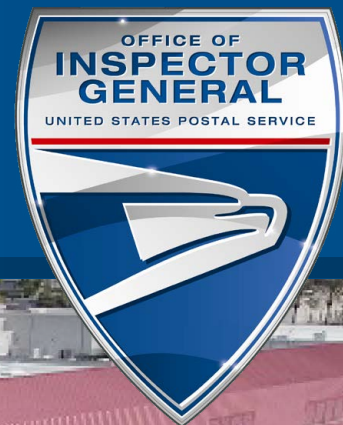


Office of Inspector General | United States Postal Service

Audit Report

Efficiency of Operations at the Margaret L. Sellers San Diego, CA, Processing and Distribution Center

Report Number 22-061-R22 | April 8, 2022





OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

April 8, 2022

MEMORANDUM FOR: PEDRO ORTIZ
SOUTHERN CALIFORNIA DIVISION DIRECTOR, LOGISTICS OPERATIONS

BRITTON D. SOTO
SOUTHERN CALIFORNIA DIVISION DIRECTOR,
PROCESSING OPERATIONS

A handwritten signature in black ink that reads "Joseph E. Wolski".

FROM: Joseph E. Wolski
Director, Field Operations

SUBJECT: Audit Report - Efficiency of Operations at the Margaret L. Sellers San Diego, CA, Processing and Distribution Center (Report Number 22-061-R22)

This report presents the results of our audit of the Efficiency of Operations at the Margaret L. Sellers San Diego, CA, Processing and Distribution Center.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Jennifer Schneider, Operational Manager, or me at 703-248-2100.

Attachment

cc: Postmaster General
Chief Logistics and Processing Operations Officer and Executive Vice President
Vice President, Processing and Maintenance
Vice President, Logistics
Vice President, Western Region Processing Operations
Director, Western Region Logistics
Corporate Audit Response Management

Results

Background

This report presents the results of our self-initiated audit of Efficiency of Operations at the Margaret L. Sellers (MLS) Processing and Distribution Center (P&DC) in San Diego, CA (Project Number 22-061). We conducted this audit to provide U.S. Postal Service management with timely information on operational risks at this P&DC. We judgmentally selected the MLS P&DC based on overtime, penalty overtime, late and extra trips, and low clearance time percentage for package processing. The MLS P&DC is in the Southern California Division; processes letters, flats, and parcels; and services multiple 3-digit ZIP Codes in urban and rural communities (see Table 1).

Table 1. Population Demographics

3-Digit ZIP Codes	Urban Population	Rural Population	Total Population
919-921	2,960,901	91,560	3,052,461

Source: Esri and 2010 Census Bureau Information.

Objective, Scope, and Methodology

Our objective was to evaluate the efficiency of operations at the MLS P&DC. To accomplish our objective, we focused on these four audit areas: mail clearance times,¹ delayed mail, late and extra outbound trips, and load scans. Specifically, we analyzed the MLS P&DC's Enterprise Data Warehouse (EDW)² data for workhours, overtime, penalty overtime, mail volume, and productivity for fiscal year (FY) 2021. We also reviewed Surface Visibility Web (SVWeb)³ data for late and extra trips as well as load scans and trailer utilization for calendar year 2021. Additionally, we identified

mail clearance times through interviews with MLS P&DC management and compared them with operations shown in the Run Plan Generator report.⁴ During our site visit from January 31 – February 3, 2022, we interviewed MLS P&DC management and observed mail processing for clearance times and delayed mail, logistics operations, and trailer utilization.

During the week of January 31, 2022, the U.S. Postal Service Office of Inspector General (OIG) also audited three delivery units⁵ serviced by the MLS P&DC. We will provide the results of those audits to district management in separate reports.

Results Summary

We identified deficiencies in three of the four areas we reviewed that affected the efficiency of operations at the MLS P&DC (see Table 2).

Table 2. Summary of Results

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

Source: Results of OIG review conducted the week of January 31, 2022.

We analyzed late and extra outbound trips data and observed outgoing trucks during our visit. We did not find any systemic issues related to this area.

¹ The latest time committed mail can clear an operation for proper dispatch or delivery.

² A repository intended for all data and the central source for information on retail, financial, and operational performance. Mission-critical information comes to EDW from transactions that occur across the mail delivery system, points-of-sale, and other sources.

³ A website dedicated to the Surface Visibility program which provides real-time transportation updates and reports on the movement of trailers in the surface network. Data captured to identify early, on time, late or cancelled trips is also used to evaluate and improve transportation schedules.

⁴ An application mail processing facilities use to plan machine utilization based on volume, clearance times, and other criteria.

⁵ The three delivery units were the Linda Vista Station, San Diego, CA (Project Number 22-059); Downtown San Diego Station, San Diego, CA (Project Number 22-060); and Ramona Main Post Office, Ramona, CA (Project Number 22-062).

Finding #1: Load Scans

What We Found

MLS P&DC employees were not performing container load scans consistently before dispatching mail to the next facility.⁶ Specifically, from February 2021 through February 2022, scanning compliance for load scans at the MLS P&DC was about 89.3 percent, which was below the 95.5 percent goal (see Figure 1). For example, during our observations on February 1, 2022, we observed a truck that was about 35 percent full, but the SVWeb hand-held scanner showed that it was 11 percent full. The observed discrepancy was a result of missing load scans.

Why Did it Occur

The missing scans occurred because management did not properly train new employees or hold them accountable for conducting load scans.

What Should Have Happened

Postal Service policy⁷ states that employees are required to perform load scans to ensure 100 percent mail visibility and that management should ensure employees are scanning containers before loading them onto a trailer.

Effect on the Postal Service and its Customers

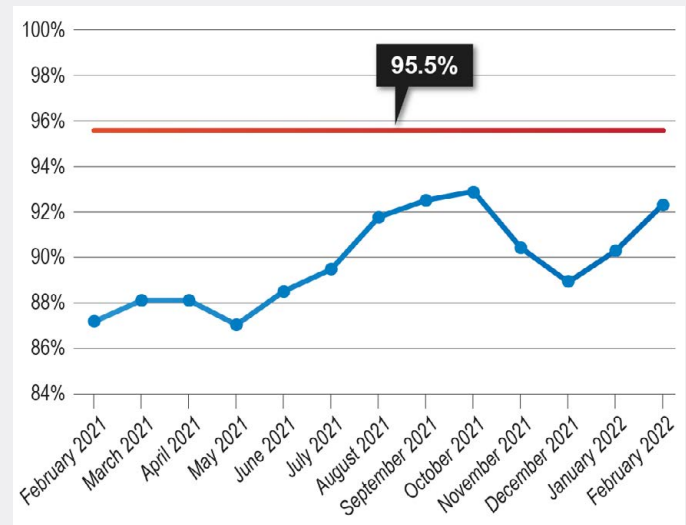
When containers do not receive load scans, management is unable to determine trailer load utilization. According to SVWeb, the MLS P&DC trailer utilization for network trips departing from the plant was about 44.5 percent in FY 2021, which was lower than the Postal Service's goal of

65 percent. However, due to the data integrity issues related to missing load scans, management could not rely on this data to accurately measure trailer utilization and make operational decisions.

Recommendation #1

We recommend the **Southern California Division Director, Logistics Operations**, implement a plan to train employees and enforce truck load scan compliance at the Margaret L. Sellers, San Diego, CA Processing and Distribution Center to meet or surpass the scanning goal.

Figure 1. MLS P&DC Average Monthly Load Scan Performance from February 2021 – February 2022



Source: EDW.

⁶ Mail departing from the MLS P&DC may be routed to a post office, station, delivery unit, or P&DC.

⁷ *Surface Visibility Program User booklet.*

Finding #2: Clearance Times and Delayed Mail

What We Found

The MLS P&DC did not meet the First-Class package clearance times. Specifically, we observed high volumes of delayed First-Class Small Parcels and Rolls⁸ (SPRs) during our visit to the plant on February 1, 2022. We reviewed data from the Informed Visibility system for the prior two weeks and confirmed this was a systemic issue. High volumes of delayed mail ranged from [REDACTED] pieces per day from January 22 to February 4, 2022 (see Table 3).

Why Did it Occur

The plant manager stated that package processing capacity was exceeded due to an increased volume of First-Class SPRs trucked in from several large customers. In response to these increases, the MLS P&DC coordinated with other sites to offload mail volume. However, they still delayed First-Class SPRs to allow completion of processing Priority Mail packages.

What Should Have Happened

The Postal Service has established service standards⁹ for measuring service performance. When mail volume exceeds capacity, management should identify additional resources to ensure the mail is processed timely to meet clearance times and the established service standards. The operating plan identifies required processes, established target times, and supervisory responsibilities necessary to achieve processing and service standards.

Effect on the Postal Service and its Customers

When mail is delayed there is an increased risk of customer dissatisfaction, which may adversely affect the Postal Service brand.

Recommendation #2

We recommend the **Southern California Division Director, Processing Operations**, implement a plan to process the First-Class Small Parcels and Rolls to meet clearance times and eliminate delayed mail at the Margaret L. Sellers, San Diego, CA Processing and Distribution Center.

Table 3. First-Class SPRs From January 22 – February 4, 2022

Date	Delayed Inventory
Saturday, January 22	[REDACTED]
Sunday, January 23	[REDACTED]
Monday, January 24	[REDACTED]
Tuesday, January 25	[REDACTED]
Wednesday, January 26	[REDACTED]
Thursday, January 27	[REDACTED]
Friday, January 28	[REDACTED]
Saturday, January 29	[REDACTED]
Sunday, January 30	[REDACTED]
Monday, January 31	[REDACTED]
Tuesday, February 1	[REDACTED]
Wednesday, February 2	[REDACTED]
Thursday, February 3	[REDACTED]
Friday, February 4	[REDACTED]

Source: Informed Visibility.

⁸ First-Class Package Service and commercial parcels under 16 ounces, including irregularly shaped parcels such as rolls, tubes, and triangles.

⁹ A stated goal for service achievement for each mail class.

Management's Comments

Management agreed with the findings in the report and generally agreed with both recommendations. See [Appendix B](#) for management's comments in their entirety.

Regarding recommendation 1, management stated that they will provide training related to truck load scanning compliance to all current and future career and non-career employees. Transportation managers will monitor load scanning performance weekly to hold employees accountable. Management's target implementation date is September 30, 2022.

Regarding recommendation 2, management stated that the ability to address the capacity constraints is not within complete control of the local site. Specifically, the decision as to whether a facility receives additional equipment is entirely controlled by Headquarters Processing Operations. However, management stated that a new Single Induction Package Sorter, which has a package processing rate of 2,500 pieces per hour, is currently being assembled at the Peak Annex facility in Vista, CA. Once fully operational, the amount of delayed First-Class packages will be reduced. Postal Service Headquarters management has also informed the MLS P&DC that once the last Flats Sequencing Sorter machine is removed, a new High Output Parcel Sorter will be deployed at the facility. Management's target implementation date is March 31, 2023.

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 position that the ability to address the capacity constraints is not within complete control of the local site, we agree that additional support from Headquarters Processing Operations is needed. Local management should continue working with headquarters to implement a plan to process the First-Class Small Parcels and Rolls to meet clearance times and eliminate delayed mail.

All recommendations require OIG concurrence before closure. 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.

Appendix A: Additional Information

We conducted this audit from January through April 2022, 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 March 15, 2022, and included their comments where appropriate.

We relied on computer-generated data from EDW and SVWeb. Although we did not test the validity of controls over these systems, we assessed the accuracy of the data by reviewing existing information, comparing data from other sources, observing operations, and interviewing Postal Service officials knowledgeable about the data. Therefore, we determined the data were sufficiently reliable for the purposes of this report.

Appendix B: Management's Comments



3/31/2022

JOHN CIHOTA
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Project Number 22-061
Efficiency of Operations at the Margaret L. Sellers San Diego, CA,
Processing and Distribution Center

Management has reviewed the results of the Efficiency of Operations at the Margaret L. Sellers San Diego, CA, Processing and Distribution Center and we agree and recognize that there is an opportunity for improvement of Load Scans, Clearance Time, and Delayed Mail.

Below are written responses to each recommendation provided to us in the drafted audit report:

Recommendation # 1:

We recommend the Southern California Division Director, Logistics Operations, implement a plan to train employees and enforce truck load scan compliance at the Margaret L. Sellers Sand Diego, CA Processing and Distribution Center to meet or surpass the scanning goal.

Management Response / Action Plan: Management agree there is opportunity for improving the Load Scan compliance but would clarify that the issues impacting Load Scan percentages is impacted by additional factors beyond those cited in the audit. Nonetheless, Management agrees with the recommendations made by the audit team.

We will train all current and future Career and non-Career employees in scanning to ensure that they are fully trained on the policies and procedures regarding truck load scanning. The (A)MTANS (Manager Transportation Network) and DMIS (Division Manager Implementation Strategies - Logistics) will monitor load scanning performance weekly in order to hold employees accountable. With these processes in place, we should reach or exceed the goal of 95.5% Load scans.

Responsible Official:
Pedro Ortiz
Southern California Division Director
Logistics Operations

Target Implementation Date: April 18, 2022
Target Achievement Date: September 30, 2022

Recommendation #2:

We recommend the Southern California Division Director, Processing Operations, implement a plan to process the First-Class Small Parcels and Rolls to meet clearance times and eliminate delayed mail at the Margaret L. Sellers, San Diego, CA Processing and Distribution Center.

Management Response / Action Plan: Management agrees with the findings that First-Class packages are being delayed at the ML Sellers PDC, but does not agree with the position that the ability to address the capacity constraints is within the complete control of the local site as covered below.

Responsible Official:

Britton D. Soto
Senior Director, Division Processing Operations
Southern California Division

Target Implementation Date: March 31, 2023

Target Achievement Date: March 31, 2023

As stated in the report, the primary root cause for First-Class package volumes being delayed is due to a lack of package processing (equipment) capacity during the Tour 3 operating window. The decision as to whether a facility receives additional equipment, and what type of equipment, is entirely controlled by Headquarters Processing Operations. The delayed First-Class volumes, and the related processing capacity constraints, have been well documented and communicated up to Headquarters over the years.

The report indicates that the facility had been offloading First-Class package volumes to avoid these delays, which is not what was stated. It was explained that the volumes were being offloaded to ensure volumes not cleared on Day 0 were processed and cleared by Day 1 and utilizing existing package processing capacity other sites had during the Tour 2 window to do so. It was also explained during the Entrance and Exit meetings that the capacity constraints during the Tour 3 Outgoing window is not limited to the ML Sellers PDC facility alone but is common throughout most sites in the Southern California Division. As such, existing Tour 2 capacity is utilized to clear all First-Class package delays by Day 1.

The First-Class package volume has shown substantial growth over the past few years, but the last time any package processing equipment was deployed to the ML Sellers PDC was October 2015.

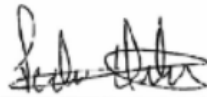
A SIPS is currently being assembled at the Peak Annex facility located in Vista. The machine is expected to process packages at a rate of 2,500 pph. Once the machine is fully operational, the site should be able to reduce the amount of delayed First-Class packages and potentially eliminate delays on lower volume days, depending on the arrival profile of such volumes. It should be noted that this will only address lower

volume periods but will not eliminate all occurrences of delayed First-Class packages at the ML Sellers PDC.

Headquarters has informed the Division that the ML Sellers facility is slated to have a HOPS deployed at the facility once the final FSS machine has been removed, but there currently is no timeline for when that will take place.



Britton D. Soto
Senior Director Division Processing Ops
Southern California Division



Pedro Ortiz
Director Division Logistics
Southern California Division

*cc: copy those that were copied on the OIG draft audit report, and
Manager, Corporate Audit Response Management*

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