September 20, 2007

MICHAEL J. NAPPI
EXECUTIVE DIRECTOR, INTERNATIONAL NETWORK OPERATIONS

STEVE M. BLOOM
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SUBJECT: Audit Report – Mail Condition Reporting at the Miami International Service Center (Report Number NO-AR-07-009)

This report presents the results of our audit of mail condition reporting at the Miami, Florida International Service Center (ISC) (Project Number 07XG031NO000). This report responds to a request from the Executive Director, International Network Operations, to review mail condition reporting activities.

# Background

The U.S. Postal Service's Global Business Unit has responsibility for mail processing operations at the ISCs. The Postal Service uses the Web Mail Condition Reporting System (WebMCRS), formerly the *Daily Mail Condition Report*, as a repository for information on the results of mail processing operations.

The WebMCRS provides management with a tool for monitoring distribution functions, identifying problems in achieving operational targets, and obtaining data for analyzing operational trends. Specifically, WebMCRS reports the volume of mail on-hand and the volume of mail ready for processing on a daily basis. It also reports the volume of mail that has not met operational clearance times (CT) and/or service commitments according to the facility's local operating plan. Personnel at the facility manually count the mail when possible or estimate the mail count and enter the data into WebMCRS. All mail associated with the facility, regardless of the amount, should be counted in its respective WebMCRS category (on-hand, plan failure, late arriving, delayed processing, and delayed dispatch). See Appendix A for definitions of these categories.

The Miami ISC is one of five ISCs. It processed about 67 million first handling pieces (FHP)[1] or about 8 percent of the total mail volume handled by all of the ISCs in fiscal year (FY) 2006. See Chart 1 for details.

**Chart 1. ISCs Volume as a Percent of Total Mail
Volume Handled - FY 2006**
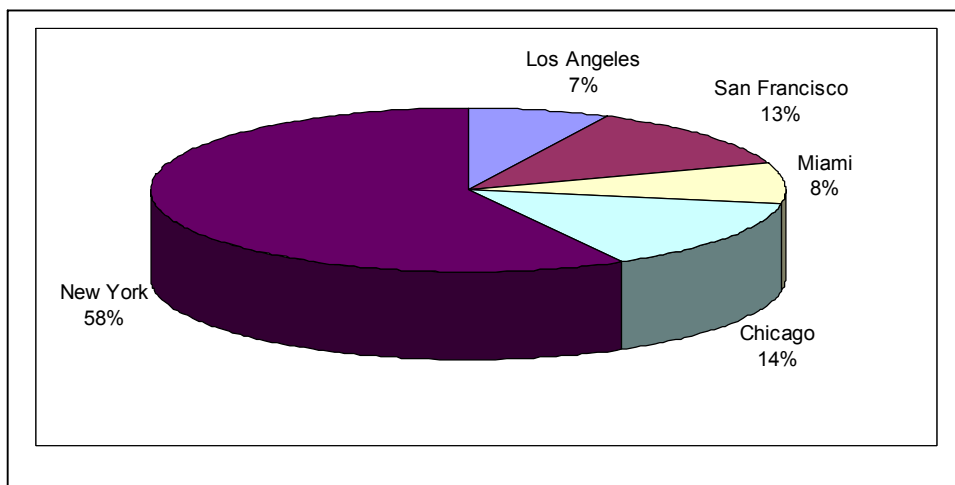


## Objective, Scope, and Methodology

Our objective was to assess the timeliness, completeness, and accuracy of mail condition data reported in WebMCRS for the Miami ISC. We analyzed FY 2007 WebMCRS data gathered from the South Florida Customer Service District, which included the Miami ISC. We conducted on-site observations over 3 days during June 2007.

To accomplish our objective, we conducted interviews with Postal Service managers and employees; and analyzed the facility's performance over a 6-month period to identify trends and potential issues. We also performed analytical procedures and observed mail condition counts. Further, we tested for timeliness by verifying whether mail condition information was available in accordance with WebMCRS daily reporting requirements. We assessed completeness by determining whether facility personnel recorded all data elements and put them in correct WebMCRS categories. Finally, we assessed accuracy by determining whether the volume recorded in each category was reflective of the conditions at the facility.

We used computer-processed data from the WebMCRS, Daily Facility Summary. We did not test controls over the system. However, we checked the reasonableness of results by confirming our analyses and results with Postal Service managers and multiple data sources.

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[1] FHP — Letters, flats, and parcels sorted in a local post office for the first time.

We conducted this performance audit from May through September 2007 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 officials on August 2, 2007, and included their comments where appropriate.

# Prior Audit Coverage

We issued one prior report on mail condition reporting, *Mail Condition Reporting at the San Francisco International Service Center* (Report Number NO-AR-07-006, dated August 20, 2007). This report found the Postal Service submitted the mail condition report for the San Francisco ISC on a timely basis, but the data was incomplete and inaccurate.

# Results

**Timeliness, Completeness, and Accuracy of WebMCRS Data**

The Miami ISC submitted the mail condition report on a timely basis and generally reported complete and accurate data in all WebMCRS categories, with some minor exceptions.

**Timely Reporting** – The Miami ISC submitted mail condition reports timely. Personnel conducted midnight turnover counts after 11:59 p.m. and performed their respective mail condition counts between 4:30 a.m. and 5:30 a.m. for consolidation to WebMCRS. As required, the Miami ISC submitted their reports to WebMCRS by 7 a.m. daily.

**Incomplete Reporting** – The mail condition reports were sometimes incomplete as the Miami ISC did not always count all plan failures.[2] Specifically, during our on-site observations between June 12 and 14, 2007, the Miami ISC counted 42 plan failures at midnight whereas it should have counted and reported 47 plan failures in WebMCRS. The additional five containers not counted equates to about 1,406 mailpieces. See Table 1 below for details.

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[2] A plan failure occurs when mail entered an operation prior to its Critical Entry Time (CET), but was not processed by the line operation CT.

### Table 1.  Unreported Plan Failures

| Plan Failures | Tuesday 6-12-07 | Wednesday 6-13-07 | Thursday 6-14-07 | Total |
|---|---|---|---|---|
| Miami ISC Count at Clearance Time (Midnight) | 20 | 6 | 16 | 42 |
| Containers not Counted | 4 | 1 | 0 | 5 |
| Correct Total Count of Plan Failures | 24 | 7 | 16 | 47 |

**Inaccurate Reporting** – The WebMCRS data was inaccurate as it sometimes understated plan failures.  Of the 42 plan failures counted at midnight during our observations, only 15 were reported on the WebMCRS report.  Thus, the Miami ISC understated the report by 27 plan failures, which equates to about 9,662 mailpieces.  See Table 2 below for details.

### Table 2.  Understated Plan Failures

| Plan Failures | Tuesday 6-12-07 | Wednesday 6-13-07 | Thursday 6-14-07 | Total |
|---|---|---|---|---|
| Miami ISC Count at Clearance Time (Midnight) | 20 | 6 | 16 | 42 |
| Cleared Between 12 a.m. to 5 a.m. and not Reported on WebMCRS[3] | 13 | 4 | 10 | 27 |
| Miami ISC Reported on WebMCRS | 7 | 2 | 6 | 15 |

The Postal Service has well established criteria for counting mail.  The Postal Service requires[4] executive and administrative schedule staff to count all mail volume and report it in the respective WebMCRS categories on a daily basis.  For instance, the guidance[5] dated March 9, 2007, states "In-Plant Support will visually validate each operation's volume counts and provide data upload into WebMCRS by 7 a.m. local time."  In addition, plant managers should have a hard copy of the report available by 7:30 a.m. daily and be prepared to discuss any operational issues with executives from headquarters.  If the Postal Service does not report all mail volume this may constitute falsification of official records.

These exceptions occurred because the Miami ISC did not have a process for identifying, reviewing, and recording all plan failures and reporting mail condition data according to service commitments in the Miami ISC operating plan.  In addition, the Miami ISC did not properly train employees to count the mail according to *the WebMCRS Training/User Guide.*

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[3] The responsible staff member did not realize the plan failure count should have been reported as of midnight.
[4] *WebMCRS Training/Users Guide*, dated March 17, 2005.
[5] Daily Mail Condition Reporting Compliance, effective March 7, 2007.

As a result, ISC management officials could not always rely on data in WebMCRS to make distribution decisions; identify problems in achieving operational targets; analyze operational trends; and accurately assess operational indicators.

## Recommendations

We recommend the Executive Director, International Network Operations, direct the Manager, Miami International Service Center, to:

1. Establish a process for identifying, reviewing, recording and reporting all mail volumes by respective categories in the Web Mail Condition Reporting System.

2. Provide Web Mail Condition Reporting System training to ensure employees know how to count and report mail volumes in all required categories.

## Management's Comments

Management acknowledged the audit results and stated that in response to our findings, the Miami ISC Plant Manager has implemented processes to remedy and/or correct the incompleteness and inaccuracy of WebMCRS data.  Management's comments, in their entirety, are included in Appendix B.

## Evaluation of Management's Comments

Management's comments are responsive to the recommendations and the actions taken should correct the issues identified in the finding.

We appreciate the cooperation and courtesies provided by your staff.  If you have any questions or need additional information, please contact Robert J. Batta, Director, Network Processing, or me at (703) 248-2100.

E-Signed by Colleen McAntee
ERIFY authenticity with Approve]
C. McAntee
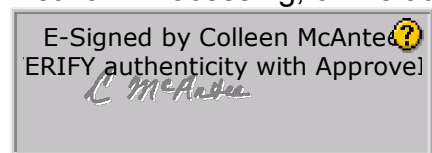
Colleen A. McAntee
Deputy Assistant Inspector General
  for Mission Operations

Attachments

cc:  Patrick R. Donahoe
     Paul E. Vogel
     John W. Holden
     Katherine S. Banks

# APPENDIX A.

# DEFINITIONS OF WEB MAIL CONDITION REPORTING SYSTEM
# MAIL CATEGORIES

- **On-hand Mail** - the total of all available mail at the beginning of the day, by designated operation within the facility, regardless of service commitment. Available mail includes, but is not limited to, the following:

  - Mail in the vehicle yard.

  - Mail in transit between local/auxiliary processing facilities.

  - Mail at the receiving dock waiting to be unloaded or in the process of unloading.

  - Mail on the workroom floor, in the staging and storage areas, ahead of, in or between operations.

  - All Managed Mail or Area Distribution volume, regardless of commitment.

- **Plan Failure** - occurs when mail entered an operation prior to its CET, but was not processed by the line operation CT.

- **Late Arriving** – mail that is received after the facility CET for the corresponding service commitment, regardless of its processing status.

- **Delayed Processing** - occurs when mail that arrived at a facility prior to the CET was not processed and finalized in time to be dispatched on the designated Dispatch of Value (DOV) to meet the programmed delivery day.  This includes mail recovered, within the facility, from downstream operations after CT that will not meet its intended service commitment.

- **Delayed Dispatch** - occurs when mail is processed and finalized, but is not dispatched on its designated DOV trip.

# APPENDIX B.  MANAGEMENT'S COMMENTS

GLOBAL BUSINESS

*UNITED STATES*
*POSTAL SERVICE*

September 17, 2007

COLLEEN A. MCANTEE

SUBJECT:  Draft Audit Report – Mail Condition Reporting at the Miami International Service Center
          (Report Number NO-AR-07-DRAFT)

In referencing to the Draft Audit Report submitted September 7, I acknowledge the results identified by the Office of Inspector General and have implemented processes to remedy and/or correct the incompleteness and inaccuracy of Web Mail Condition Reporting System (WebMCRS) data as stated in the report:

1.  **Timely Reporting** – The Miami International Service Center (ISC) submitted mail condition reports timely.

2.  **Incomplete Reporting** – The mail condition reports were sometimes incomplete as the Miami ISC did not always count all plan failures.

3.  **Inaccurate Reporting** – The WebMCRS data was inaccurate as it sometimes understated plan failures.

In response to these results, Steve Bloom, Plant Manager, Miami ISC,  promptly responded and established the following as recommended:

1.  Established a process for identifying, reviewing, recording and reporting all mail volumes by respective categories in the Web Mail Condition Reporting System.

2.  Provided Web Mail Condition Reporting System training to ensure employees know how to count and report mail volumes in all required categories.

This report contains no FOIA exempt information.  If you have any questions or concerns, please contact me at (202) 268-7198.

Michael J. Nappi
Executive Director
International Operations

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cc: Mr. Vogel
Mr. Batta
Mr. Holden
Ms. Stroud