



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

**Postal Service Performance During
the 2010 Fall Mailing Season**

Audit Report

September 7, 2011

Report Number NO-AR-11-007



HIGHLIGHTS

September 7, 2011

Postal Service Performance During the 2010 Fall Mailing Season

Report Number NO-AR-11-007

IMPACT ON:

Mailers and customers during the 2010 Fall Mailing Season.

WHY THE OIG DID THE AUDIT:

Mailers expressed concerns over the substantial amount of delayed Standard Mail® and Periodicals during the 2010 Fall Mailing Season.

WHAT THE OIG FOUND:

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. Approximately 95 percent of this delayed mail was Standard Mail. This adversely impacted service and resulted in approximately \$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 volumes, 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.

WHAT THE OIG RECOMMENDED:

We recommended the vice president, Network Operations, coordinate with area vice presidents to promptly assess mail volumes and swiftly adjust workhours, assignments, sort plans, transportation, machine run times, and any other operational requirements to ensure that customer service commitments are satisfied.

Further, we recommended the vice president, Network Operations coordinate with the vice president Consumer and Industry Affairs to ensure Postal Service Business Service Network (BSN) representatives promptly resolve Postal Service mailer inquiries pertaining to delayed mail.

WHAT MANAGEMENT SAID:

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 BSN and Customer Outreach to identify plant specific hotspots for delays and identify areas for improvement.

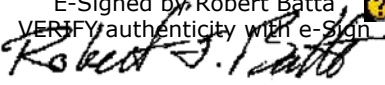
[Link to review the entire report](#)



September 7, 2011

MEMORANDUM FOR: DAVID E. WILLIAMS
VICE PRESIDENT NETWORK OPERATIONS

SUSAN LACHANCE
VICE PRESIDENT CONSUMER AND INDUSTRY AFFAIRS

E-Signed by Robert Batta
VERIFY authenticity with e-Sign


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

SUBJECT: Audit Report – Postal Service Performance During the 2010
Fall Mailing Season (Report Number NO-AR-11-007)

This report presents the results of our audit assessing the U.S. Postal Service's mail processing performance during the fall of 2010 (Project Number 11XG019NO000).

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

Attachments

cc: Megan J. Brennan
Frank Neri
David C. Fields
Jordan M. Small
Jo Ann Feindt
Steven J. Forte
Drew T. Aliperto
Linda J. Welch
Sylvester Black
Deborah Giannoni-Jackson
Corporate Audit and Response Management

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Introduction

This report presents the results of our audit assessing the U.S. Postal Service's mail processing performance during the 2010 Fall Mailing Season (Project Number 11XG019NO000). This self-initiated audit addresses operational risk. The audit objective was to assess the timeliness of the Postal Service's processing of mail during the 2010 Fall Mailing Season. See [Appendix A](#) for additional information about this audit.

Some Postal Service mailers expressed concerns with the Postal Service's performance during the 2010 Fall Mailing Season regarding timely processing of mail. Specifically, their concerns were that mail delays were significantly higher and more widespread than in prior years. Generally, the Postal Service's performance is impacted in the fall due to higher than normal Standard Mail[®] volumes in response to increases in advertising campaigns for back to school and winter holidays. Mailers also indicated that they provided Confirm/Intelligent Mail Barcode (IMB)¹ scan data to Postal Service Business Service Network (BSN) representatives² indicating where mail delays were occurring but never received feedback. The mailers felt their concerns were not being adequately addressed by the Postal Service.

Conclusion

During the 2010 Fall Mailing Season, Postal Service delayed mailpieces were approximately 3.4 billion, or 6 percent of total mail volume. This represented a delayed mailpiece increase of 904 million, or 37 percent from the same period last year. Approximately 95 percent of this delayed mail was Standard Mail.

This adversely impacted service and resulted in approximately \$10.9 million in revenue at risk (see [Appendix B](#)). Because the audit started after the 2010 Fall Mailing Season, we could not directly observe the reasons for the delays at that time. However, based on our body of work regarding delayed mail, as well as inquiries and site visit observations, we summarized possible contributing factors as follows.

- Failure to adjust mail flow, sort plans, and staffing timely to meet operational changes during the peak mailing season, particularly when implementing consolidations and network realignments.
- Underestimating 2010 Fall Mailing Season mail volumes.
- Underutilizing mail processing machines.

¹ Confirm and IMB services provide information via a unique barcode on when the Postal Service receives mail and when it is sorted on the automated equipment.

² Postal Service Business Service Network Representatives respond to customer service complaints from Postal Service customers.

- Not consistently color-coding mail and maintaining the proper color-code throughout processing, and not accurately identifying and reporting delayed Standard Mail. We have referred three instances of intentional misreporting of delayed mail to the Office of Investigations over the past several years.
- Not utilizing a Standard Mail service measurement system to identify causes for mail delays and not providing guidance to plant management to mitigate those delays.

Also, Postal Service BSN representatives did not always properly address Postal Service mailer delayed mail concerns. On the other hand, we identified a very small amount of stand-by time³ during this period; thus, it appears this was not a cause of the delays as the vast majority of employees were engaged in processing mail.

Delayed Mail Trends and Site Comparisons

Delayed mail volumes increased significantly during the 2010 Fall Mailing Season or Quarter 1 fiscal year (FY) 2011. We found the Postal Service had more 3.4 billion delayed mailpieces, which represented 6 percent of total mail volume. During this period, delayed mailpieces increased by 904 million, or 37 percent from the same period last year. Approximately 95 percent of this delayed mail was Standard Mail.

We also concluded that Group 1 plants⁴ delayed mail totaled almost 1.2 billion or 5 percent of the total Group 1 plants mail volume. The Group 1 plants experienced an increase in delayed processing of 398 million mailpieces, or 49 percent from the same period last year. The Pittsburgh Processing and Distribution Center (P&DC) had the highest percentage of delayed mail as a percent of First Handled Pieces (FHP) (see Table 1).

³ Work hours of mail processing employees who are kept on the clock, but are idle.

⁴ Group 1 plants represent the largest 43 mail processing facilities in the Postal Service. During Quarter 1, FY 2011, the Group 1 largest mail processing facilities accounted for approximately 20 percent of overall mail volume and approximately 35 percent of overall delayed mail volumes.

Table 1: Group 1 Plants Delayed Processing as a Percent of FHP for the 2010 Fall Mailing Season

Ranking	Plant	Percent of FHP
1	Pittsburgh P&DC	
2	St. Louis P&DC	
3	Carol Stream P&DC	
4	Cleveland P&DC	
5	Columbus P&DC	
6	Richmond P&DC	
7	Philadelphia P&DC	
8	North Metro P&DC	
9	Milwaukee P&DC	
10	Michigan Metroplex P&DC	

The *President’s Commission on the U.S. Postal Service* report dated July 31, 2003, states that the mission of the Postal Service is:

. . . to provide high-quality, essential postal services to all persons and communities by the most cost-effective and efficient means possible at affordable and, where appropriate, uniform rates.

Title 39 U.S.C., Part 1, Chapter 4, §403, states:

The Postal Service shall plan, develop, promote, and provide adequate and efficient postal services at fair and reasonable rates and fees.

The *Postal Accountability and Enhancement Act of 2007*, amended Title 39 U.S.C. to require the Postal Service “. . . establish a set of service standards. . . .” Additionally, the Postal Service is required to establish performance goals for those standards.

Contributing Factors to Delayed Mail

Because our audit started after the 2010 Fall Mailing Season, we could not directly observe the reasons for the delays at that time. However, based on Postal Service management inquiries, our prior work regarding delayed mail (see [Appendix C](#)), and facility observations, we summarized possible contributing factors as follows.

- Failure to adjust mail flow, sort plans, and staffing timely to meet operational changes during the peak mailing season, particularly when implementing consolidations and realignments.

- Underestimating mail volumes for the 2010 Fall Mailing Season. Also, FHP mail volume increased from 46.5 billion pieces in Quarter 1, 2010 to 49 billion pieces in Quarter 1, 2011, a 5.4 percent increase.
- Failure to fully use machine capacities by reducing idle time during peak volume periods. Five facilities with the highest amount of delayed mail as a percent of FHP for the 2010 Fall Mailing Season could better use machine capacity on the Automated Flat Sorter Machine (AFSM) 100, Automated Package Processing System (APPS), and Small Parcel Bundle Sorter (SPBS). On average, these machines all operated at daily runtimes lower than the goal of 20 hours (see Table 2). By increasing machine runtime, the facilities could process more mail and minimize delayed mail volumes.

Table 2: Average Daily Machine Run Times (in hours) FY 2011 Quarter 1

	Pittsburgh	St. Louis	Carol Stream	Cleveland	Columbus
AFSM	10.02	9.16	7.95	7.73	7.00
APPS	15.64	12.07	NA*	NA	13.17
SPBS	16.31	4.20	NA*	13.07	12.02

*NA indicates that plant does not use this type of equipment.

Failure to properly color-code the mail, thereby preventing processing mail in a first-in, first-out (FIFO) method and not accurately identifying and reporting delayed Standard Mail. Our previous audits and observations showed most of the reporting errors were due to misinterpretation of the color-code policy by the mail clerks. We referred three instances of intentional misreporting of delayed mail to the Office of Investigations over the past several years.

- Not using a Standard Mail service measurement system to identify causes for mail delays and not providing guidance to plant management to mitigate those delays.

Richmond and St. Louis P&DCs Observations

The Richmond and the St. Louis P&DCs experienced delayed mail during FY 2010. The causes for the excessive delayed mail at the Richmond P&DC were inadequate staffing and supervision, low mail throughput on machines, failure to consistently color-code arriving mail, and not accurately identifying and reporting delayed mail. Also, mail damage from poorly packaged mail resulted in delayed processing of flat mailpieces. Our observations at the St. Louis P&DC in April 2011 revealed that excess delayed mail occurred from not adjusting mail flow, sort plans, and staffing timely to meet operational requirements and from not accurately identifying and reporting delayed mail.

**Picture 1: Excessive Delayed
Mail in Staging Area at the
Richmond P&DC**

(June 7, 2011, 5:42 a.m.)



**Picture 2: Week old Delayed
Mail observed at the St. Louis
P&DC.**

(March 30, 2011, 8:50 a.m.)



Mailer Scan Data

Postal Service BSN representatives did not always provide timely feedback to business mailers regarding mail delays. Business mailers indicated they provided the Postal Service BSN representatives with detailed scan data showing the location of mail delays. However, the mailers indicated they did not always receive a follow-up response from the Postal Service.⁵ In our survey of 107 Postal Service BSN representatives,

⁵ The Postal Service maintains a CustomerFirst! System for issues related to late and no delivery of mail for all classes of mail to track service requests including business mailer complaints.

approximately 84 percent indicated they forward mailer scan data⁶ to operations and provided a response to the mailer after receiving operations feedback. However, the survey showed in some instances, they did not receive feedback from operations. In other cases, the BSN representatives provided mailers with a non-descript response, such as “your concerns have been elevated to the appropriate person.”

On the other hand, the nationwide stand-by time totaled more than 67,000 hours or .12 percent of total mail processing workhours during the 2010 Fall Mailing Season. Thus, it appears this was not a cause of the delays as the vast majority of employees were engaged in processing mail.

Impact

Mail delays may cause mailers to seek alternative delivery methods resulting in the potential loss of revenue for the Postal Service. We estimate that delayed mail for the 2010 Fall Mailing Season placed approximately \$10.9 million in Postal Service revenue at risk.⁷ Excessive delayed mail also negatively impacts customer service as demonstrated by the following scores. The service scores for the 10 Group 1 plants that experienced the highest volume of delayed processing during the 2010 Fall Mailing Season generally lagged behind national service scores (see Table 3).

Table 3: FY 2011 Quarter 1 External First-Class Service Scores for Group 1 Plants

	Overnight	2-Day	3-Day
National Average			
Pittsburgh P&DC			
St. Louis P&DC			
Carol Stream P&DC			
Cleveland P&DC			
Columbus P&DC			
Richmond P&DC			
Philadelphia P&DC			
North Metro P&DC			
Milwaukee P&DC			
Michigan Metroplex P&DC			

⁶ The Postal Service is in the process of developing a Standard Mail measurement system using scan data. This will allow the Postal Service to be more proactive in identifying mail processing delays. We plan on examining this issue in a separate audit.

⁷ Revenue at risk was calculated by multiplying Quarter 1, FY 2011 delayed mail volume of more than 3.4 billion pieces by the average revenue per mailpiece of 32 cents. We conservatively estimated the revenue at risk for mailers selecting alternative delivery methods as 1 percent of this total.

Recommendations

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

1. Direct plant managers, especially at mail processing facilities where consolidations are occurring, to promptly assess mail volumes and swiftly adjust workhours, assignments, sort plans, transportation, and any other operational requirements to ensure that customer service commitments are satisfied.
2. Increase machine runtime during peak volume periods.
3. Direct the plant and area color-code coordinators to conduct periodic color-code reviews at mail processing facilities and ensure employees are properly trained on color-code policies and procedures.
4. Reinforce the requirement for local plant management to verify mail condition counting and reporting at all mail processing facilities.
5. Use a Standard Mail service measurement system to identify causes for mail delays and provide guidance to plant management to mitigate those delays.

We recommend the vice president, Network Operations; coordinate with the vice president, Consumer and Industry Affairs:

6. To instruct Postal Service Business Service Network representatives to ensure Postal Service mailer inquiries pertaining to delayed mail are resolved promptly.

Management's Comments

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. They will also require all supervisors and craft employees be trained on the national color-code policy. Furthermore, a self audit form has been provided to the color code coordinators for use in facility reviews. In addition, management will instruct plants to review daily mail condition reporting and periodically audit counting and reporting activities. Management also agreed to improve standard mail service by using a national Critical Entry Time for designating Standard Mail along with the proper application of color coding. Finally, operations will work with the BSN and Customer Outreach to identify plant specific 'hotspots' for delays and identify areas for improvement. See [Appendix D](#) for management's comments, in their entirety.

Evaluation of Management's Comments

The U.S. Postal Service Office of Inspector General (OIG) considers management's comments responsive to the recommendations and management's corrective actions should resolve the issues identified in the report.

Appendix A: Additional Information

Background

Postal Service mailers expressed concerns with the Postal Service's performance during the 2010 Fall Mailing Season with regards to its timely processing of mail. Specifically, their concerns were that mail delays were significantly higher and more widespread than in prior years. Generally, the Postal Service's performance is impacted in the fall due to higher than normal Standard Mail volumes in response to increases in advertising campaign for back to school and winter holidays. Mailers also indicated that they provided Confirm/IMB scan data to Postal Service BSN representatives showing where mail delays were occurring but never received any feedback. The mailers felt their concerns were not being adequately addressed by the Postal Service.

Furthermore, mailers were concerned that the Postal Service's 'Network Rightsizing Strategy' via facility consolidations and closures was also negatively impacting performance. Specifically, they were concerned:

- Union members may be delaying mail to show opposition to consolidations and closures.
- Plant supervisors had a daunting task of anticipating operational changes and making required staffing changes in an environment that was becoming less flexible.
- There was constant pressure on the Postal Service to reduce costs.

Objective, Scope, and Methodology

Our objective was to assess the Postal Service's performance during the 2010 Fall Mailing Season. To meet our objective, we conducted interviews; performed analysis of mail volumes, workhours, and machine output; analyzed trends; and conducted observations at the Richmond and St. Louis P&DCs. We also reviewed prior OIG reports with regard to the timely processing of mail over the last 5 years. In addition, we conducted an electronic survey of Postal Service BSN representatives to determine whether they use Confirm/IMB scan data provided by the mailers to address delayed mail concerns.

We used computer-processed data from the Web Mail Condition Reporting System, Enterprise Data Warehouse, and Management Operating Data System. We pulled data from October 1, 2009, through December 31, 2010, but did not test controls over these systems. However, we checked the reasonableness of results by confirming our analysis and results with management and multiple data sources. We conducted this performance audit from February through September 2011 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 July 12, 2011, and included their comments where appropriate.

Prior Audit Coverage

Report Title	Report Number	Final Report Date	Report Results
<i>Implementation of Lima, OH to Toledo, OH Area Mail Processing Consolidation</i>	EN-AR-11-004	3/31/2011	We recommended management promptly assess the current mail volume and swiftly adjust workhours, sort plans, transportation, and any other operational requirements to ensure the Toledo P&DC meets customer and service commitments; expedite filling vacant positions; and assess any additional staffing requirements at all levels. We also recommended they assess and take appropriate corrective action related to mail processing space and transport equipment requirements, dispatch discipline, contract drivers performing mail sortation, and late truck departures. They should also establish and deploy formal Area Mail Processing implementation teams to the gaining facilities for plant consolidations that result in a facility closure to ensure consolidations are implemented as approved and to identify and facilitate corrective actions timely.
<i>Color-coding of Mail and Mail Condition Reporting at the Albany Processing and Distribution Center</i>	NO-AR-10-005	3/31/2010	We recommended management provide oversight to ensure continuation of color code training; direct the district color-code coordinator to conduct periodic color-code reviews; provide mail condition training and oversight to employees
<i>Fort Worth Processing and Distribution Center Delayed Mail Issues</i>	NO-AR-09-009	9/14/2009	We recommended management follow established standards for identifying employees with attendance problems and ensure necessary disciplinary actions are taken for those who abuse leave privileges; ensure a sufficient number of employees are available to work Automated Flat Sorting Machines to process Standard Mail and Periodicals timely.

<p><i>Allegations Concerning Operations and Service in the Philadelphia Customer Service District</i></p>	<p>NO-MA-09-001</p>	<p>3/30/2009</p>	<p>We recommended management provide color-code training and supervisory oversight to employees; verify the delayed mail volume counts conducted by data collection technicians; conduct regular meetings to foster good employee relations and more readily identify and address employees' concerns; and ensure that mail sent for recycling is properly verified. We also recommended they improve street supervision to ensure that carriers deliver mail in a timely manner; ensure that mail at carrier stations is delivered in a timely manner; improve communications and contingency planning when mail is directed to other plants for processing; expedite mail flow throughout the facility; ensure APPS operations are properly staffed and maintained. Further, we recommended they modify the APPS to reduce damage to packages; contact mailers to improve labeling and packaging; effectively communicate operational issues to employees; and evaluate staffing at each mail processing operation and delivery unit.</p>
<p><i>Timeliness of Mail Processing at the San Juan Processing and Distribution Center</i></p>	<p>NO-AR-09-002</p>	<p>1/29/2009</p>	<p>We recommended management monitor delayed mail daily and develop action plans, if necessary, to ensure timely processing of mail; develop and submit a request to modify the Universal Sorter Machine to reduce damaged mail; and assign accountability to ensure dispatches to the islands are accurate and expedite turn-around time of any mail sent to the wrong island. We also recommended they increase SPBS and AFSM windows of operation during peak volume periods; ensure employees are properly trained to identify delayed mail and ensure all mail is accurately reported on Web Mail Condition Reporting system; and consider and weigh the benefits of service over risks to all the U.S. Virgin Islands to keep and cancel local letter mail as is done in other U.S. territories.</p>
<p><i>Mojave Post Office Facility Consolidation</i></p>	<p>EN-AR-08-06</p>	<p>9/17/2008</p>	<p>We recommended management strengthen controls over highway contract routes by providing training and provide additional management oversight and ensure transportation changes are accurately recorded in the post implementation review</p>

<p><i>Delayed Mail at the North Texas Processing and Distribution Center</i></p>	<p>NO-AR-08-006</p>	<p>8/14/2008</p>	<p>We recommended management ensure supervisors oversee mail processing, monitor delayed mail regularly, and develop action plans; develop and implement a mail arrival profile; ensure Standard Mail and Periodicals are staged and processed using first-in, first-out procedures; rearrange delivery bar code sorters or move sort programs to different pieces of mail sorting equipment to eliminate bottlenecks in the dispatch of delivery point sequence mail; and direct sack mail operations be returned to the Dallas Bulk Mail Center.</p>
<p><i>Delayed Mail at the Waco Processing and Distribution Facility</i></p>	<p>NO-AR-08-002</p>	<p>3/13/2008</p>	<p>We recommended supervisors oversee mail processing and monitor delayed mail on a regular basis and develop action plans to ensure the timely processing of Standard Mail and develop a mail arrival profile to align staffing with mail flow.</p>
<p><i>Timeliness of Mail Processing at the Chicago, Illinois Cardiss Collins Processing and Distribution Center</i></p>	<p>NO-AR-07-012</p>	<p>9/28/2007</p>	<p>We recommended management provide consistent, quality supervision and training; improve planning; make employees accountable; and continue monitoring and adjusting mail processing operations to ensure the timely processing of mail.</p>
<p><i>Mail Processing at the Southeastern Pennsylvania Processing and Distribution Center</i></p>	<p>NO-AR-07-007</p>	<p>8/6/2007</p>	<p>We recommended management implement procedures for finalizing Southeastern P&DC's working mail at other facilities when volume exceeds capacity and instruct the plant managers to process mail using a first-in first-out method.</p>
<p><i>Timeliness of Mail Processing at the Los Angeles, California, Processing and Distribution Center</i></p>	<p>NO-AR-07-001</p>	<p>2/9/2007</p>	<p>We recommended management correct deficiencies in the processing of Periodicals and Standard Mail and continue monitoring and adjusting mail processing operations to ensure that all mail is processed in a timely manner.</p>

Appendix B: Other Impacts

Finding	Impact Category	Amount
Delayed Mail	Revenue at Risk ⁸	\$10.9 million

⁸ Revenue that the Postal Service is at risk of losing (for example, when a mailer seeks alternative solutions for services currently provided by the Postal Service).

**Appendix C: Prior Audit Reports -
Contributing Factors to Excessive Delayed Mail**

Report Number	Report Issue Date	Facility	Operational Management	Under-estimating Mail Volume	Equipment Usage	Color-Coding & Reporting
NO-AR-07-001	02/09/07	Los Angeles, CA P&DC			√	
NO-AR-07-007	08/06/07	Southeastern PA P&DC	√			√
NO-AR-07-012	09/28/07	Cardiss Collins, IL P&DC	√			
NO-AR-08-002	03/13/08	Waco, TX P&DC	√			√
NO-AR-08-006	08/14/08	North Texas, TX P&DC	√			√
EN-AR-08-006	09/17/08	Mojave, CA Post Office	√			
NO-AR-09-002	01/29/09	San Juan, PR P&DC			√	√
NO-MA-09-001	03/30/09	Philadelphia, PA P&DC	√			√
NO-AR-09-009	09/14/09	Fort Worth, TX P&DC	√			
NO-AR-10-005	03/31/10	Albany, NY P&DC	√			√
EN-AR-11-004	03/31/11	Lima, OH P&DF	√	√		

Appendix D: Management's Comments

DAVID E. WILLIAMS
Vice President, Network Operations



August 29, 2011

Shirian B. Holland
Acting Director, Audit Operations

SUBJECT: Draft Audit Report – Postal Service Performance During the 2010
Fall Mailing Season (Report Number NO-AR-11-Draft)

Thank you for the opportunity to review and comment on the Draft Audit Report -
Postal Service Performance During the 2010 Fall Mailing Season.

Management agrees with the recommendations in this draft report and will
address each separately below.

Recommendation 1:

Direct plant managers, especially at mail processing facilities where
consolidations are occurring, to promptly assess mail volumes and swiftly adjust
workhours, assignments, sort plans, transportation, and any other operational
requirements to ensure that customer service commitments are satisfied.

Management Response/Action Plan:

Management agrees with this recommendation. In response to the specific
areas of improvement identified in the report, the following information is
provided:

1. A detailed Fall Mailing Season Checklist was presented via the Manager,
In-Plant Support (MIPS) bi-weekly meeting, with distribution under cover
letter from the Manager, Processing Operations to assist facilities in
planning a successful 2011 fall mailing season.
2. Daily condition push reports are provided by our National Operations
Center (NOC) to the field for response to the Chief Operating Officer and
Vice President, Network Operations for actions plans to mitigate identified
issues.
3. Lean Six Sigma initiatives are being pursued by each area office having
sites listed on the top 15 fiscal year (FY) 2010 chronic mail delayed list to
determine root causes.

475 L'Enfant Plaza SW
Washington, DC 20260-7100
202 268-4300
Fax: 202-268-3331
www.usps.com

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4. Flats Sequencing System (FSS) fall mailing contingency plans for FY2011 have been provided to the field to provide assistance in managing projected fall mail volumes.
5. The Mail Processing Employee Scheduler (MPES) and Mail Processing Staffing Opportunity Model (MPSOM) on the Variance Programs link on the Blue Page are provided to management as a tool to react to and plan for volume variations in operations and schedule accordingly.

Target Implementation Date:

September 30, 2011

Responsible Official:

Marty Bender, Manager, Processing and Distribution Center Operations

Recommendation 2:

Increase machine runtime during peak volume periods.

Management Response/Action Plan:

Management agrees with this recommendation. The Area Managers of In-Plant Support were provided historical drop shipment for the fall mail period to plan for increased opportunities to increase equipment capacity and operating windows. Plants are further instructed to update their Run Plan Generator (RPG) plans based upon fall volume projections and maximize processing to meet anticipated increases in volume. The RPG is updated each week for employee scheduling and managing of daily mail conditions.

Target Implementation Date:

October 31, 2011

Responsible Official:

Marty Bender, Manager, Processing and Distribution Centers Operations

Recommendation 3:

Direct the plant and area color-code coordinators to conduct periodic color-code reviews at mail processing facilities and ensure employees are properly trained on color-code policies and procedures.

- 3 -

Management Response/Action Plan:

Management agrees with this recommendation. A Learning Management System (LMS) module for the National Color Code Policy has been added and is now required for all Function 1 EAS supervisors, managers, and designated craft employees. An updated self-audit form has been provided to Area Color Code Coordinators for use in mail processing facility reviews.

Target Implementation Date:

October 31, 2011

Responsible Official:

Marty Bender, Manager, Processing and Distribution Center Operations

Recommendation 4:

Reinforce the requirement for local plant management to verify mail condition counting and reporting at all mail processing facilities.

Management Response/Action Plan:

Management agrees with this recommendation. Plants are instructed to review daily mail condition reporting and periodically audit counting and reporting activities. The daily push NOC condition reports further emphasize the need to maintain the integrity of daily condition reports. Plants will conduct audits on employee's counting and reporting of conditions.

Target Implementation Date:

December 31, 2011

Responsible Official:

Marty Bender, Manager, Processing and Distribution Center Operations

Recommendation 5:

Use a Standard Mail service measurement system to identify causes for mail delays and provide guidance to plant management to mitigate those delays.

Management Response/Action Plan:

Management will continue to drive Standard Mail service improvement through compliance with the 16:00 National CET for destinating Standard Mail and the

- 4 -

proper application of color codes to all Standard Mail at entry. This in conjunction with continued utilization of the RPG plans will be used to provide processing capacity to meet customer requirements.

Target Implementation Date:

November 30, 2011

Responsible Official:

Marty Bender, Manager, Processing and Distribution Center Operations

Recommendation 6:

Instruct the Postal Service Business Service Network representatives to ensure Postal Service mailer inquiries pertaining to delayed mail are resolved promptly.

Response:

Management agrees with this recommendation. Operations will work with the Business Service Network and Customer Outreach to identify plant specific hot spots for delays. We will utilize specific customer data in conjunction with Postal information to identify areas for improvement. Mailer alerts will be presented in bi-weekly MIPS meetings to alert Areas of upcoming mailings for customers on the watch list.

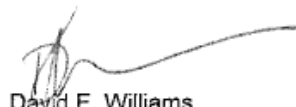
Target Implementation Date:

November 30, 2011

Responsible Official:

Marty Bender, Manager, Processing and Distribution Center Operations

We do not believe that this report contains any propriety or business information and may be disclosed pursuant to the Freedom of Information Act.



David E. Williams

- 5 -

cc: Megan Brennan
Susan LaChance
David C. Fields
Jordan M. Small
Jo Ann Feindt
Steven J. Forte
Drew T. Aliperto
Linda J. Welch
Sylvester Black
Deborah Giannoni-Jackson
Frank Neri
Corporate Audit and Response Management