



# OFFICE OF INSPECTOR GENERAL

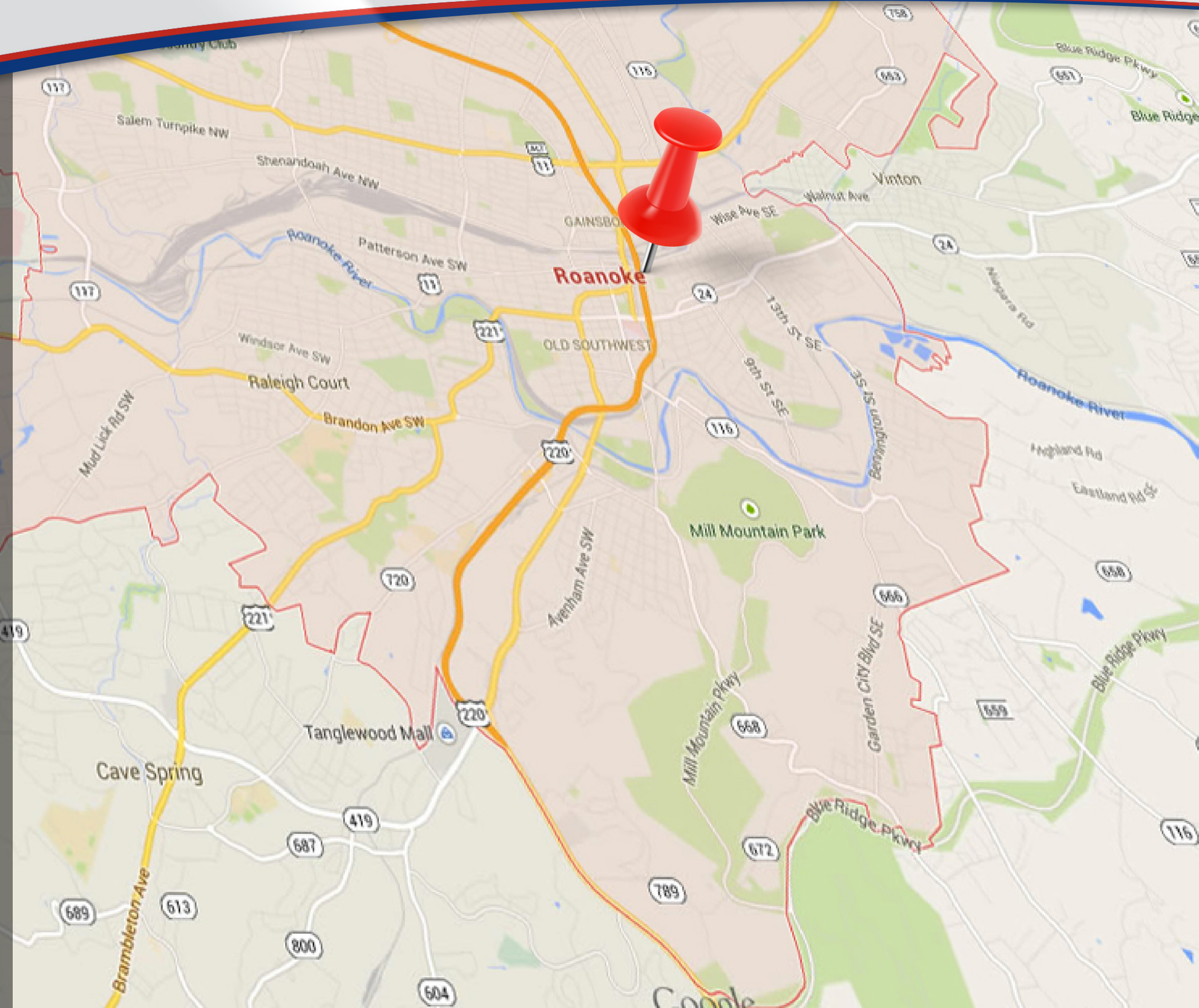
## UNITED STATES POSTAL SERVICE

### Mail Processing Operations at the Roanoke, VA, Processing and Distribution Center

### Audit Report

Report Number  
NO-AR-17-003

January 17, 2017







# OFFICE OF INSPECTOR GENERAL

## UNITED STATES POSTAL SERVICE

## Highlights

***Our objectives were to determine whether consolidation of Roanoke P&DC mail processing operations into the Greensboro P&DC adversely affected customer service and whether a business case existed to support the AMP consolidation.***

## Background

On January 5, 2015, the U.S. Postal Service revised its First-Class Mail® (FCM) service standards nationwide, eliminating single-piece overnight service and shifting some mail from a 2-day to a 3-day service standard. These revisions enabled the Postal Service to expand the amount of time each day that it could process mail, a change known as the operational window change (OWC).

The Postal Service in 1984 began using area mail processing (AMP) policy to consolidate mail processing functions and increase productivity through more efficient use of equipment, facilities, staffing, and transportation. The Postal Service intends for these consolidations to reduce costs and maintain quality service.

In February 2012, Postal Service management approved an AMP feasibility study to move the Roanoke, VA, Processing and Distribution Center (P&DC) originating and destinating (mail sent from and to specific ZIP Codes) letter and flat operations to the Greensboro, NC, P&DC. The originating and destinating package operations were to remain at the Roanoke P&DC.

In April 2015, the Postal Service partially implemented the consolidation by moving all Roanoke P&DC originating letter and flat operations to the Greensboro P&DC. In May 2015, the Postal Service suspended all AMP consolidations.

This report responds to requests from U.S. Representatives Bob Goodlatte and H. Morgan Griffith of the 6th and 9th congressional districts of VA, respectively, to review the consolidation. The lawmakers' requests noted that they had received a significant increase in constituent communications regarding lost or delayed mail in their respective congressional districts.

Our objectives were to determine whether consolidation of Roanoke P&DC mail processing operations into the Greensboro P&DC adversely affected customer service and whether a business case existed to support the AMP consolidation. As part of the audit, we solicited input from the readers of our Audit Asks web page about their mail service in southwest Virginia.

## What the OIG Found

We determined the partial consolidation of Roanoke P&DC mail processing operations into the Greensboro P&DC did not adversely affect customer service scores and a business case existed to support the AMP consolidation.

However, we received comments from over 500 individual respondents to our Audit Asks web page with about 80 percent related to delayed or lost mail and 20 percent related to delivery and similar issues. The complaints were consistent with the mail service issues in the Roanoke, VA, area. Specifically, the FCM service scores for the Roanoke P&DC have been continually below target goals before and after the partial consolidation.



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***Overall, we found that the Roanoke P&DC FCM service scores as measured against these new standards were largely unchanged after the partial consolidation compared to scores from the same period a year earlier.***

The partial consolidation and nationwide FCM service standard revisions generally resulted in reductions in service standards for mail originating and destinating in ZIP Codes beginning with 240, 241, and 243. Specifically, service standards increased by 1 to 2 days for FCM, Periodicals, Standard Mail, and Package Services affecting over 300,000 delivery addresses serviced by the Roanoke P&DC.

Overall, we found that the Roanoke P&DC FCM service scores as measured against these new standards were largely unchanged after the partial consolidation compared to scores from the same period a year earlier. However, we found some specific periods of time with more significant service issues.

Specifically, from January through March 2016, the 2-day and 3-5 day FCM service scores worsened by 4 and 7 percent, respectively, compared to the same period in 2014 due to severe winter weather. Additionally, for the period October 2015 through September 2016, the Roanoke and Greensboro P&DCs reported 8.6 million pieces of delayed mail — almost a 98 percent increase compared to the same period a year earlier. Delayed mail volume for both P&DCs spiked to 4.5 million pieces in January 2016 due to weather issues.

Service performance rebounded in the following quarter, April through June 2016. In that quarter, FCM service performance for Roanoke's 2-day and 3-5 day scores were 0.45 and 4.65 percent better, respectively, than the period before the partial

consolidation and there was less delayed mail than in FYs 2014 and 2015.

In addition to reviewing service scores, we also looked for delayed mail that may have been miscounted. During our visit to the Greensboro P&DC in August 2016, we identified 104 trays of delayed mail that were not included in the daily mail count. Greensboro P&DC management took immediate corrective action by including the mail in the daily mail count. Inaccurate reporting of mail volume and delayed mail affect management's ability to accurately plan, analyze, and forecast.

Finally, we were not able to validate \$1.3 million of transportation savings included in the AMP feasibility study. However, this did not adversely affect the business case for the consolidation.

We will be performing additional audit work in the future on areas with ongoing mail service issues and delayed mail reporting.

### **What the OIG Recommended**

We recommended management train Greensboro P&DC employees to count all delayed mail and ensure it is correctly reported on the daily mail condition report and re-evaluate transportation savings in the Roanoke P&DC AMP feasibility study.

# Transmittal Letter

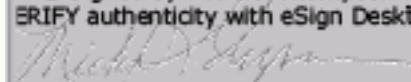


OFFICE OF INSPECTOR GENERAL  
UNITED STATES POSTAL SERVICE

January 17, 2017

**MEMORANDUM FOR:** LINDA M. MALONE  
VICE PRESIDENT, CAPITAL METRO AREA OPERATIONS

ROBERT CINTRON  
VICE PRESIDENT, NETWORK OPERATIONS

E-Signed by Michael Thompson  
VERIFY authenticity with eSign Desktop  


**FROM:** Michael L. Thompson  
Deputy Assistant Inspector General  
for Mission Operations

**SUBJECT:** Audit Report – Mail Processing Operations at the Roanoke,  
VA, Processing and Distribution Center  
(Report Number NO-AR-17-003)

This report presents the results of our audit of Mail Processing Operations at the Roanoke, VA, Processing and Distribution Center (Project Number 16XG032NO000).

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

Attachment

cc: Corporate Audit and Report Management  
Vice President, Eastern Area Operations  
Postmaster General

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# Findings

***Service standards increased by 1 to 2 days for FCM, Periodicals, Standard Mail, and Package Services affecting over 300,000 delivery addresses serviced by the Roanoke P&DC.***

## Introduction

This report presents the results of our audit of Mail Processing Operations at the Roanoke, VA, Processing and Distribution Center (P&DC) (Project Number 16XG032NO000). This report responds to requests from U.S. Representatives H. Morgan Griffith and Bob Goodlatte of the 9th and 6th congressional districts of VA, respectively, to review the consolidation. The lawmakers noted in their requests that they had received a significant increase in constituent communications regarding lost or delayed mail in their respective congressional districts.

Our objectives were to determine whether consolidation of the P&DC mail processing operations into the Greensboro P&DC adversely affected customer service and whether a business case existed to support the consolidation. See [Appendix A](#) for additional information about this audit.

On January 5, 2015, the U.S. Postal Service revised its First-Class Mail® (FCM) service standards<sup>1</sup> nationwide, eliminating single-piece overnight service and shifting some mail from a 2-day to a 3-day service standard. These revisions enabled the Postal Service to expand the amount of time each day that it could process mail, a change known as the operational window change (OWC).

In 1984 the Postal Service began using area mail processing (AMP) policy to consolidate mail processing functions and increase productivity through more efficient use of equipment, facilities, staffing, and transportation. The Postal Service intends for these consolidations to reduce costs and maintain quality service.

In February 2012, Postal Service management approved an AMP feasibility study to move the Roanoke P&DC originating and destinating (mail sent from and to specific ZIP Codes)<sup>2</sup> letter and flat operations to the Greensboro, NC, P&DC. The originating and destinating package operations were to remain at the Roanoke P&DC.

In April 2015, the Postal Service partially implemented the approved Roanoke P&DC AMP by moving all of the Roanoke P&DC originating letter and flat operations to the Greensboro P&DC. In May 2015, the Postal Service suspended all AMP consolidations.

As part of the audit, we solicited input from the readers of our Audit Asks web page about their mail service in southwest VA.

## Summary

We determined that partial consolidation of Roanoke P&DC mail processing operations into the Greensboro P&DC did not adversely affect customer service scores and a business case existed to support the AMP consolidation.

The partial consolidation and nationwide FCM service standard revisions generally resulted in reductions in service standards for mail originating and destinating in ZIP Codes beginning with 240, 241, and 243. Specifically, service standards increased by 1 to 2 days for FCM, Periodicals, Standard Mail, and Package Services affecting over 300,000 delivery addresses serviced by the Roanoke P&DC.

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<sup>1</sup> Service standards are stated delivery performance goals for each mail class and product that are usually measured by days for the period of time the Postal Service takes to handle the mail from mailing date to delivery date.

<sup>2</sup> A system of 5-digit codes that geographically identifies individual post offices or metropolitan area delivery stations associated with every mailing address.



However, from July 19 through November 1, 2016, we received comments from over 500 individual respondents to our Audit Asks webpage. Eighty percent of those responses related to delayed or lost mail and 205 specifically noted the time it took for their mail to be delivered, with over 50 percent reporting delivery taking between 6 and 14 days. The remaining comments related to delivery and similar issues. The complaints were consistent with the mail service issues in the Roanoke, VA, area. Specifically, the FCM service scores for the Roanoke P&DC have been continually below target goals before and after the partial consolidation.

Overall, we found that the Roanoke P&DC FCM service scores as measured against these new standards were largely unchanged after the partial consolidation compared to scores from the same period a year earlier. However, we found some specific periods of time with more significant service issues.

Specifically, from January through March 2016, the 2-day and 3-5 day FCM service scores worsened by 4 and 7 percent, respectively, compared to the same period in 2014 due to severe winter weather. Additionally, for the period October 2015 through September 2016, the Roanoke and Greensboro P&DCs reported 8.6 million pieces of delayed mail — almost a 98 percent increase compared to the same period a year earlier. Delayed mail volume for both P&DCs spiked to 4.5 million pieces in January 2016 due to weather issues.

Service performance rebounded in the following quarter, April through June 2016. In that quarter, FCM service performance for Roanoke's 2-day and 3-5 day scores were 0.45 and 4.65 percent better, respectively, than the period before the partial consolidation and there was less delayed mail than in FYs 2014 and 2015.

In addition to reviewing service scores, we also looked for delayed mail that may have been miscounted. During our site visit to the Greensboro P&DC, we identified 104 trays of delayed mail that were not included in the daily count on August 16, 2016. The Greensboro P&DC manager, In-Plant Support, took immediate corrective action by including the mail in the daily mail count. Inaccurate reporting of mail volume and delayed mail affects management's ability to accurately plan, analyze, and forecast.

Finally, we were not able to validate \$1.3 million of transportation savings included in the AMP feasibility study; however, we found there was still a business case for the consolidation. We will perform additional audit work in the future on areas with ongoing mail service issues and delayed mail reporting.

## **Service Standard Changes From the Operational Window Change and the Area Mail Processing Consolidation**

The January 2015 nationwide service standard revisions and the planned AMP consolidation generally resulted in reductions in service standards for mail originating and destinating in ZIP Codes beginning with 240, 241, and 243. Specifically, service standards increased by 1 to 2 days for FCM, Periodicals, Standard Mail, and Package Services affecting over 300,000 delivery addresses serviced by the Roanoke P&DC (see [Table 1](#)).

**Table 1. Comparison of Service Standards for Mail Between ZIP Codes 240, 241, and 243 Before and After the Consolidation and Nationwide Revisions**

<b>Mail Class</b>	<b>Service Standard Before Nationwide Revisions and Consolidation</b>	<b>Service Standard After Nationwide Revisions and Consolidation</b>
FCM	1	2
Periodicals	2	3
Standard Mail	3	5
Package Services	2	3

Source: Service standard changes for Roanoke AMP obtained from the Postal Service.

Since the Postal Service approved the Roanoke AMP feasibility study in Q2 of FY 2012, the Postal Service reported there are 1,800 net ZIP Code pair<sup>3</sup> downgrades in customer service associated with the nationwide revisions and all AMP consolidations affecting the Roanoke P&DC (see Table 2).

**Table 2. Service Standard Changes for the Roanoke P&DC Due to Nationwide Revisions and all AMP Consolidations Affecting Roanoke P&DC**

<b>Mail Class</b>	<b>Upgrade<sup>4</sup></b>	<b>Downgrade<sup>5</sup></b>	<b>Net Change</b>
FCM	3	1,458	(1,455)
Priority Mail	1,263	318	945
Periodicals	222	2,262	(2,040)
Standard Mail	975	165	810
Package Services	72	132	(60)
<b>Total</b>	<b>2,535</b>	<b>4,335</b>	<b>(1,800)</b>

Source: Service standard changes for the Roanoke AMP obtained from the Postal Service.

The majority of the service standard downgrades were due to the AMP consolidation. Consolidating mail processing operations from the Roanoke P&DC into the Greensboro P&DC resulted in net service standard ZIP Code pair downgrades of 1,584 (see [Table 3](#)).

<sup>3</sup> The service standard between one 3-digit origin ZIP Code and one 3-digit destination ZIP Code.

<sup>4</sup> A reduction in the number of days scheduled for delivery of a mailpiece.

<sup>5</sup> An increase in the number of days scheduled for delivery of a mailpiece.



***The FCM service scores for the Roanoke P&DC have been continually below target goals before and after the partial consolidation.***

**Table 3. Service Standard Changes Due to Roanoke P&DC Consolidation**

Mail Class	Upgrade	Downgrade	Net Change
FCM	0	1,362	(1,362)
Priority Mail	1,191	756	435
Periodicals	348	1,938	(1,590)
Standard Mail	1,224	180	1,044
Package Services	42	153	(111)
<b>Total</b>	<b>2,805</b>	<b>4,389</b>	<b>(1,584)</b>

Source: Service standard changes for the Roanoke AMP obtained from the Postal Service.

### First-Class Mail Service Performance Results

Overall, we found that the Roanoke P&DC FCM service scores as measured against these new standards were largely unchanged after the partial consolidation compared to scores from the same period a year earlier. However, we found some specific periods of time with more significant service issues.

The Roanoke P&DC 2-day improved by 1 percent and 3-5 day FCM<sup>6</sup> service scores worsened by 13 percent, respectively, after the OWC compared to the previous year. As noted in prior U.S. Postal Service Office of Inspector General (OIG) reports,<sup>7</sup> the OWC in Q2, FY 2015, significantly impacted mail processing and resulted in large decreases in service scores and increases in delayed mail nationwide. However, 2-day FCM scores were largely unaffected by the partial consolidation in April 2015, and actually improved 1 percent compared to the previous year. The 3-5 day FCM scores worsened by 5 percent compared to a year earlier. In Q2, FY 2016, the 2-day and 3-5 day FCM service scores worsened by 4 and 7 percent, respectively, compared to the same period in 2014 due to severe winter weather (see [Figures 1 and 2](#)).

The plant manager said that severe winter storms in the area disrupted service in Q2, FY 2016. The National Centers for Environmental Information (NCEI) stated that winter storm Jonas was an “extreme event” for the Northeast region of the U.S. and ranked as the fourth most severe storm ever to affect that region.<sup>8</sup> It produced over 30 inches of snow in some areas, including 13.5 inches in Roanoke and 2.2 inches in Greensboro.

Service performance rebounded in the following quarter, April through June 2016. In that quarter, FCM service performance for Roanoke’s 2-day and 3-5 day scores were 0.45 and 4.65 percent better, respectively, than the period before the partial consolidation. However, consistent mail service in the Roanoke, VA, area continues to be a challenge. Specifically, the FCM service scores for the Roanoke P&DC have been continually below target goals before and after the partial consolidation.

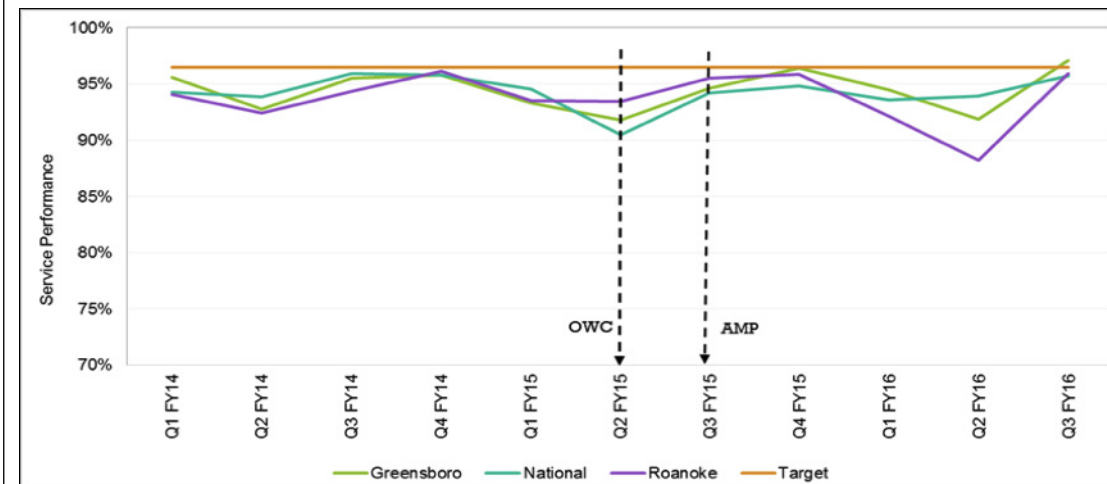
<sup>6</sup> FCM service performance is independently measured under the External First-Class (EXFC) Measurement System. EXFC measures the time it takes the Postal Service to deliver single-piece FCM letters and flats to a household, small business, or Post Office Box.

<sup>7</sup> *Substantial Increase in Delayed Mail* (Report Number NO-MA-15-004, dated August 13, 2015) and *Mail Processing and Transportation Operational Change* (Report Number NO-AR-16-009, dated September 2, 2016).

<sup>8</sup> The NCEI produces the Regional Snowfall Index (RSI) for significant snowstorms and an RSI of 18 or more is considered an extreme event. Winter storm Jonas had an RSI of 20.

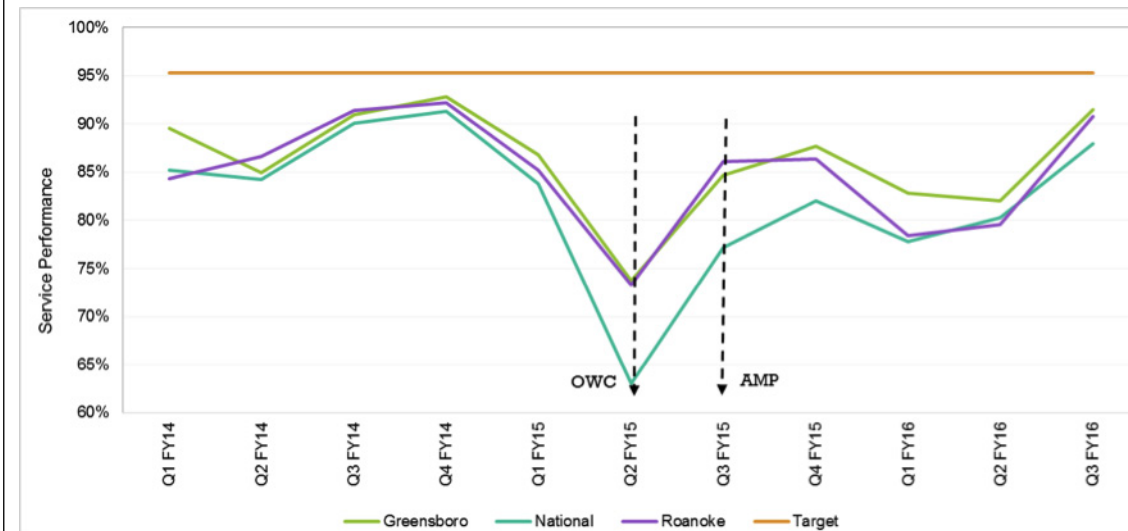
***On our Audit Asks web page we asked if readers had been affected by mail processed at the Roanoke P&DC. As of November 1, 2016, we received 542 responses, 433 of which (or about 80 percent) related to delayed or lost mail.***

**Figure 1. EXFC 2-Day Service Performance Q1, FY 2014, Through Q3, FY 2016**



Source: EXFC service performance obtained from the Enterprise Data Warehouse (EDW).<sup>9</sup>

**Figure 2. EXFC 3-5 Day Service Performance Q1, FY 2014, Through Q3, FY 2016**



Source: EXFC service performance obtained from the EDW.

## Audit Asks Web Page Comments

On our Audit Asks web page we asked if readers had been affected by mail processed at the Roanoke P&DC. As of November 1, 2016, we received 542 responses, 433 of which (or about 80 percent) related to delayed or lost mail (see [Table 4](#)). The remaining 20 percent of the comments related to delivery and other issues. Of those respondents reporting delayed mail, 205 specifically noted the time it took for their mail to be delivered, with 106 reporting delivery taking between 6 and 14 days; 38 reporting between 2 and 5 days; 36 reporting between 15 to 28 days; and 25 reporting over 28 days. The longest delay reported was about 135 days for a package mailed in April 2015, but not delivered until September 2015.

<sup>9</sup> A repository intended for all data and the central source for information on retail, financial, and operational performance.

***Roanoke P&DC management reports noted that 95 percent of reported delayed mailpieces occurred because of winter weather on January 23 and 24, 2016.***

***The delayed mail potentially affected over 300,000 delivery addresses in the 6th and 9th congressional districts of VA.***

**Table 4. Results of the Audit Asks Web Page**

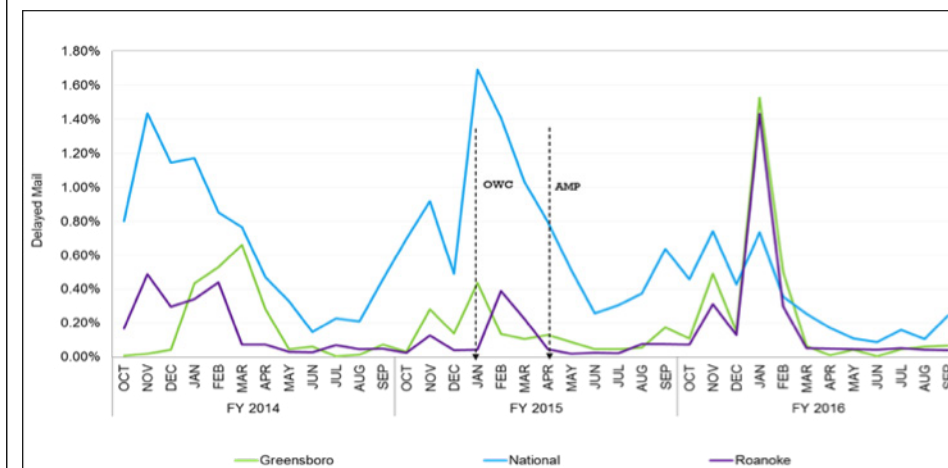
Complaint Type	Count	Percentage
Delayed and Lost Mail	433	80%
Other Complaints	67	12%
Delivery	42	8%
<b>Total</b>	<b>542</b>	<b>100%</b>

Source: OIG analysis of Audit Asks web page results.

## Delayed Mail

For the period October 2015 through September 2016, the Roanoke and Greensboro P&DCs reported 8.6 million pieces of delayed mail<sup>10</sup> — almost a 98 percent increase compared to the previous year (see Figure 3). Delayed mail volume for both P&DCs spiked to 4.5 million in January 2016 when severe winter weather affected the area. Specifically, Roanoke P&DC management reports noted that 95 percent of reported delayed mailpieces occurred because of winter weather on January 23 and 24, 2016. Delayed mail volume decreased at both P&DCs after January 2016, and as of September 2016, was lower than in September 2014 and 2015.

**Figure 3. Delayed Mail as Percentage of Total Volume For FY 2014 Through FY 2016**



Source: Delayed mail as percentage of total volume obtained from the EDW and Application System Reporting.<sup>11</sup>

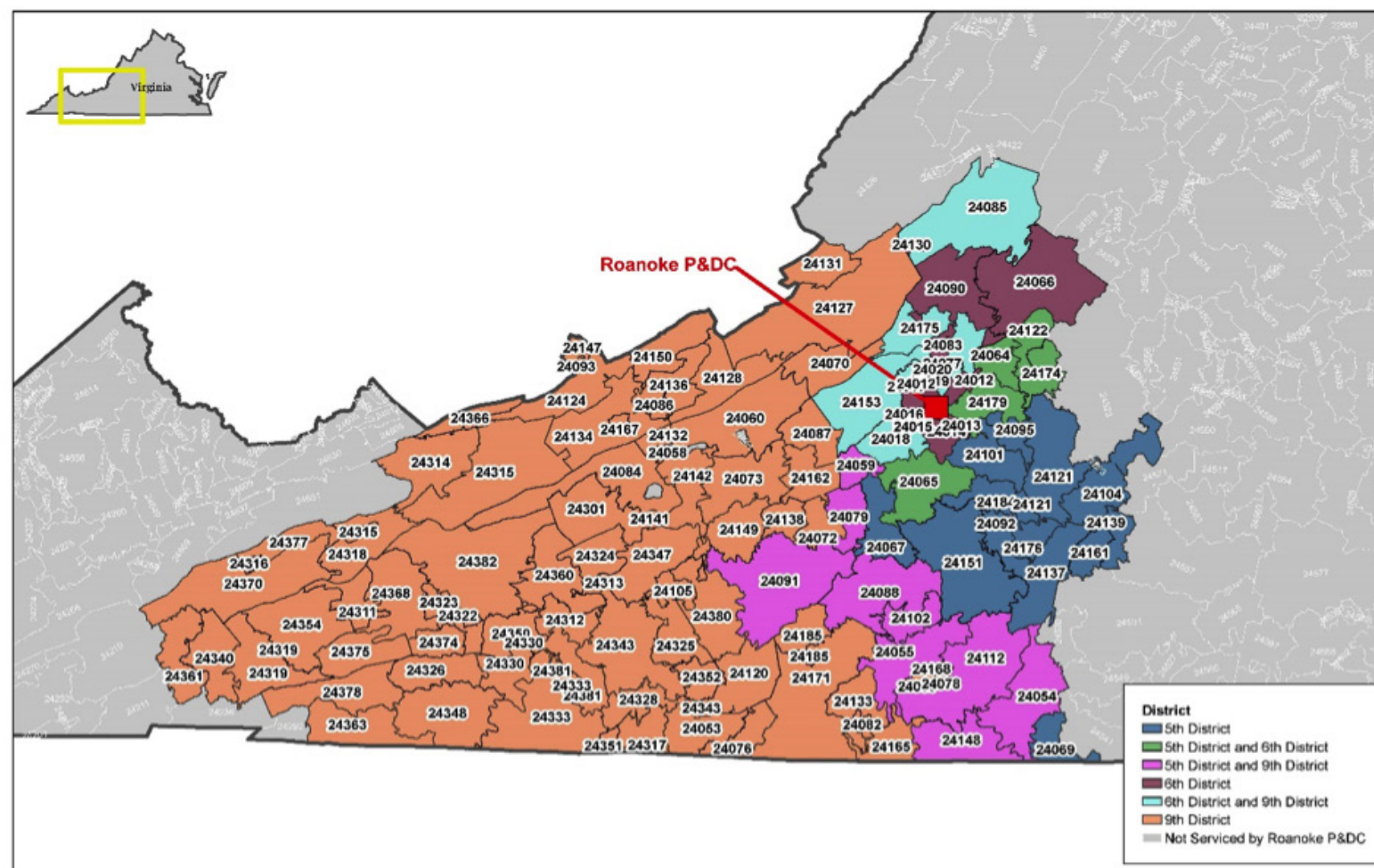
See [Figure 4](#) for ZIP Codes serviced by the Roanoke P&DC and their respective congressional districts. The delayed mail potentially affected over 300,000 delivery addresses in the 6th and 9th congressional districts of VA.

<sup>10</sup> The Postal Service considers mail delayed when it is not processed in time to meet its established delivery day with the exception of Standard Mail. Standard Mail is considered delayed when it is not processed, finalized, or dispatched in time to provide the subsequent operation or facility the time necessary to ensure delivery by the established delivery day.

<sup>11</sup> A collection of data from many sources stored in a single place for reporting and analysis.



### Figure 4. ZIP Codes Serviced by Roanoke P&DC



Source: OIG Geographic Information System Mapping Portal.

As delayed mail increases, there is an increase in the potential impact on delivery points. Roanoke's ratio of delayed mail to total mail processed ranged from .002 to 1.48 percent between FY 2014 and FY 2016. Based on this range, we estimated the potential impact on delivery points serviced by the Roanoke P&DC (see Tables 5 and 6).

**Table 5. Delivery Points in VA 6th Congressional District**

		Potential Number of Delivery Points Impacted by Delayed Mail			
	Delivery Points	.05% Delayed Mail	1% Delayed Mail	1.5% Delayed Mail	2% Delayed Mail
6th Congressional District ZIP Codes	57,377	287	574	861	1,148
Shared 6th Congressional District ZIP Codes <sup>12</sup>	69,694	348	697	1,045	1,394
<b>Total</b>	<b>127,071</b>	<b>635</b>	<b>1,271</b>	<b>1,906</b>	<b>2,541</b>

Source: Delivery points obtained from the Address Management System.

12 Shared with the 5th and 9th congressional districts of VA.

***During our site visit to the Greensboro P&DC, we identified 104 trays that were not included as delayed mail in the daily count on August 16, 2016.***

***We determined that a business case existed to support the partial consolidation of the Roanoke P&DC mail processing operation into the Greensboro P&DC.***

**Table 6. Delivery Points in VA 9th Congressional District**

	Delivery Points	Potential Number of Delivery Points Impacted by Delayed Mail			
		.05% Delayed Mail	1% Delayed Mail	1.5% Delayed Mail	2% Delayed Mail
9th Congressional District ZIP Codes	146,000	730	1,460	2,190	2,920
Shared 9th Congressional District ZIP Codes <sup>13</sup>	89,332	447	893	1,340	1,787
<b>Total</b>	<b>235,332</b>	<b>1,177</b>	<b>2,353</b>	<b>3,530</b>	<b>4,707</b>

Source: Delivery points obtained from the Address Management System.

### **Delayed Mail Reported at the Greensboro Processing and Distribution Center**

During our site visit to the Greensboro P&DC, we identified 104 trays that were not included as delayed mail in the daily count on August 16, 2016. Additionally, the manager, In-Plant Support, relied on a report to determine the number of trays stored in vertical shelves, but did not use a detailed report that would show the number of delayed mail trays. The Postal Service performs a daily mail count by using web Mail Condition Report System (webMCRS)<sup>14</sup> data for analysis, forecasting, and planning; and the manager, In-Plant Support, is responsible for accurately recording and reporting volume for the daily webMCRS. The acting manager, In-Plant Support, stated that the regular mail counter was on leave and the back-up did not have training on how to identify, isolate, and count delayed mail trays before induction into the vertical shelves. The acting manager, In-Plant Support, took immediate corrective action during our site visit and trained the employee to properly count the mail before storing it on vertical shelves. Additionally, the manager started using the correct report to determine if there was delayed mail stored on vertical shelves. Inaccurate reporting of delayed mail affects management's ability to accurately plan, analyze, and forecast.

### **Business Case to Support the Consolidation**

We determined that a business case existed to support the partial consolidation of the Roanoke P&DC mail processing operation into the Greensboro P&DC. The Roanoke AMP feasibility study projected \$9.1 in annual savings (see [Table 7](#)).

<sup>13</sup> Shared with the 5th and 6th congressional districts of VA.

<sup>14</sup> *WebMCRS Guide* requires all mail to be counted at the facility.

**Table 7. Break Down of Annual Savings From the Roanoke P&DC AMP Feasibility Study**

Source: Roanoke P&DC AMP feasibility study.

We validated the \$7.85 million of workhour and maintenance savings, but were not able to validate the \$1.29 million of transportation savings included in the AMP feasibility study. The Postal Service could not provide documentation to validate proposed transportation hub costs and we found several inconsistencies related to proposed highway contract route (HCR)<sup>15</sup> eliminations and savings. The Eastern Area AMP coordinator said the hub cost consisted of workhours used to transport mail, but could not provide support for the amount. Additionally, the current Roanoke P&DC transportation manager said that three HCRs the AMP proposed to eliminate should not be eliminated, as doing so would affect service. Further, the Postal Service eliminated an HCR contract that, according to the AMP, was to remain after the consolidation. Although, we were not able to validate the transportation savings, we concluded that there was still a business case for the consolidation. The transportation savings of \$1.3 million were 14 percent of the overall projected savings of \$9.1 million.

<sup>15</sup> A route of travel served by a postal contractor to carry mail in bulk over highways between designated points.



# Recommendations

***We recommended management train Greensboro P&DC employees to count all delayed mail and ensure it is correctly reported on the daily mail condition report and re-evaluate transportation savings in the Roanoke P&DC AMP feasibility study.***

## Recommendations

We recommend the vice president, Capital Metro Area Operations:

1. Direct the plant manager, Greensboro Processing and Distribution Center, to train employees to count all delayed mail and ensure delayed mail is correctly reported on the daily mail condition report.

We recommend the vice president, Network Operations:

2. Re-evaluate transportation savings in the Roanoke, VA, Processing and Distribution Center area mail processing feasibility study during the first post-implementation review.

## Management's Comments

Management generally agreed with the findings, agreed with recommendation 1, and disagreed with recommendation 2. Management also disagreed with the analysis of delayed mail included in Tables 5 and 6 stating that there is no way to know which delivery addresses or congressional districts were impacted by delayed mail from the Roanoke P&DC. Management stated the delayed mail impacts should be spread over the entire Roanoke P&DC delivery area and the impacts on the 6th and 9th congressional districts decreased.

Regarding recommendation 1, management provided training records showing that they provided training on December 15, 2016, to all Greensboro P&DC employees responsible for properly counting and reporting delayed mail. However, management did not agree with the total number of delayed mail trays identified in the report, stating that the majority of the delayed mail was standard mail processed with a first-class mail program that generated next day delivery labels to advance the mail not delay it. Management also stated that there were only seven mail trays inadvertently not reported as delayed, rather than the 104 we reported.

Regarding recommendation 2, management stated they do not agree with the need to re-evaluate the projected transportation savings. Management stated that once they approve an AMP feasibility study, they do not change the projected savings and they use the post-implementation review to identify and document savings variances from the original study. Management stated that the Roanoke P&DC consolidation, as with all remaining Network Rationalization Phase II consolidations, remains in a deferred status. Management stated the first post-implementation review for the Roanoke P&DC will occur as required following completion of the consolidation. Subsequent to their response, management provided a target implementation date of February 28, 2018.

See [Appendix B](#) for management's comments in their entirety.

## Evaluation of Management's Comments

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

Regarding management's disagreement with our delayed mail analysis in Tables 5 and 6, we limited the analysis to the 6th and 9th congressional districts of VA because the U.S. representatives for those districts requested this audit. We agree that delayed mail

data does not include information on specific affected delivery addresses; however, our analysis estimates the potential number of delivery points impacted by delayed mail. We can apply the same analysis to other Roanoke P&DC delivery points; therefore, it is not appropriate to reduce the potential impact on the delivery points in the 6th and 9th congressional districts of VA.

Regarding management's disagreement with the number of reported delayed mail trays, they were unable to provide evidence that the mail in the trays was not delayed. In addition, Greensboro P&DC management should ensure tray labels have the correct delivery date to ensure mail keeps its processing integrity and avoid possible delayed mail misreporting at subsequent facilities.

Although management disagreed with recommendation 2, actions proposed for the post-implementation process should ensure that management updates the transportation savings.

We consider recommendation 1 to be closed with the issuance of this report. Recommendation 2 requires OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. The recommendation should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendation can be closed.

# Appendices

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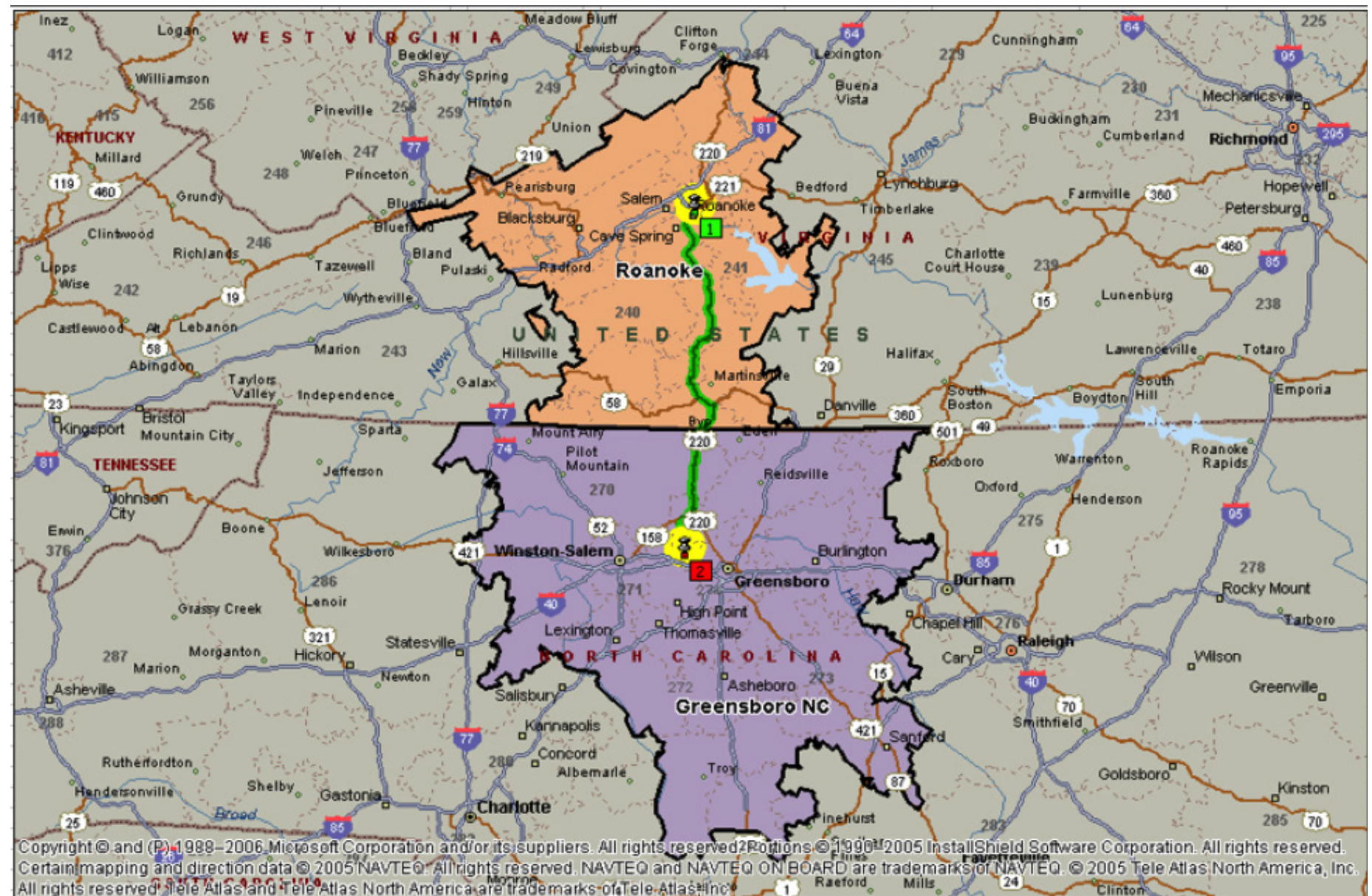
## Appendix A: Additional Information

### Background

The Postal Service in 1984 began using AMP policy to consolidate mail processing functions and increase productivity through more efficient use of equipment, facilities, staffing, and transportation. Management intends for these consolidations to reduce costs and maintain quality service.

In February 2012, Postal Service management approved an AMP feasibility study to consolidate the Roanoke P&DC. The planned consolidation called for moving originating and destinating letter and flat operations at the Roanoke P&DC to the Greensboro P&DC. Postal Service management planned for originating and destinating package operations to remain at the Roanoke P&DC. See Figure 5 for a map of both P&DCs.

**Figure 5. Area Map of Roanoke P&DC Consolidation**



Source: Roanoke P&DC AMP feasibility study.

## Objectives, Scope, and Methodology

Our objectives were to determine if consolidation of Roanoke P&DC mail processing operations into the Greensboro P&DC adversely affected customer service and whether a business case existed to support the consolidation.

To accomplish our objectives we:

- Reviewed and analyzed the Roanoke P&DC AMP feasibility study to determine the sources and types of mail operations that were consolidated.
- Analyzed service standard changes resulting from Roanoke P&DC consolidation and national revisions.
- Determined if there is adequate capacity at the Greensboro P&DC to process the Roanoke P&DC mail volume.
- Analyzed service scores and delayed mail before and after the January 2015 nationwide revisions, OWC, and consolidation at the Roanoke and Greensboro P&DCs.
- Reviewed and analyzed proposed savings contained in the Roanoke P&DC AMP feasibility study.
- Evaluated the AMP public notification procedures performed by the Postal Service as part of the Roanoke P&DC AMP feasibility study.
- Conducted observations and interviewed Postal Service officials at the Roanoke and Greensboro P&DCs to determine how mail is processed, identify delays, and identify potential causes affecting service.
- Published and analyzed the responses to an Audit Asks web page about how customers had been affected by mail processed at the Roanoke P&DC.

We conducted this performance audit from July 2016 through January 2017, 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. We discussed our observations and conclusions with management on November 29, 2016, and included their comments where appropriate.

We used computer-processed data from the EDW, ASR, webMCRS, Web End of Run System, Web Complement Information System, Web Management Operating Data System, Transportation Information Management Evaluation System, Mail and Image Reporting System, Electronic Maintenance Activity Reporting & Scheduling, Transportation Contract Support System, Address Management System, eFlash, and Transportation Optimization Planning and Scheduling when performing our analysis. We assessed the reliability of computer-generated data by interviewing agency officials knowledgeable about the data. We determined the data were sufficiently reliable for the purposes of this report.

## Prior Audit Coverage

Report Title	Report Number	Final Report Date	Monetary Impact
<i>Omaha, NE, Processing and Distribution Center Customer Service Performance</i>	<a href="#">NO-AR-16-011</a>	9/23/2016	None
<b>Objective:</b> Our objective was to determine if consolidating the Norfolk and Grand Island Processing and Distribution Facilities' (P&DF) mail processing operations into the Omaha P&DC and Lincoln P&DF adversely affected customer service.			
<i>Mail Processing and Transportation Operational Changes</i>	<a href="#">NO-AR-16-009</a>	9/2/2016	None
<b>Objective:</b> Our objective was to determine the timeliness of mail processing and transportation since the January 5, 2015, service standard revisions; and whether projected cost savings from the OWC were realized.			
<i>Rock Springs, WY, Customer Service Mail Processing Center Consolidation</i>	<a href="#">NO-AR-16-006</a>	1/7/2016	None
<b>Objective:</b> Our objectives were to determine whether a business case exists to consolidate the Rock Springs Customer Service Mail Processing Center mail processing operations and assess compliance with established AMP guidelines.			
<i>Panama City FL Processing and Distribution Facility Consolidation</i>	<a href="#">NO-AR-16-005</a>	1/4/2016	None
<b>Objective:</b> Our objectives were to determine whether a business case existed to consolidate mail processing operations from the Panama City P&DF into the Pensacola P&DC and assess compliance with established AMP guidelines.			
<i>Iron Mountain, MI, Processing and Distribution Facility Consolidation</i>	<a href="#">NO-AR-16-003</a>	10/19/2015	None
<b>Objective:</b> Our objectives were to determine whether a business case existed for consolidating Iron Mountain, MI, P&DF mail processing operations into the Green Bay, WI, P&DC and to assess compliance with established AMP guidelines.			
<i>Consolidation of the Kalamazoo, MI, and Lansing, MI, Processing and Distribution Centers</i>	<a href="#">NO-AR-16-001</a>	10/2/2015	None
<b>Objective:</b> Our objectives were to determine whether business cases existed for consolidating Kalamazoo P&DC and Lansing P&DC mail processing operations and assess compliance with established AMP guidelines.			
<i>Management Alert – Substantial Increase in Delayed Mail</i>	<a href="#">NO-MA-15-004</a>	8/13/2015	None
<b>Objective:</b> Our objective was to assess the timeliness of mail processing after the January 5, 2015, service standard revisions.			



Report Title	Report Number	Final Report Date	Monetary Impact
<i>Area Mail Processing Consolidations</i>	NO-AR-15-007	6/5/2015	None
<b>Objective:</b> Our objective was to determine whether the Postal Service's AMP guidelines provide justification and sufficient transparency for consolidating AMP facilities.			
<i>Management Alert – Lack of Service Standard Change Information in Area Mail Processing Feasibility Studies</i>	NO-MA-15-001	10/6/2014	None
<b>Objective:</b> Our objective was to bring attention to the need to complete and evaluate the service standard impacts portions of feasibility studies prepared for Phase 2 consolidations.			

## Appendix B: Management's Comments



January 5, 2017

Lori Lau Dillard  
Director Audit Operations  
Office of Inspector General  
United States Postal Service

**Subject:** Response to Draft Audit Report– Mail Processing Operations at the Roanoke, VA, Processing and Distribution Center (Report Number NO-AR-17-DRAFT)

Thank you for the opportunity to respond to the OIG audit of Mail Processing Operations at the Roanoke, VA Processing and Distribution Center. Capital Metro Area generally agrees with the findings noted in the audit as they relate to the partial consolidation of mail processing operations from Roanoke, VA to Greensboro, NC. While service was negatively impacted after the partial consolidation, mainly due to weather related issues, service has improved significantly since the time of the audit.

We do not agree with the analysis of delayed mail as indicated by Figure 4 and Tables 5 and 6 of the report that singles out select congressional districts in which to spread out delayed mail volumes from the Roanoke plant. There is no way to know which delivery addresses or congressional districts correspond to the delayed mail from the Roanoke plant. In addition, the data source used to substantiate customer service issues was anonymous with no indication of the specific district where delays were occurring. This data should be spread over the entire delivery area served by Roanoke P&DC and therefore decrease the impacts shown to only the 6<sup>th</sup> and 9<sup>th</sup> Congressional Districts.

We agree that the observation made at the Greensboro P&DC related to unreported delayed mail does lead to incorrect reporting and planning. However, we do not agree with the total number of trays reported by the OIG regarding delayed mail discovered but not reported on the day of observation. The mail in question was advanced standard mail processed on a first class mail program that generated next day delivery labels done in an effort to advance standard mail and not delay it. The findings showed 104 trays of delayed mail however there were only seven trays of mail that were not reported as delayed but should have been. We agree with the recommendation made regarding unreported delayed mail.

Regarding the findings related to validation of the projected \$1.3 million in transportation savings, Network Operations does not agree with reevaluating this projection. However, we do agree that the business case does exist for the consolidation. Regarding the recommendation, we do not agree with the need to reevaluate as this was a projection based on the conditions and expectations at the time of the partial consolidation. The standard practice for evaluating work hour and transportation savings is through the Post Implementation Review (PIR) process. The projected savings for AMPs are calculated and reported during the feasibility study. Once the AMP study is approved, the projected savings are not changed. Instead, through the PIR process, actual savings are compared to the original projected savings and the difference is noted in the final report.

**Recommendation #1**

We recommend the vice president, Capital Metro Area Operations, direct the plant manager, Greensboro Processing and Distribution Center, to train employees to count all delayed mail and ensure delayed mail is correctly reported on the Daily Mail Condition report.

**Management Response/ Action Plan**

Management agrees with this recommendation and has implemented by providing immediate training to all employees responsible for properly counting and reporting delayed mail.

**Target Implementation Date**

August 16, 2016

**Responsible Official**

Jason DeChambeau, Greensboro P&DC Senior Plant Manager  
Terry H. Mayers, Greensboro P&DC Manager In-Plant Support

**Recommendation #2**

We recommend the vice president, Network Operations, re-evaluate transportation savings in the Roanoke, VA, Processing and Distribution Center area mail processing feasibility study during the first post-implementation review.

**Management Response/ Action Plan**

The Post Implementation Review (PIR) is used to assess whether planned savings, including transportation savings, work hours and levels of service are achieved. In the PIR process, any variance from the Area Mail Processing (AMP) study will be identified and documented. The Roanoke VA into Greensboro NC AMP, as with all remaining Network Rationalization Phase II consolidations, remains in a deferred status.

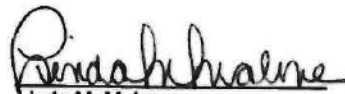
The first PIR for Roanoke will occur as required in the PO-408, following completion of the consolidation.

**Target Implementation Date**

The first PIR for Roanoke will occur after the close of the second full Postal Quarter following the last planned mail move from Roanoke. Again, at this time, all planned moves are in a deferred status with no date set for resuming Phase II consolidations.

**Responsible Official**

Scott P. Raymond  
Manager, Processing Operations (A)



Linda M. Malone  
Vice President, Capital Metro Area Operations



Robert Cintron  
Vice President, Network Operations

cc: Corporate Audit and Response Management



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