

Audit Report

Efficiency of Operations at the Seattle, WA, Processing and Distribution Center

Report Number 22-094-R22 | May 19, 2022



SEATTLE PROCESSING & DISTRIBUTION CENTER



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Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

May 19, 2022

MEMORANDUM FOR: DWAYNE D. LEWIS
PACIFIC NORTHWEST DIVISION DIRECTOR, LOGISTICS
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 Seattle, WA,
Processing and Distribution Center
(Report Number 22-094-R22)

This report presents the results of our audit of the Efficiency of Operations at the Seattle, WA, 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
Chief Retail and Delivery Officer and Executive Vice President
Vice President, Processing and Maintenance
Vice President, Logistics
Vice President, Western Region Processing Operations
Director, Pacific Northwest Division, Processing Operations
Corporate Audit Response Management

Results

Background

This report presents the results of our self-initiated audit of the efficiency of operations at the Seattle Processing and Distribution Center (P&DC) in Seattle, WA (Project Number 22-094). 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 Seattle P&DC based on overtime, penalty overtime, clearance times, and late and extra trips by Postal Vehicle Service (PVS)¹ and Highway Contract Route² drivers. The Seattle P&DC is in the Pacific Northwest Division of the Logistics and Processing Operations Western Region and processes letters, flats, and parcels. The Seattle P&DC 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
980-985	4,088,731	587,754	4,676,485

Source: Esri and 2010 Census Bureau Information.

Objective, Scope, and Methodology

Our objective was to evaluate the efficiency of operations at the Seattle P&DC. To accomplish our objective, we focused on these four audit areas: mail clearance times;³ delayed mail; late, cancelled, and extra outbound trips; and load scans. Specifically, we analyzed the Seattle P&DC's Enterprise Data Warehouse⁴ data for productivity, workhours, overtime, and load scans from March 2021 to

February 2022. We also reviewed Surface Visibility Web⁵ data for late, cancelled, and extra trips from fiscal year (FY) 2021. Additionally, we reviewed Web End-of-Run⁶ to identify mail clearance times. During our site visit from April 4 – April 7, 2022, we interviewed P&DC management and observed mail processing and dock operations.

During the week of April 4, 2022, the U.S. Postal Service Office of Inspector General (OIG) also audited four delivery units⁷ in the Seattle area. We will provide the results of those audits to district management in separate reports. See [Appendix A](#) for additional information about our scope and methodology.

Results Summary

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

Table 2. Summary of Results

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

Source: Results of OIG review conducted the week of April 4, 2022.

- 1 A service operated by Postal Service employees to transport mail between mail processing facilities, post offices, post office branches, post office stations, detached mail units, various postal customers, and terminals.
- 2 A contractor provided service to transport mail between postal facilities by land, air, water, and rail.
- 3 The latest time committed mail can clear an operation for proper dispatch or delivery.
- 4 The central source for information on retail, financial, and operational performance. Mission-critical information comes to the Enterprise Data Warehouse (EDW) from transactions that occur across the mail delivery system, points-of-sale, and other sources.
- 5 A website dedicated to the Surface Visibility program, SVWeb provides real time transportation updates and reporting on the movement of trailers in the surface network. Management also uses data captured to identify early, on time, late or cancelled trips to evaluate and improve transportation schedules.
- 6 A server-based software application that stores End-of-Run data from mail processing equipment in a relational database on a Windows 2000 server.
- 7 The four delivery units were the Parkland Branch, Tacoma, WA (Project Number 22-095); Kent Main Post Office, Kent, WA (Project Number 22-096); Renton Main Post Office, Renton, WA (Project Number 22-097); and Lacey Branch, Lacey, WA (Project Number 22-098).

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

- Clearance times – We analyzed mail processing schedules and data to verify the plant was meeting the scheduled clearance times. During our visit, we also observed the timely processing of mail.
- Delayed Mail – During our observations, we did not identify any delayed mail. In addition, we reviewed the morning mail counts which confirmed these observations.
- Load Scans – We analyzed load scan data and observed employees scanning containers loaded onto outgoing trucks. Our observations confirmed the data reported in SVWeb was accurate.

Finding #1: Late, Extra, and Cancelled Outbound Trips

What We Found

We determined the Seattle P&DC had 10,476 outbound late trips, 7,646 cancelled outbound trips, and 4,619 outbound extra trips for FY 2021 (see Table 3).

Table 3. Outbound Late, Cancelled, and Extra Trips

Transportation Metric	Number	Total Number of Trips	Percentage of Total Trips
Late Trips	10,476	118,289	8.9
Cancelled Trips	7,646	118,289	6.5
Extra Trips	4,619	118,289	3.9

Source: SVWeb.

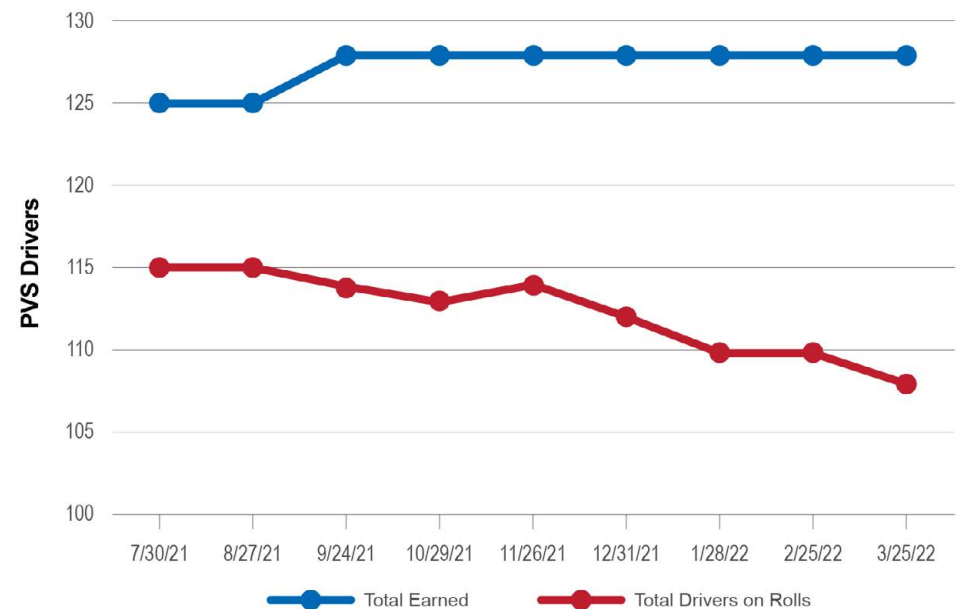
Why Did it Occur

Vacant PVS driver positions caused these late, cancelled, and extra trips. Specifically, the Seattle P&DC only had 108 drivers on the rolls but had a total earned complement⁸ of 128 PVS drivers at the end of March 2022. Management stated that the driver shortage caused them to cancel and combine trips and shuffle PVS drivers around to transport the mail daily. From July 2021 through

⁸ The earned complement is based on the optimization of PVS trips and approved by Headquarters Surface Transportation Operations.

March 2022, the number of drivers on the rolls at the Seattle P&DC did not reach complement and, in fact, decreased by seven (see Figure 1).

Figure 1. PVS Drivers Earned and on Rolls



Source: eWorkforce.

Seattle P&DC management stated they have had challenges with hiring and retaining employees because the competitive labor market has prevented local management from filling the vacancies. Specifically, other shipping companies offer higher wages and sign-on bonuses.

To address the PVS vacancy issue, management actively tried to fill vacancies at the Seattle P&DC. For example, management used recruitment tools such as post cards, banners in front of the building, and ads/stickers on the back of postal trucks. Despite these initiatives, management was unable to fill the vacancies.

What Should Have Happened

Management must anticipate recruitment needs in time to ensure that qualified persons are available for appointment. When using competitive recruitment, management determines whether they need additional recruitment efforts to yield a diverse pool of qualified persons for potential Postal Service employment.⁹ The OIG recently published a report on the truck driver shortage and its implications on the Postal Service.¹⁰ In the report, the OIG discussed the impact the truck driver shortage has had on PVS and HCR operations and potential strategies to mitigate the effects of the shortage.

Effect on the Postal Service and its Customers

When the Postal Service has late and extra trips, there is an increased risk that the mail will not be delivered on time and may adversely affect its customers, harm the brand, send mailers to competitors, increase operating costs, and cause a loss of revenue.

Recommendation #1

We recommend the **Pacific Northwest Division Director, Logistics Operations**, coordinate with Headquarters Logistics and Human Resources, to identify and implement strategies to increase the number of Postal Vehicle Service drivers at the Seattle, WA Processing and Distribution Center.

Other Matters – Trailer Utilization

The Postal Service has increased emphasis on improving the utilization of trailers transporting mail and has a goal of 65 percent trailer utilization.¹¹ For FY 2021, trailer utilization for outbound network trips departing from the Seattle P&DC was 54 percent.¹² During our site visit, we observed ten network trips departing from the plant and found the trailer utilization was accurately recorded.

There can be a multitude of causes for under-utilized trailers, including:

- Low mail volume.
- Multiple networks handling mail to meet existing service standards.
- Misaligned transportation schedules.
- Trailers departing for Surface Transfer Centers, which are concentration points for consolidating mail from under-utilized surface trips.

In its *Delivering for America* plan, the Postal Service outlines improvements to create an optimized and efficient surface transportation network, with fewer surface trips and better trailer utilization. While we are not making any recommendations for this issue, there may be opportunities for the Postal Service to increase trailer utilization by reviewing transportation schedules and contracts and identifying outbound trips from the Seattle P&DC that management can consolidate or eliminate.

Management's Comments

Management agreed with the finding and recommendation in the report. See [Appendix B](#) for management's comments in their entirety.

Regarding recommendation 1, management stated that they will continue to identify opportunities to recruit and retain PVS drivers and will request additional funding to expand advertising. They will also continue reviewing the current complement to stay current, close all requisitions timely, and leverage strategies provided through Headquarters Logistics and Human Resources. The target implementation date is May 12, 2023.

Evaluation of Management's Comments

The OIG considers management's comments responsive to the recommendation in the report. The recommendation 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 it can be closed.

⁹ *Employee and Labor Relations Manual*, Section 321.1.

¹⁰ *The Truck Driver Shortage: Implications for the Postal Service* (Report Number RISC-WP-22-002, dated March 7, 2022).

¹¹ On March 15, 2022, the Postal Service added a National Performance Assessment trailer utilization goal of 40 percent.

¹² The Postal Service uses SVWeb to provide management with real-time, surface transportation information, including tracking trailer utilization.

Appendix A: Additional Information

We conducted this audit from April through May 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 finding and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our finding and conclusions based on our audit objective. We discussed our observations and conclusions with management on May 2, 2022, and included their comments where appropriate.

We relied on computer-generated data from the 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



May 11, 2022

JOHN CIHOTA
DIRECTOR, AUDIT SERVICES

SUBJECT: Management Response: Efficiency of Operations at the Seattle, WA
Processing and Distribution Center (Report Number 22-094-DRAFT)

Thank you for providing the Postal Service with an opportunity to review and comment on the finding and recommendation contained in the draft audit report, *Efficiency of Operations at the Seattle, WA Processing and Distribution Center*.

Management agrees with Finding #1 regarding late, Cancelled and Extra Trips.

Recommendation [1]:

We recommend the Pacific Northwest Division Director, Logistics Operations, coordinate with Headquarters Logistics and Human Resources, to identify and implement strategies to increase the number of Postal Vehicle Service drivers at the Seattle, WA, Processing and Distribution Center.

Management Response/Action Plan:

Management agrees with this recommendation. PNW Logistics Director and the Seattle Transportation manager will continue to look for opportunities to recruit and retain PVS drivers locally. The Division Director will request additional funding to expand the advertisement of available fulltime Motor Vehicle Position to include (Billboards, Radio, In-Person & Virtual Hiring Fairs, Post Card Mailing and Vehicle Hiring Decals). These initiatives have been piloted in other Districts to increase applicants to fill vacant positions. We will continue to meet weekly with HQ HR to review the current complement to stay current and close all open requisitions timely. Any strategies and tactics provided through Headquarters Logistics and Human Resources will be leveraged to support this initiative.

Target Implementation Date: May 12, 2023, to increase complement based on attrition data.

Responsible Official: Dwayne Lewis
Director, Division Logistics for Pacific Northwest

A handwritten signature in black ink, appearing to be "D. Lewis".

cc: Manager, Corporate Audit Response Management

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

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