

Office of Inspector General | United States Postal Service

Audit Report

Efficiency of Operations at the St. Louis, MO, Processing and Distribution Center

Report Number 22-112-R22 | July 13, 2022



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Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

July 13, 2022

MEMORANDUM FOR: RICK J. PIVOVAR
MIDWEST DIVISION DIRECTOR,
PROCESSING OPERATIONS

TRACIE HILL-SANDIFER
MIDWEST DIVISION DIRECTOR,
LOGISTICS

A handwritten signature in black ink, reading "Sean Balduff", is positioned above the "FROM:" field.

FROM: Sean Balduff
Director, Field Operations

SUBJECT: Audit Report – Efficiency of Operations at the St. Louis, MO,
Processing and Distribution Center
(Report Number 22-112-R22)

This report presents the results of our audit of the Efficiency of Operations at the St. Louis, MO, 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 Latrice Pope, 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
Regional Director, Western Region Logistics
Corporate Audit Response Management

Results

Background

This report presents the results of our self-initiated audit of the efficiency of operations at the St. Louis Processing and Distribution Center (P&DC) in St. Louis, MO (Project Number 22-112). 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 St. Louis P&DC based on a review of overtime; penalty overtime; late, extra, and cancelled trips by Postal Vehicle Service (PVS)¹ and Highway Contract Route (HCR)² drivers; and overall scanning performance. The St. Louis P&DC is in the Midwest Division, it processes letters and flats, and it 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
620	225,896	81,600	307,496
622	362,832	103,744	466,576
628-631	1,712,239	374,316	2,086,555
633-634	401,498	148,676	550,174
636-639	211,956	256,525	468,481

Source: Postal Service National Distribution Labeling List, Environmental Systems Research Institute.

Objective, Scope, and Methodology

Our objective was to evaluate the efficiency of operations at the St. Louis P&DC. To accomplish our objective, we focused on these four audit areas: mail clearance times,³ delayed mail, late and extra outbound trips, and load scans. Specifically, we analyzed the St. Louis P&DC's Enterprise Data Warehouse (EDW)⁴ data for workhours, overtime, and penalty overtime for the time period January 1 through March 31, 2022. Additionally, we reviewed Surface Visibility Web (SVWeb)⁵ data for late and extra trips, as well as load scans and trailer utilization for fiscal year (FY) 2022. Further, we identified mail clearance times through interviews with St. Louis P&DC management and compared them with operations shown in the Run Plan Generator report.⁶ During our site visit from May 2-5, 2022, we interviewed P&DC management and observed mail processing for clearance times, delayed mail, logistics operations, and trailer utilization.

During the week of May 2, 2022, the U.S. Postal Service Office of Inspector General (OIG) also audited four delivery units⁷ serviced by the St. Louis P&DC. 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 for three of the four areas we reviewed that affected the efficiency of operations at the St. Louis P&DC (see [Table 2](#)).

1 PVS is a service operated by 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 route of travel served by a postal contractor to carry mail in bulk over highways between designated points.

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 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, which provides real-time transportation updates and reports on the movement of trailers in the surface network. The data captured to identify early, on-time, late, or cancelled trips is also used to evaluate and improve transportations schedules.

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

7 The four delivery units were Chouteau Station, St. Louis, MO (Project Number 22-115-3); Marian Oldham Station, St. Louis, MO (Project Number 22-115-4); Maryville Gardens Station, St. Louis, MO (Project Number 22-115-2); and Saint Peters Main Post Office, Saint Peters, MO (Project Number 22-115-1).

Table 2. Summary of Results

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

Source: Results of OIG review conducted the week of May 2, 2022.

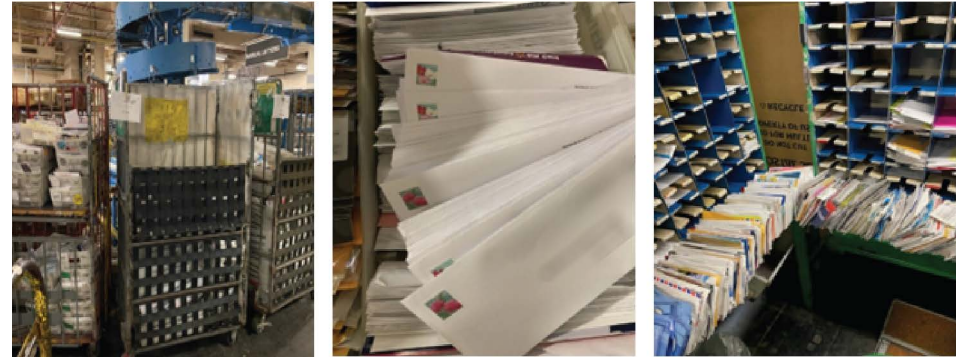
We analyzed mail processing schedules and data to verify the plant was meeting scheduled clearance times.

Finding #1: Delayed Mail

What We Found

On May 2, 2022, we identified approximately 346 trays of delayed mail in the manual sorting area. According to placards on the mail containers, the mail had been sitting in this area between one and six days prior to our visit. We determined at least half of this mail was machinable and could have been processed on automated machines (see Figure 1).

Figure 1. Containers With Trays of Delayed Mail



Source: OIG photos taken on May 2, 2022.

Why Did it Occur

Management did not ensure that letters initially rejected by the sorting machines were processed a second time to confirm the mail was not machinable. In addition, maintenance management stated that daily preventative maintenance was not being consistently completed on the automated machines due to limited staffing. Specifically, the St. Louis P&DC had an average daily preventative maintenance completion rate of 37.43 percent on the automated equipment.

What Should Have Happened

According to postal policy,⁸ rejected mail should be rerun on machines to ensure that it is non-machinable. Further, management should monitor and review mail sent to the manual unit to determine if the mail is machinable. Preventative maintenance should also be performed daily to keep machine error rates low and throughputs high and to reduce unplanned downtime.

Effect on the Postal Service and its Customers

When mail is processed manually instead of on automated machines, the Postal Service incurs extra workhours and it could cause delayed mail. Mail that is delayed at the processing facility can affect delivery units because it may require additional processing before it can be delivered to the customer.

⁸ Job Instruction: DPS-08 Residual and Rejected Mail Run.

For example, the Maryville Gardens delivery unit⁹ received unsorted delayed mail from the St. Louis P&DC on May 3, 2022. As a result, a clerk and carrier had to sort the mail the following day at the delivery unit before it could be delivered. When customers do not receive their mail in a timely manner, there could be an increase in customer dissatisfaction, which may adversely affect the Postal Service’s brand.

Recommendation #1

We recommend the **Midwest Division Director, Processing Operations**, develop and implement a plan at the St. Louis Processing & Distribution Center to ensure management monitors mail that is sent to the manual sorting area to ensure the mail is non-machinable.

Recommendation #2

We recommend the **Midwest Division Director, Processing Operations**, initiate a plan to ensure preventative maintenance is consistently performed on automated machines at the St. Louis Processing & Distribution Center.

Finding #2: Late, Cancelled, and Extra Outbound Trips

What We Found

We determined the St. Louis P&DC had 6,550 outbound late trips, 1,083 outbound cancelled trips, and 87 outbound extra trips from January to March 2022 (see Table 3).

Table 3. Late, Cancelled, and Extra Outbound Trips

Transportation Metric	Number	Total Number of Trips	Percentage of Late/Cancelled/Extra Trips
Late Trips	6,550	25,648	25.54%
Cancelled Trips	1,083	25,648	4.22%
Extra Trips	87	25,648	0.34%

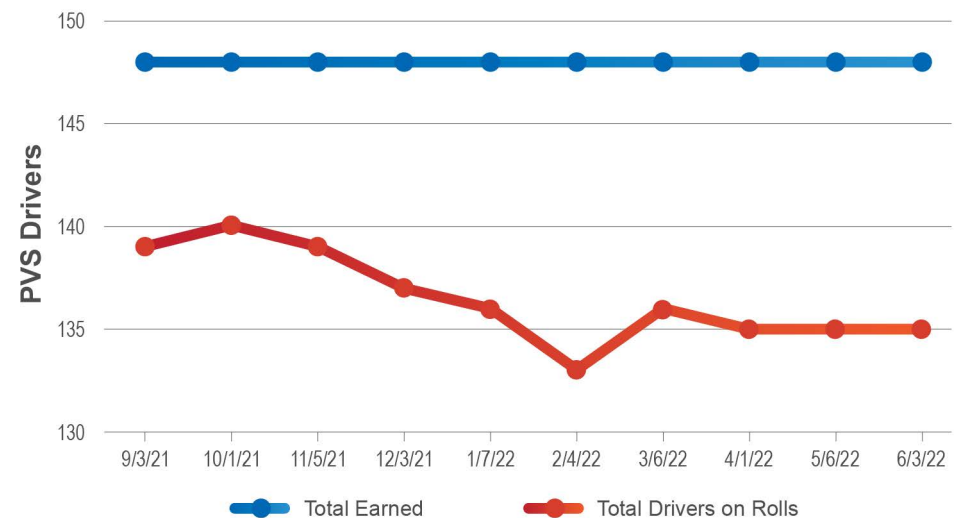
Source: EDW, SVWeb.

⁹ The Maryville Gardens (Project Number 22-115-2) delivery unit is one of the selected facilities being audited concurrently during this P&DC site visit.

Why Did it Occur

These late, cancelled, and extra trips were a result of the Postal Service having 12 vacant PVS driver positions. Plant management stated they have been working with the district Human Resources department to strategize how to target and recruit new drivers, such as placing banners for open driver positions at gas stations and truck stops in the local St. Louis area. However, as of May 6, 2022, they still had not reached their complement (see Figure 2).

Figure 2. PVS Drivers Earned and on Rolls



Source: Workforce which is the system used to track staffing analytics including employees on the rolls, employee complement, and job postings.

Management also stated that for one HCR contractor, drivers were showing up late and canceling trips. Management was in the process of taking steps to correct these issues and provided supporting documentation showing they

followed policy¹⁰ by actively assessing contractor performance and holding discussions with the contractor. Since St. Louis P&DC management was actively following policy, we will not be making a recommendation regarding HCR performance.

What Should Have Happened

Management must anticipate recruitment needs in time to ensure qualified persons are available for appointment. When using competitive recruitment strategies, management determines whether they need additional recruitment efforts to yield a diverse pool of qualified applicants for employment.¹¹ In a recently published report, the OIG discussed the truck driver shortage and its implications on the Postal Service.¹² 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 Customer

When there are late, cancelled, and extra trips, there is an increased risk the mail will not be delivered on time, which can adversely affect Postal Service customers, harm the brand, send mailers to competitors, increase operating costs, and cause the Postal Service to lose revenue.

Recommendation #3

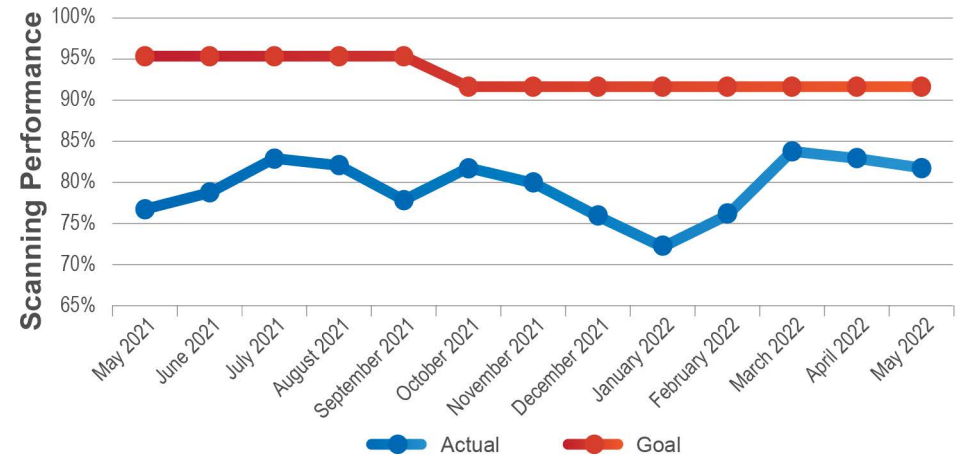
We recommend the **Midwest Division Director, Logistics Operations**, coordinate with Headquarters Logistics and Human Resources to identify and implement additional strategies to increase the number of Postal Service drivers at the St. Louis Processing and Distribution Center.

Finding #3: Load Scans

What We Found

St. Louis P&DC employees were not performing container load scans consistently before dispatching mail to the next facility.¹³ Specifically, from May 2021 through May 2022, scanning performance for load scans at the St. Louis P&DC averaged about 79.6 percent, which was below the Postal Service’s National Performance Assessment¹⁴ current goal of 92 percent¹⁵ (see Figure 3).

Figure 3. St. Louis P&DC Average Monthly Load Scan Performance from May 2021 – May 2022



Source: SVWeb.

10 The Postal Service has to follow a five-step process if there are issues with an HCR contractor’s performance, which includes providing the contractor with a document listing performance issues, completing a review and consulting with the contractor, holding a conference with the contractor, submitting results to the contracting officer for appropriate action, and potentially terminating the contract if the issues persist.

11 *Employee and Labor Relations Manual (ELM)*, Section 321.1.

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

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

14 A web-based system that collects performance-related metrics such as on-time delivery, revenue generation, efficiency, safety, and employee satisfaction, from source systems across the organization. These metrics are translated into balanced scorecards used to monitor the entire enterprise and individual units across the nation.

15 For FY 2022, the goal was dropped to 92 percent for Logistics and 93.25 percent for Processing.

Why Did it Occur

Load scans were not being performed consistently because there was a lack of oversight by Processing Operations and Logistics Operations management. Specifically, management was not physically observing employees performing load scans on the dock due to a large number of supervisor vacancies. As of April 4, 2022, the St. Louis P&DC had one Manager of Distribution Operations¹⁶ vacancy and 15 Supervisor of Distribution Operations (SDO)¹⁷ vacancies. On June 10, 2022, management provided support showing they recently filled the Manager of Distribution Operations vacancy and seven of the SDO vacancies, leaving eight SDO vacancies.

What Should Have Happened

Postal Service policy¹⁸ states that management should ensure employees are scanning containers before loading them onto a trailer. The Postal Service also has employment processes¹⁹ in place to ensure that recruiting and assigning employees yields the best qualified personnel to carry out the mission of the Postal Service with maximum productivity and economy of operations. According to postal policy, when management cannot fill career vacancies internally by reassigning or promoting employees, changing them to lower level, or converting them to career employees, external hiring may be authorized.²⁰

Effect on the Postal Service and its Customer

When containers do not receive a load scan, management is unable to determine trailer utilization. According to SVWeb, the St. Louis P&DC trailer utilization for network trips departing from the plant was about 48 percent from April 2021 through April 2022, which was lower than the Postal Service's goal of 65 percent.²¹ However, due to 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 #4

We recommend the **Midwest Division Director, Processing Operations**, and **Midwest Division Director, Logistics**, review load scan performance daily and discuss proper scanning procedures with personnel who are not performing load scans consistently.

Recommendation #5

We recommend the **Midwest Division Director, Processing Operations**, develop a plan that is consistent with Postal Service policy to fill the remaining Supervisor of Distribution Operations vacancies at the St. Louis Processing and Distribution Center.

Management's Comments

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

Regarding recommendation 1, management stated that they implemented a gatekeeper process to review all mail entering the manual sorting area and relocated the manual sorting area to improve mail flow and oversight. In addition, management will send reports outlining changing conditions in manual letter volume and preventative maintenance completion to division leadership daily. Management's target implementation date is August 31, 2022.

Regarding recommendation 2, management stated that they implemented standard work instructions to ensure consistent completion of critical tasks on automated machines. Management will also review daily compliance reporting to monitor critical tasks. The facility is also working with the Western Region Maintenance Implementation Team to hire new employees. Management's target implementation date is October 1, 2022.

¹⁶ Manages all automated, mechanized, and/or manual mail processing and distribution operations for assigned tour(s) at a major mail processing center/facility or network distribution center.

¹⁷ Supervises an assigned group of automated, mechanized, and/or manual processing and distribution operations at a mail processing center/facility.

¹⁸ *Surface Visibility Program User* booklet.

¹⁹ ELM, Section 311.11.

²⁰ *Handbook EL-312, Employment and Placement*, Section 212.1.

²¹ On March 15, 2022, the Postal Service added a National Performance Assessment trailer utilization goal of 40 percent.

Regarding recommendation 3, management stated that the Human Resources Shared Services Center and Headquarters Logistics are working with Brand Marketing and Recruitment to ensure that continued marketing strategies align with national job postings. Management will continuously review these strategies with Headquarters Human Resources. Management's target implementation date is November 1, 2022.

Regarding recommendation 4, management stated that they will review load scan procedures daily at the local and division levels and discuss the prior day's performance with action items to improve surface visibility. Additionally, Logistics Division leadership will conduct a weekly meeting with facilities to address specific issues and engage employees in the improvement process. Management's target implementation date is August 31, 2022.

Regarding recommendation 5, management stated that they plan to implement a schedule to monitor posting activity and ensure postings are moving through the system. Management's target implementation date is August 31, 2022.

Evaluation of Management's Comments

The OIG considers management's comments responsive to the recommendations in the report. All recommendations require OIG concurrence before closure. Consequentially, the OIG requests written confirmation when corrective actions are completed. 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 April through July 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 June 23, 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



July 6, 2022

JOHN CIHOTA
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Efficiency of Operations at the St. Louis, MO, Processing and Distribution Center (Project Number 22-112-DRAFT)

Thank you for providing the Postal Service with an opportunity to review and comment on the findings and recommendations containing in the draft audit report, Efficiency of Operations at the St. Louis, MO Processing and Distribution Center.

Management agrees with all three findings.

Following are our comments for each of the recommendations.

Recommendation #1: We recommend the **Midwest Division Director, Processing Operations**, develop and implement a plan at the St. Louis Processing & Distribution Center to ensure management monitors mail that is sent to the manual sorting area to ensure the mail is non-machinable.

Management Response/Action Plan:

Management agrees with this recommendation. In May 2022, the St. Louis Processing and Distribution Center implemented a gatekeeper process to review all manual mail entering the manual breakup. The manual letter breakup was relocated internally to facilitate an improved mail flow and oversight. The Plant Manager, [REDACTED] is responsible for all mail processing activities at the facility. Daily condition reporting will be sent to division leadership detailing manual letter volume and Preventative Maintenance Completion rates and the changes will be evaluated for effectiveness.

Target Implementation Date:

August 31, 2022

Responsible Official:

Plant Manager, St. Louis P&DC

Recommendation #2: We recommend the **Midwest Division Director, Processing Operations**, initiate a plan to ensure preventative maintenance is consistently performed on automated machines at the St. Louis Processing & Distribution Center.

Management Response/Action Plan:

Management agrees with this recommendation. In May 2022 standard work instructions were implemented to ensure consistent completion of critical tasks on automated machines. Daily compliance reporting will be reviewed to monitor critical tasks. Western Region Maintenance Implementation Team will be assisting the facility with hiring and employees. Prior to May 2022, St. Louis Processing & Distribution Center Maintenance Department has maintained compliance with contractual obligations.

Target Implementation Date:

October 1, 2022

Responsible Official:

Plant Manager, St. Louis P&DC

Recommendation #3: We recommend the **Midwest Division Director, Logistics Operations**, coordinate with **Headquarters Logistics and Human Resources** to identify and implement additional strategies to increase the number of Postal Service drivers at the St. Louis Processing and Distribution Center.

Management Response/Action Plan:

Logistics Management agrees with this recommendation. MVS hiring is conducted at a HQ National level for all MVS sites. This consist of HRSSC posting positions nationally on USPS.com/eCareer to the site level. Postings are up for one-week intervals and viable candidates within said posting are then pushed to the local TANS or designee to conduct the interview. All Hiring is tracked by HRSSC. In addition to the above, HRSSC and HQ Logistics is working with Brand Marketing and Recruitment to ensure continued marketing strategies align with national job postings. Logistics ongoing review with HQ/HR.

Target Implementation Date:

November 1, 2022

Responsible Official:

Division Manager Operations Support, Midwest Logistics

Recommendation #4: We recommend the **Midwest Division Director, Processing Operations**, and **Midwest Division Director, Logistics**, review load scan performance daily and discuss proper scanning procedures with personnel who are not performing load scans consistently.

Management Response/Action Plan:

Management agrees with this recommendation. The site will be reviewing load scan procedures daily at the local and divisional level. The site will discuss prior days performance with action items to improve surface visibility. The site has already implemented daily scanning observations for top opportunity trips. Logistics division leadership will conduct a weekly touchpoint with vital facilities to address specific actions including drill down of the data to identify focus areas, address specific issues, and engage employees in the improvement process.

Target Implementation Date:

August 31, 2022

Responsible Official:

Plant Manager, St. Louis P&DC
Division Manager Operations Support, Midwest Logistics

Recommendation #5: We recommend the **Midwest Division Director, Processing Operations**, develop a plan that is consistent with Postal Service policy to fill the remaining Supervisor of Distribution Operations vacancies at the St. Louis Processing and Distribution Center.

Management Response/Action Plan:
Management agrees with this recommendation. In July 2022, the facility will implement a schedule to monitor posting activity and ensure postings are moving through the system. The facility reviews EAS vacancies on the weekly Complement Cadence meeting with Human Resources.

Target Implementation Date:
August 31, 2022

Responsible Official:
Plant Manager, St. Louis P&DC



Rick Pivovar
Sr Director Midwest Division, Processing Operations



Tracie Hill-Sandifer
Director Midwest Division, Logistics

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