On March 15, 2022, the Postal Service added a National Performance Assessment trailer utilization goal of 40 percent.

Finding #3: Safety and Security

What We Found

We observed many of the trucks and trailers parked at the facility did not have wheel chocks¹¹ placed next to the tire to prevent them from rolling away while parked at the docks (see Figure 2).

Figure 2. Trailers Without Wheel Chocks



Source: OIG photos taken October 26, 2022.

We also observed unsecured trailers leaving the Delaware P&DC that contained mail. Specifically, Postal Vehicle Service (PVS) drivers were not securing trailer doors with a padlock or seal prior to departing from the facility to delivery units (see Figure 3).

Figure 3. Departing Truck/Trailer Without a Padlock or Seal.



Source: OIG photos taken on October 25, 2022

Why Did it Occur

The inconsistent use of wheel chocks and unlocked trailers were due to a lack of management oversight. While the P&DC had measures in place to facilitate the use of wheel chocks on parked trucks and trailers and locks on trailer doors, management acknowledged these measures were not monitored or enforced. However, during our review, local management conducted a stand-up talk on the need to use wheel chocks and secure trailers in accordance with policy. Management also provided support that they are conducting daily observations to ensure drivers are following policy. Based on actions taken by local management, we are not issuing a recommendation for these issues.

What Should Have Happened

Postal Service policy¹² states that PVS drivers must prevent trailers from rolling away from docks by using wheel chocks. Postal Service policy¹³ also states management must preserve the security of the mail and ensure PVS drivers comply with policies regarding the transportation of mail in trailers using cargo compartment door locks while enroute.

Effect on the Postal Service and its Customer

When employees do not observe safe working practices and safety rules, there is an increased risk of employee accidents and injuries. In addition, when the Postal Service does not take proper security measures, there is an increased risk of lost or stolen mail.

Management's Comments

Management agreed with finding 3 and all recommendations. Management partially agreed with finding 2, stating that they review scan performance daily, which demonstrates that they are engaged and oversee the process. Management disagreed with finding 1, stating that the manual mail section was swept prior to dispatches and that our observations were made after the dispatches had left. See [Appendix B](#) for management's comments in their entirety.

¹¹ A tool that stops a vehicle or wheel from accidental movement during loading or unloading.

¹² Handbook EL-803, *Maintenance Employee's Guide to Safety*, Section 1.-C.

¹³ *Postal Operations Manual Issue 9, Sealing Program and Procedures*, Section 476.

Regarding recommendation 1, management stated they will continue to ensure all committed manual mail is directed to the docks for timely dispatches to the delivery units. Local management teams will ensure daily verification of those volumes is properly dispatched to the delivery units. The target implementation date is January 16, 2023.

Regarding recommendation 2, management stated they will continue to implement load scanning policies and procedures. Management also stated they will select an individual to champion the scanning process to ensure compliance. The target implementation date is January 31, 2023.

Evaluation of Management's Comments

The OIG considers management's comments responsive to the recommendations in the report.

Regarding management's disagreement with finding 1, during our site visit, the Operations Support Specialist who conducted the delayed mail counts that day informed us that the processed mail we found in the manual unit was not sent to the dock for the 5:00 a.m. dispatch because personnel were focused on processing Delivery Point Sequence mail.

Regarding management's disagreement with finding 2, management did not always enforce compliance when employees were not meeting scan performance goals, which demonstrated a lack of oversight.

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. Additional Information

We conducted this audit from October 2022 through January 2023, 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 December 15, 2022, and included their comments where appropriate.

We relied on computer-generated data from EDW, Application System Reporting,¹⁴ and SVWeb. 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.

¹⁴ A module designed to mirror the actual reporting database.

Appendix B: Management's Comments



December 27, 2022

John Cihota
Director, Audit Services

Subject: Management Response – Efficiency of Operations at the Delaware Processing and Distribution Center (Project Number 22-206-DRAFT)

Thank you for providing the Postal Service an opportunity to review and comment on the findings and recommendations contained in the draft audit report, *Efficiency of Operations at the Delaware Processing and Distribution Center*.

In response for Finding #1 related to delayed mail, management disagrees with the conclusion. The Delaware manual operations are staffed on all tours and manual volumes are processed throughout the day. Manual mail volumes are swept prior to dispatches; the observation on the manual operations for this report occurred after the dispatches have left with the assumption that all 2,700 pieces were delayed and not from other mail flows such as maintenance mail sweeps of AFCS machines. The report does not clarify the root cause of the 2,700 pieces that were delayed; only the correlation on mail in the manual section after dispatches.

In response for Finding #2 related to Load Scans, management disagrees with the conclusion that load scan performance is related to lack of management oversight. The report mentions that local processing operations management received additional responsibility. Late in FY 22, expeditors who originally reported under the Logistic organizational structure were transferred over to Mail Processing. While local processing operations management gain additional employees under their supervision, their responsibilities remained the same for Surface Visibility scanning. Additionally, local management reviews daily with the local team Surface Visibility performance include Load Scan performance, which demonstrates management engagement and oversight in the process. Finally, there may be times in which expeditors are performing their duties without supervision as the supervisor may be engaged in other job-related activities; however, leaving the work area to perform these other job-related activities does not correlate to lack of management oversight.

In response for Finding #3 related to Safety, management agrees with the findings.

Following are management's comments to the two recommendations in the report:

Recommendation #1:

We recommend the Chesapeake Division Director, Processing Operations, develop and implement a plan to ensure all manual in the manual mail processing area at the Delaware Processing and Distribution Center is sorted daily and directed to the dock for dispatch to delivery units.

Management Response/Action Plan:

Management agrees with this recommendation. Delaware Processing and Distribution Center will continue and ensure all committed manual volumes are capture and directed to the docks for timely dispatches to delivery units. Local management teams will ensure daily verification of those volumes are properly dispatched to the delivery units.

Target Implementation Date:

January 16, 2023

Responsible Official:

Plant Manager, Delaware Processing and Distribution Center
Chesapeake Division Director, Processing Operations

Recommendation #2:

We recommend the Chesapeake Division Director, Processing Operations, develop and implement a plan to ensure load scanning at the Delaware Processing and Distribution Center is completed in accordance with policy.

Management Response/Action Plan:

Management agrees with this recommendation. Delaware Processing and Distribution Center will continue to implement load scanning policies and procedures. Additionally, Delaware Processing and Distribution Center will select an individual locally who will champion the Surface Visibility process to ensure compliance to policies and procedures.

Target Implementation Date:

January 31, 2023

Responsible Official:

Plant Manager, Delaware Processing and Distribution Center
Chesapeake Division Director, Processing Operations

E-SIGNED by VERNAL D WEBSTER JR
on 2023-01-05 13:20:50 CST

David Webster
Senior Division Director
Chesapeake Division

Cc: Corporate Audit and Response Management

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