

Mail Conditions at South Houston Local Processing Center

ALERT

Report Number 24-050-1-R24 | April 10, 2024



Table of Contents

Cover

Transmittal Letter	1
---------------------------------	---

Results..... 2

Introduction	2
--------------------	---

Background	2
------------------	---

Findings Summary	2
------------------------	---

Finding #1 – Processing Delays	3
--------------------------------------	---

Recommendation #1	5
-------------------------	---

Recommendation #2	5
-------------------------	---

Recommendation #3	5
-------------------------	---

Postal Service Response	5
-------------------------------	---

OIG Evaluation.....	5
---------------------	---

Finding #2 – Inadequate Transportation	5
--	---

Recommendation #4.....	7
------------------------	---

Postal Service Response	7
-------------------------------	---

OIG Evaluation.....	7
---------------------	---

Finding #3 – Facility Conditions	7
--	---

Recommendation #5	8
-------------------------	---

Postal Service Response	8
-------------------------------	---

OIG Evaluation.....	8
---------------------	---

Finding #4 – Informing Stakeholders.....	8
--	---

Recommendation #6.....	8
------------------------	---

Postal Service Response.....	8
------------------------------	---

OIG Evaluation.....	8
---------------------	---

Appendices..... 9

Appendix A: Additional Information.....	10
---	----

Scope and Methodology	10
-----------------------------	----

Prior Audit Coverage	11
----------------------------	----

Appendix B: Management’s Comments	12
---	----

Contact Information..... 15

Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

April 10, 2024

MEMORANDUM FOR: JOHN J. DIPERI
VICE PRESIDENT, REGIONAL PROCESSING
OPERATIONS WESTERN

A handwritten signature in black ink that reads "Kelly Thresher".

FROM: Kelly Thresher
Deputy Assistant Inspector General for the Seasonal
Performance Team

SUBJECT: Alert – Mail Conditions at South Houston Local Processing Center
(Report Number 24-050-1-R24)

This alert presents issues identified during our ongoing audit of Service Performance During the Fiscal Year 2024 Peak Mailing Season (Project Number 24-050). The objective of this alert was to provide U.S. Postal Service officials immediate notification of issues identified during our ongoing audit. These issues require immediate attention and remediation.

All recommendations require OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. All 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. See [Appendix B](#) for management's comments in their entirety.

We appreciate the cooperation and courtesies provided by your staff. If you have questions or need additional information, please contact John Littlejohn, Director, Seasonal Performance and Postal Regulatory Commission Directorate, or me at 703-248-2100.

Attachment

cc: Postmaster General
Corporate Audit Response Management
Chief Processing and Distribution Officer and Executive V.P.
Vice President, Processing and Maintenance Operations

Results

Introduction

This alert presents the issues the U.S. Postal Service Office of Inspector General (OIG) identified when conducting the Service Performance During the Fiscal Year (FY) 2024 Peak Mailing Season audit (Project Number 24-050). Our goal is to provide immediate notification of these issues. See [Appendix A](#) for additional information about this audit.

Background

Our objective for this alert was to determine facility opening procedures and mail conditions at the South Houston Local Processing Center.

Each year, increased mail volume during the Postal Service's peak mailing season — Thanksgiving through New Year's Eve¹ — significantly strains the Postal Service's processing and distribution network. The Postal Service opens peak season annexes to temporarily help with increased package volume at select processing facilities. As part of our peak season audit, we assessed the Postal Service's acquisition and use of these peak season annexes. One such annex we identified was the South Houston Local Processing Center (LPC), which opened on November 18, 2023, and was associated with the North Houston Processing and Distribution Center (P&DC).

Although the South Houston LPC was opened as a peak season annex with temporary, peak season staff, management employed an undocumented contingency plan and decided to keep the facility open beyond peak season. On January 2, 2024, the facility stopped processing packages bound for the immediate area and began processing packages coming from the local area to the rest of the nation.² Currently, the South Houston LPC is operating as an interim processing facility, but later this year it is expected to shift operations to a traditional LPC processing letters and flats.³

Opening LPCs is part of the Postal Service's 10-year strategic Delivering for America plan. According to the Postal Service's *Delivering for America Second-Year Progress Report*,⁴ which is its public reporting on the 10-year plan, LPCs are designed to connect Regional Processing and Distribution Centers (RPDCs) to delivery operations. LPCs have the primary mission of sorting letter and flat mail to carrier route or delivery walk sequence and serving as a transfer center to aggregate mail on its way to delivery units. RPDCs are multi-purpose distribution centers with common designs, layouts, and processing equipment. In the Houston region, the North Houston P&DC will become the RPDC, and the South Houston LPC will be a supporting facility processing some Houston mail.

The Postal Service is redesigning its processing network with the goal of creating a best-in-class mail and package processing network. The Postal Service has plans to invest \$40 billion to create a modernized network based around RPDCs, LPCs, and sorting and distribution centers (S&DCs).⁵

We conducted an unannounced site visit at the South Houston LPC during the week of January 28, 2024. We found the mail conditions and postal operations in the facility necessitated alerting Postal Service management. Although we briefed multiple levels of management immediately, this report memorializes what we witnessed at the facility and information we gathered through subsequent interviews with management responsible for operations at South Houston LPC.

Findings Summary

During our site visit from January 28 to 30, 2024, we identified deficiencies that affected the efficiency of operations at the South Houston LPC. Specifically, we found delayed mail awaiting processing; delayed mail awaiting dispatch; facility conditions with safety,

¹ For purposes of our audit, we will use the weeks of November 18, 2023, to February 2, 2024, unless otherwise stated.

² The facility had four Single Induction Processing System (SIPS) machines with six Mobile, Scan Where You Band (MSWYB) operations.

³ According to postal management, while not part of the current design for LPCs, the South Houston facility may also continue to process packages.

⁴ USPS *Delivering for America Second-Year Progress Report*, <https://about.usps.com/what/strategic-plans/delivering-for-america/assets/usps-dfa-two-year-report.pdf>.

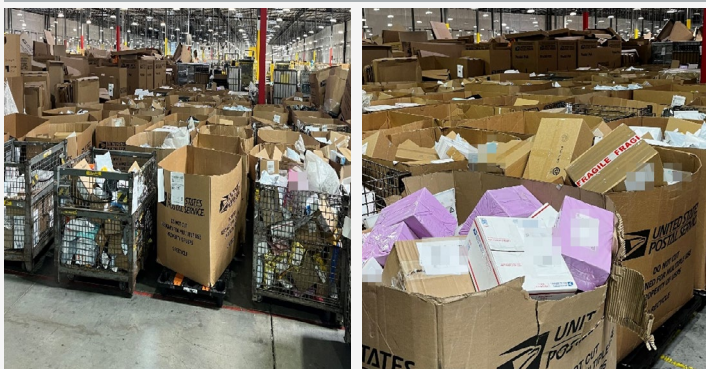
⁵ An S&DC consolidates multiple delivery units and package sortation operations into one centrally located facility.

security, and maintenance concerns; and a lack of communication with stakeholders.

Finding #1 – Processing Delays

During our site visit on Sunday, January 28, 2024, we observed approximately 1,000 containers of delayed mail that needed to be processed.⁶ Specifically, we estimated⁷ approximately 160,000 pieces of delayed mail at the South Houston LPC in need of processing. The delayed mail consisted primarily of packages, including Priority Mail Express, Priority Mail, Ground Advantage, airmail sacks, and large packages that require special handling. We also saw delayed collection mail from local delivery units. See Figure 1 for images of delayed mail from our site visit.

Figure 1. Delayed Mail Awaiting Processing



Source: OIG photos taken January 28, 2024.

During our site visit, we selected 75 packages from throughout the building to review and analyze scanning and tracking history. Of the 75 sampled packages, 47 (63 percent) were delayed between one and 25 days. The remaining 28 (37 percent) sampled packages had no start-the-clock (STC) date.⁸ Without a STC date, we were unable to determine the actual number of days the packages had been in the Postal Service system. The sample packages included Priority Mail Express, Priority Mail, and Ground Advantage.

Further, we found delayed mail volumes for South Houston LPC were improperly and inaccurately reported in the Mail Condition Visualization⁹ (MCV) application. South Houston LPC was listed as a standalone facility in the MCV application, and it would typically report its own delayed mail counts. However, in the Houston metropolitan area, the processing facilities were reporting all delayed mail under one facility's – North Houston P&DC's – entry. Within this entry, North Houston P&DC management was expected to detail the amount of delayed mail associated with each individual processing facility in the comments section.

We found South Houston LPC under-reported the number of delayed packages awaiting processing, and North Houston P&DC further underreported in the MCV application. Specifically, on January 28, 2024, we counted approximately 160,000 delayed mailpieces awaiting processing. That day, South Houston LPC reported about 100,000 delayed packages¹⁰ in documentation provided to North Houston P&DC. However, the North Houston P&DC only attributed 38,387 delayed packages to South Houston LPC in the MCV entry comments.

Several factors caused the high amount of delayed mail awaiting processing. Specifically, postal management:

- Moved operations from the North Houston P&DC to the South Houston LPC, but South Houston was not equipped to process the facility's volume. Specifically, the Postal Service removed two Automated Package Processing System (APPS)¹¹ machines from the North Houston P&DC on December 29, 2023, and transferred the mail volume previously processed by these machines to the South Houston LPC. While two APPS machines can be expected to process roughly 13,000 packages per hour, the four SIPS machines (which were installed at the South Houston

6 This included Delayed Inventory and Delayed Mail Flow. Delayed Inventory includes pieces that remain on hand at their facility and that have not received their next expected processing in time to make it to their delivery unit for timely delivery. Delayed Mail Flow includes pieces that did not complete their next predicted processing operation by their clearance time.

7 We used mixed container piece count conversions from *Handbook M-32 Management Operating Data System*, Appendix D Conversion Rates.

8 STC is the date when the Postal Service takes possession of a container for processing and delivery.

9 The MCV application 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.

10 North Houston P&DC reported 897 containers, and the OIG converted this to 105,094 mailpieces using Postal Service conversion factors.

11 The purpose of the APPS machine is to process and sort parcels and small parcel and rolls to a 3-digit or 5-digit level, and flat bundles to a 3-digit, 5-digit, or carrier route depth of sort.

LPC) can only process roughly 10,000 packages per hour.

- Staffing resources were not aligned to meet operational needs for the facility. As of January 30, 2024, the facility did not have an assigned employee complement. During our observations, there was one logistics supervisor in charge of all three work shifts, covering a 24-hour period. Further, the acting plant manager had been assigned to the facility for ten days. Local management said there were staffing challenges at the South Houston LPC because 50–60 temporary, peak season employees from the North Houston P&DC declined the Postal Service's offer to continue working at the South Houston LPC due to the additional travel time to the South Houston facility. Employees stated the travel time between North Houston P&DC and South Houston LPC could be as much as one hour. Consequently, mail was not processed as expected. For example, on January 28, 2024, local management planned to process approximately 231,168 packages, but actually processed 158,128 packages (68.4 percent).
- The delayed mail was improperly reported in the MCV application for the South Houston LPC because Postal Service regional management directed the facilities to report all three Houston-area plants¹² as one campus, which is not aligned with policy. North Houston P&DC made incorrect conversions based on South Houston LPC's reporting, and employees at the South Houston LPC estimated the amount of delayed mail awaiting processing incorrectly.

- Management stated weather-related delays for two days the week of January 14, 2024, increased the delayed mail volume due to low employee availability and transportation gridlock.

Postal Service policy¹³ states that management should continually gauge how well they are managing the flow of mail and have managerial control over the workload, personnel, and equipment needed for a well-run operation. As part of Postal Service practice, a delayed mail count should be performed and accurately reported in the MCV application daily by facility. In addition, the MCV policy states delayed mail reporting is necessary by Management Operating Data System (MODS) date. The proper reporting of mail conditions provides Postal Service management with a view of processing operations and a way to identify "at risk" mail.¹⁴

With improper reporting in the MCV application, management officials outside the Houston metropolitan area had no visibility to understand the true volume of delayed mail at risk and would not know how to appropriately allocate resources to address the situation. Specifically, management may not increase staffing levels without having sufficient information about delayed mail volume.

The impact of delayed mail was highlighted in the significantly high number of customer contacts for the Houston metropolitan area during the period preceding and at the time of our site visit as reflected in Customer 360¹⁵ (see [Table 1](#)).

¹² The campus of three facilities included the North Houston P&DC, South Houston LPC, and the Houston North Annex.

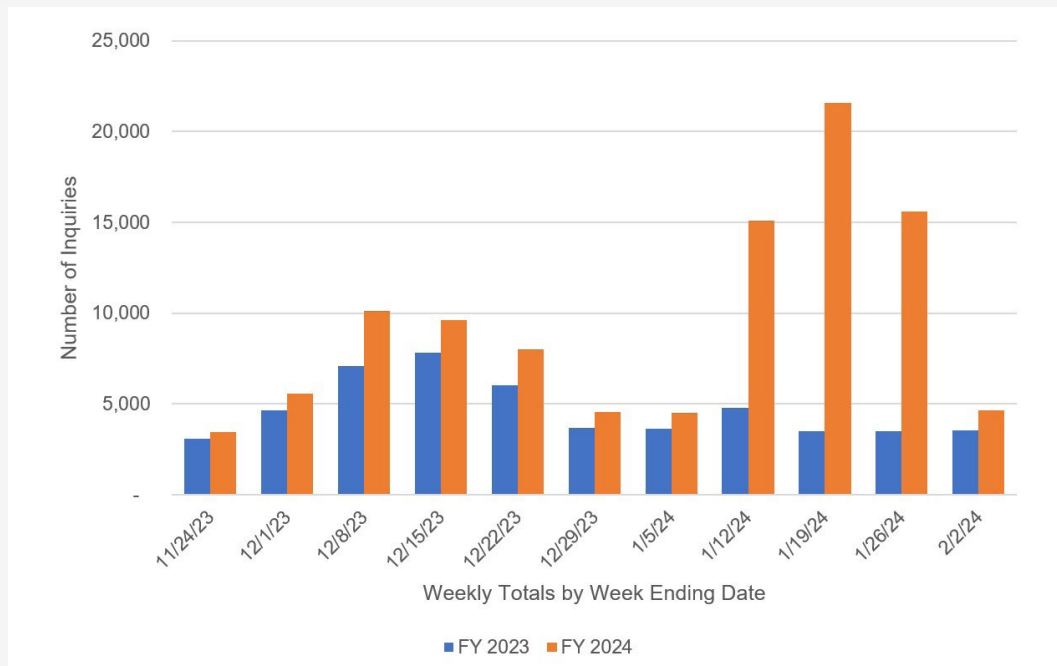
¹³ Handbook PO-413, *Platform Operations*, Section 2-1.1, dated December 2013.

¹⁴ Mail Conditions Visualization - Manual Line Item Entry Job Aid.

¹⁵ A cloud-based application that enables Postal Service employees to diagnose, resolve, and track customer inquiries.

Table 1. Texas 2 District Customer 360 Inquiries

Source: OIG analysis of Customer 360 data.



In addition, there were several media reports where customers expressed their dissatisfaction related to the delayed mail issues at the South Houston LPC. Increased media attention around delayed mail can negatively affect the Postal Service brand.

Recommendation #1

We recommend the **Vice President, Regional Processing Operations Western**, assess the current backlog and determine whether temporary staffing is necessary to work through the backlog; develop a facility complement; and hire to fill both management and staff positions at South Houston Local Processing Center.

Recommendation #2

We recommend the **Vice President, Regional Processing Operations Western**, report delayed mail in the Mail Condition Visualization for the South Houston Local Processing Center separately from the North Houston Processing and Distribution Center and confirm its accuracy on an ongoing basis.

Recommendation #3

We recommend the **Vice President, Regional Processing Operations Western**, develop a process to communicate with and solicit feedback from local managers when developing and implementing changes to the South Houston facility as it shifts from a peak annex to a Local Processing Center.

Postal Service Response

Management noted that at the time of the OIG visit, the Postal Service had already implemented actions to address the conditions in South Houston. Management further stated that the Postal Service has continued to improve conditions in South Houston over the last few months. Regarding Finding #1, the Postal Service agreed with the finding and the associated recommendations. The target implementation date for Recommendation 1 is August 31, 2024, and the target implementation date for Recommendations 2 and 3 is April 30, 2024.

OIG Evaluation

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

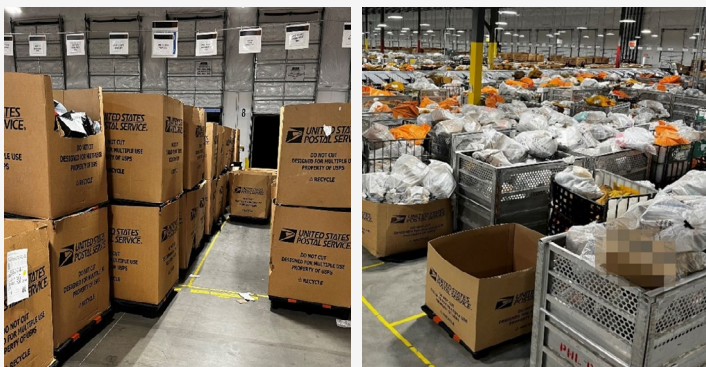
Finding #2 - Inadequate Transportation

During our site visit the week of January 28, 2024, the South Houston LPC had approximately 1,400 containers of mail awaiting transport to other facilities.¹⁶ Specifically, we estimated¹⁷ approximately 224,000 pieces of delayed mail waiting to be dispatched to other locations across the nation. South Houston LPC processing management said they did not include the packages awaiting dispatch in their local delayed mail count in the MCV application (see Figure 2).

¹⁶ Delayed Dispatch includes containers that have not received a load and depart, terminate, or consolidate scan more than 15 minutes after Dispatch of Value (DOV) and before 7:30 a.m. on the Management Operating Data System date following DOV.

¹⁷ We used mixed container piece count conversions from *Handbook M-32 Management Operating Data System*, Appendix D Conversion Rates.

Figure 2. Parcels Awaiting Transport



Source: OIG photos taken January 29 and 30, 2024.

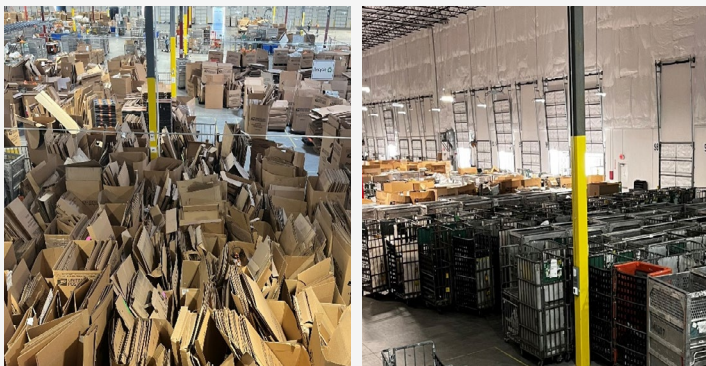
Additionally, we observed numerous packages and pallets of letters prepared for cross-docking¹⁸ on the workroom floor and dock (see Figure 3). We also saw significant amounts of surplus Mail Transport Equipment¹⁹ awaiting transport (see Figure 4).

Figure 3. Pallets of Cross-Docked Letters Awaiting Transport



Source: OIG photos taken January 28 and 29, 2024.

Figure 4. Empty Mail Transport Equipment Awaiting Transport



Source: OIG photos taken January 28 and 29, 2024.

The cause for delayed mail awaiting transport to other facilities was a lack of management oversight. Postal Service management failed to evaluate and adjust the logistics schedule to align with the dispatch needs of the South Houston LPC during the transitional time after peak season. Specifically, there was a logistics schedule established in November 2023 for peak season mail transported locally when the facility opened. In early January 2024, the South Houston processing operation changed to processing packages bound outside of the local area. Instead of a logistics schedule based on transporting mail locally, the facility needed transportation schedules to the other two Houston plants and long-haul trips to facilities outside the Houston metropolitan area.

The delayed mail was not reported due to a lack of communication among facility management. Processing management stated they were not aware of the responsibility to report delayed dispatch volume and were under the impression that logistics management reported the totals. However, logistics management stated they did not report the delayed dispatch volume, but instead used the information to schedule transportation. As discussed in the previous finding, the MCV policy states delayed mail reporting is necessary daily.

According to Postal Service policy, key elements to effective dispatching and routing include evaluating transportation performance to planned schedules and ensuring that planned dispatches are compatible with an effective mail arrival profile at the destination. Postal Service management failed to evaluate and adjust the logistic transportation schedule to align with the dispatch needs of the South Houston LPC during the transitional time after peak season.

The lack of transportation planning impacted transportation performance. We analyzed three key performance indicators used by logistics management to evaluate transportation performance. We compared South Houston LPC's transportation performance before and after the processing and staffing shift:²⁰

¹⁸ Mailers prepare pallets with mail all for a certain processing plant or delivery office. These pallets do not need to be broken apart until they reach the plant or office that processes mail with the specific ZIP Codes identified for the pallet. Cross dock pallets should, therefore, be moved from the delivery vehicle to the outbound trip intact.
¹⁹ Containers (including sacks and pouches, trays, wheeled containers, and pallets) used to contain mail during processing or transportation within or between facilities by the Postal Service.
²⁰ Compared November 24, 2023, through January 5, 2024, to January 12, 2024, through February 2, 2024.

- Extra trips increased from 216 to 278 trips, or about 29 percent.
- Late trips increased from 474 to 663 trips, or about 40 percent. However, as a percentage of total trips, they increased from 17.7 percent to 47.4 percent.
- Canceled trips – trips that are scheduled and no longer needed for operational reasons – increased from 45 to 183 trips, or about 307 percent.

When transportation is not properly planned and scheduled to align with the operational needs, the mail will not be delivered on time, which adversely affects Postal Service customers and harms the Postal Service brand. The inefficiencies noted will serve to ultimately increase operating costs and may cause mailers of competitive products to use competitors resulting in potential loss of revenue for the Postal Service. Additionally, the excess Mail Transport Equipment and cross-docked mail was blocking planned aisleways, presenting hazards to the movement of mail, personnel, and equipment.

Recommendation #4

We recommend the **Vice President, Logistics**, in conjunction with **Vice President, Regional Processing Operations Western**, analyze current transportation schedules at the South Houston Local Processing Center and implement appropriate changes to reduce dock congestion, minimize delayed mail, and facilitate safety on the workroom floor.

Postal Service Response

The Postal Service agreed with this finding and the associated recommendation. The target implementation date is April 30, 2024.

OIG Evaluation

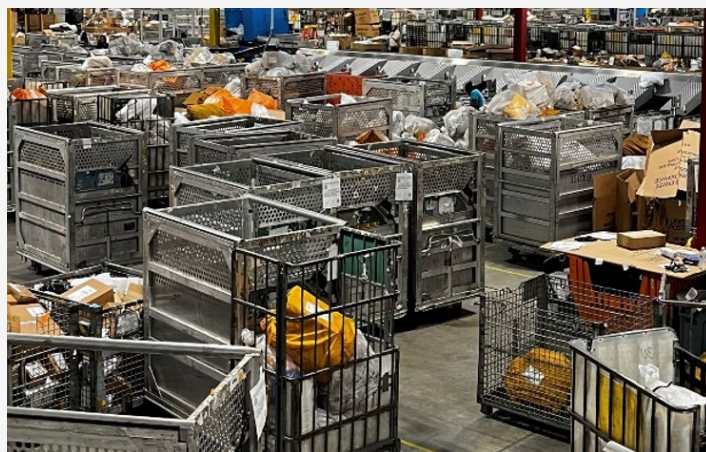
The OIG considers management’s comments responsive to the recommendation.

Finding #3 – Facility Conditions

During our observations, we found safety and security concerns, as well as maintenance issues at the South Houston LPC.

The safety and security concerns included blocked fire extinguishers, no safety mirrors to cover blind spots for motorized equipment operators, egresses to exits were not marked, and mail staging areas in front of machines were not clearly marked.²¹ Dock staging lanes were congested and hindered mail flow to and from processing machines (see Figure 5).

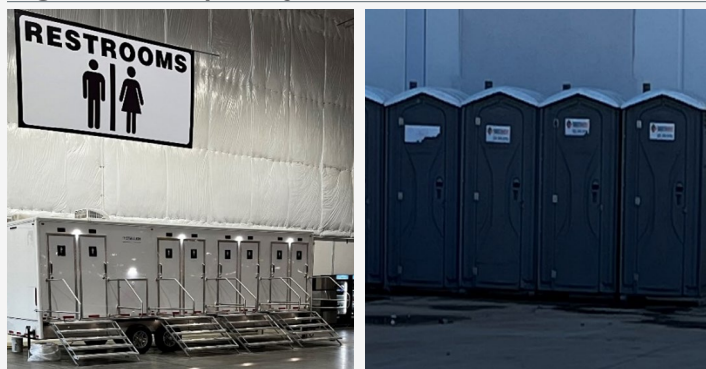
Figure 5. Congested Lanes and Aisleways



Source: OIG photo taken January 28, 2024.

Property maintenance concerns included a lack of running water on the facility floor,²² requiring the use of portable restrooms located inside the entrance of the facility next to the break area (see Figure 6). Portable restroom facilities were also located outside the facility. In addition, there was one water station with five-gallon bottles of water for employee use, but no water fountains. Further, the facility had insufficient electrical infrastructure for operations and was relying on generators to power the machines.

Figure 6. Temporary Restrooms



Source: OIG photos taken January 28 and 29, 2024.

²¹ Mail in the lanes leading up to a processing operation should be worked in a first-in, first-out manner.

²² There were permanent restroom facilities in the management offices of the building. However, these were small and insufficient to service the needs of the entire employee population.

Management did not provide sufficient oversight and did not take the necessary actions to ensure that property conditions were adequate prior to opening the facility. In addition, management stated that property conditions were overlooked because the South Houston LPC was a contingency facility, and the mail processing operations took priority over addressing facility condition issues, like keeping aisles clear. The Postal Service is required to maintain a safe environment for employees.²³

Without management attention to safety and security deficiencies, there is an increased risk of employee accidents or harm. There is also a higher likelihood for mail dispatched to the wrong destination or delayed mail being processed in the wrong order because of the unclear lane markings on the floor of the facility.

Recommendation #5

We recommend the **Vice President, Regional Processing Operations Western**, develop a comprehensive list, prioritize, and address the safety, security, and maintenance issues identified at the South Houston Local Processing Center.

Postal Service Response

The Postal Service agreed with this finding and the associated recommendation. The target implementation date is April 30, 2024.

OIG Evaluation

The OIG considers management's comments responsive to the recommendation.

Finding #4 - Informing Stakeholders

The Postal Service did not communicate its operations or service impacts related to opening and operating the South Houston LPC to its stakeholders. The South Houston LPC garnered significant media attention around delayed packages. However, the Postal Service did not announce its plans for the facility or subsequent delays through its typical channels. Specifically, the Postal Service did not announce the opening of the facility or the shift from peak season annex to interim processing facility. The Postal Service announced the upcoming shift

to become the South Houston LPC on March 7, 2024, nearly four months after the facility began operations. Additionally, the Postal Service did not report any delays at the facility in its Industry Alerts²⁴ emails or its Service Alerts²⁵ reporting page.

Postal Service Headquarters management stated that they did not report delays through the Industry Alert process because those are typically reserved for temporarily suspended operations. Additionally, processing operations management did not report delays at the facility on the Service Alerts website because they did not have a method to communicate delays to the team that manages the website. The Postal Service reported the opening of the facility through an Industry Alert in March 2024 because LPC operations will begin that month.

An Industry Alert, or Service Alert – would have given the public more information about the opening of and delays at the South Houston LPC between December and March. When the Postal Service did not communicate, the communities around Houston and other stakeholders were concerned about the status of their packages without any insight into why delays existed. This lack of communication could impact the Postal Service brand.

Recommendation #6

We recommend the **Vice President, Processing and Maintenance Operations**, reiterate the process for using existing channels to report significant processing delays to Postal Service customers.

Postal Service Response

The Postal Service agreed with this finding and the associated recommendation. The target implementation date is April 30, 2024.

OIG Evaluation

The OIG considers management's comments responsive to the recommendation.

²³ Occupational Safety and Health Administration Act of 1970 and Handbook EL-801, *Supervisor's Safety Handbook*.

²⁴ Industry Alerts inform industry stakeholders about important information regarding USPS webinars, promotions, products, and other news.

²⁵ USPS service alerts have information for consumers, small businesses, and business mailers about postal facility service disruptions caused by weather-related and other natural disasters, special events, or other changes impacting service.

Appendices

Appendix A: Additional Information	10
Scope and Methodology.....	10
Prior Audit Coverage.....	11
Appendix B: Management’s Comments	12

Appendix A: Additional Information

Scope and Methodology

Our objective is to determine facility opening procedures and mail conditions at the South Houston LPC. To accomplish our objective, we:

- Reviewed policies, procedures, and documentation to gain an understanding of LPC operations;
- Reviewed staffing and complement information related to the South Houston LPC;
- Analyzed transportation schedules and reports for inbound and outbound trips;
- Analyzed End of Run reports to understand processing capabilities and run schedules in the South Houston LPC;
- Analyzed delayed mail reporting for the Houston metropolitan area;
- Assessed Postal Service reporting regarding mail delays in the Houston metropolitan area; and
- Interviewed Postal Service Management regarding the opening of the South Houston LPC, reporting on mail and transportation conditions, and staffing.

We conducted this performance audit from January through March 2024 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.

On January 31, 2024, we notified management prior to the draft of this alert. We discussed our observations and conclusions with management on March 25, 2024, and included their comments where appropriate.

We assessed the data reliability of Customer 360, Surface Visibility, Mail Condition Visualization, and Web End of Run data by conducting tests to confirm completeness, accuracy, reasonableness, and validity. We determined that the data were sufficiently reliable for the purposes of this report.

In planning and conducting the audit, we obtained an understanding of the South Houston LPC's internal control structure to help determine the nature, timing, and extent of our audit procedures. We reviewed the management controls for overseeing the program and mitigating associated risks. Additionally, we assessed the internal control components and underlying principles, and we determined that the following four components were significant to our audit objective:

- Control Environment,
- Risk Assessment,
- Information and Communication, and
- Monitoring.

We developed audit work to ensure that we assessed these controls. Based on the work performed, we identified internal control deficiencies related to Information and Communication and Monitoring that were significant within the context of our objectives. Our recommendations, if implemented, should correct the weaknesses we identified.

Prior Audit Coverage

Report Title	Objective	Report Number	Final Report Date	Monetary Impact
<i>Efficiency of Operations at the North Houston Processing and Distribution Center, Houston, TX,</i>	Our objective was to evaluate the efficiency of operations at the North Houston P&DC.	23-150-R24	November 28, 2023	N/A
<i>Fiscal Year 2024 Peak Mailing Season Preparedness</i>	Our objective was to evaluate the U.S. Postal Service's preparedness for the FY 2024 peak mailing season.	23-121-R24	November 15, 2023	N/A
<i>Service Performance During the Fiscal Year 2023 Peak Mailing Season</i>	Our objective was to evaluate the U.S. Postal Service's performance during the FY 2023 peak mailing season and the implementation of its peak season preparedness plan.	23-025-R23	July 13, 2023	N/A

Additional information or recommendations regarding the issues addressed in this alert may also be included in the final report resulting from our related ongoing audit.

Appendix B: Management's Comments



April 5, 2024

JOHN CIHOTA
DIRECTOR, AUDIT SERVICES

SUBJECT: Management Response: Alert - Mail Conditions at South Houston Local Processing Center #24-050-1

Thank you for providing the Postal Service an opportunity to review and comment on the findings contained in the draft report titled: *Mail Conditions at South Houston Local Processing Center #24-050-1*

The Postal Service agrees that the findings were accurate in January 2024. At the time of the OIG visit, the Postal Service had already implemented actions to address the conditions in South Houston. The Postal Service has continued to improve conditions in South Houston over the last few months.

The following are our comments to the six recommendations:

Recommendation 1: We recommend the Vice President, Regional Processing Operations Western, assess the current backlog and determine whether temporary staffing is necessary to work through the backlog; develop a facility complement; and hire to fill both management and staff positions at South Houston Local Processing Center.

Management Response/Action Plan:

Management **agrees** with this recommendation. Backlog was eliminated and facility complement has been determined. Management has developed a plan and is executing the staffing plan that has been provided by Organizational Design. Selection of candidates will be accomplished through review committee as required.

Target Implementation Date: 8/31/2024

Responsible Official: Sr Division Director, Southwest Processing

Recommendation 2: We recommend the Vice President, Regional Processing Operations Western, report delayed mail in the Mail Condition Visualization for the South Houston Local Processing Center separately from the North Houston Processing and Distribution Center and confirm its accuracy on an ongoing basis.

Management Response/Action Plan:

Management **agrees** with this recommendation and requests closure upon issuance. This recommendation is complete, and the mail conditions are reported separately. Copies of MCV input for South Houston and North Houston have been provided.

Target Implementation Date: 04/30/2024

Responsible Official: Sr Division Director, Southwest Processing

Recommendation 3: We recommend the **Vice President, Regional Processing Operations Western**, develop a process to communicate with and solicit feedback from local managers when developing and implementing changes to the South Houston facility as it shifts from a peak annex to a Local Processing Center.

Management Response/Action Plan:

Management **agrees** with this recommendation and request closure up on issuance. Management has assigned a manager to assist specifically with the communication and feedback for transition and activation of the South Houston LPC. Weekly meetings are continuing, soliciting feedback, and measuring against the migration plans chronology and designed sequence.

Target Implementation Date: 04/30/2024

Responsible Official: Sr Division Director, Southwest Processing

Recommendation 4: We recommend the **Vice President, Logistics**, in conjunction with **Vice President, Regional Processing Operations Western**, analyze current transportation schedules at the South Houston Local Processing Center and implement appropriate changes to reduce dock congestion, minimize delayed mail, and facilitate safety on the workroom floor.

Management Response/Action Plan:

Management **agrees** with this recommendation and requests closure upon issuance. Transportation schedules have been reviewed and updated. Logistics Management has adjusted 29 outbound network trips to depart from the South Houston LPC and operates 30 shuttle trips between North Houston and South Houston. Additionally, 11 preload routes have been put in place to reduce space constraints in the South Houston LPC. Division Directors of Mail Processing and Logistics continue to engage in daily communications, adjusting the logistic routings and dispatch schedules to improve flow and congestion.

Target Implementation Date: 4/30/2024

Responsible Official: Sr Division Director, Southwest Processing and Division Director, Southwest Logistics

Recommendation 5: We recommend the **Vice President, Regional Processing Operations Western**, develop a comprehensive list, prioritize, and address the safety, security, and maintenance issues identified at the South Houston Local Processing Center.

Management Response/Action Plan:

Management **agrees** with this recommendation and requests closure upon issuance. A comprehensive punch list has been developed and a project manager assigned. Weekly meetings include HQ Vice President's, along with key stakeholders to address complex issues. Contract security is now employed at the site 24/7.

Target Implementation Date: 4/30/2024

Responsible Official: Sr Division Director, Southwest Processing

Recommendation 6: We recommend the **Vice President, Processing and Maintenance Operations**, reiterate the process for using existing channels to report significant processing delays to Postal Service customers.

Management Response/Action Plan:

Management **agrees** with this recommendation and requests closure upon issuance. Vice President, Processing and Maintenance Operations, has reiterated the process for using existing channels to report significant processing delays.

Target Implementation Date: 4/30/2024

Responsible Official: Sr. Director Processing Operations

E-SIGNED by JOHN.J DIPERI
on 2024-04-05 10:21:36 EDT

John DiPeri
Vice President, Regional Processing Operations, Western

E-SIGNED by KELLY.R ABNEY
on 2024-04-05 10:53:11 EDT

Kelly Abney
Chief Logistics Officer & Executive Vice President

E-SIGNED by DANE.A COLEMAN
on 2024-04-05 15:23:42 EDT

Dane A. Coleman
Vice President, Processing & Maintenance Operations

cc: Corporate Audit Response Management

OFFICE OF
INSPECTOR
GENERAL

UNITED STATES



Contact us via our [Hotline](#) and [FOIA](#) forms. Follow us on social networks. Stay informed.

1735 North Lynn Street, Arlington, VA 22209-2020
(703) 248-2100

For media inquiries, please email press@uspsig.gov or call (703) 248-2100