



March 20, 2007

JUDITH W. HERRICK
SENIOR PLANT MANAGER, SOUTH JERSEY
PROCESSING AND DISTRIBUTION CENTER

SUBJECT: Management Advisory – Color-Coding of
Standard Mail at the South Jersey Processing
and Distribution Center
(Report Number NO-MA-07-001)

This report presents the results of our review of color-coding of Standard Mail® at the South Jersey Processing and Distribution Center (P&DC), Bellmawr, New Jersey (Project Number 07XG004NO000). The primary objective of the review was to determine whether color-coding of Standard Mail conformed to the U.S. Postal Service's National Color-Code Policy. We also examined whether the Postal Service conformed to color-coding best practices. This is the third in a series of reviews addressing the color-coding of Standard Mail.

We made three recommendations in the report. Management agreed with our recommendations and has initiatives in progress, completed, or planned addressing the issues in this report. Management's comments, in their entirety, are included in Appendix B.

Results in Brief

The South Jersey P&DC generally color-coded Standard Mail according to the Postal Service's National Color-Code Policy. We found that out of 780 Standard Mail containers:

- 734 (or about 94 percent) were tagged with the correct color code on arrival and processed with the original tag on a timely basis.
- 46 (or about 6 percent) did not conform to Postal Service policy.

In addition, 143 of the 734 (or about 19.5 percent) containers with correct color codes had incomplete tags.

These conditions mostly resulted from employee inattention to detail. Also, management did not provide the necessary oversight to ensure that craft employees complied with the color-code policy. While the facility's Managers of Distribution Operations (MDO) and Supervisors of Distribution Operations (SDO) had recently received color-code training, management had not provided this training for craft employees.

When Standard Mail is not color-coded, the Postal Service cannot ensure its timely processing, dispatching, and delivery; and readily track service standards to ensure compliance. Without a date and time on the tag, the Postal Service cannot determine whether employees processed Standard Mail using the first in, first out (FIFO) method. Furthermore, when an operation does not meet its clearance time, facility managers cannot determine what role the arrival time played.

Background

The Postal Service uses a system of color-coding to facilitate the timely processing, dispatch, and delivery of Standard Mail to meet established service standards. The purpose of color-coding is to sequence the mail to ensure FIFO processing.

Postal Service policy requires a color-code tag on all Standard Mail, regardless of where the Postal Service receives it. This code represents the targeted day for clearing the mail from operations or delivering it. P&DC employees generally use colored placards or tags to code this mail. The illustration below shows an example of a color-code tag used by mail handlers at the South Jersey P&DC.



Illustration 1: Sample of South Jersey Color-Code Tag

The orange tag in Illustration 1 indicates that the mail will be cleared on a Tuesday. The tag also provides space for entering the class of mail and the arrival day and time.

The color code applied depends on the mail's arrival time at the facility in relation to the facility's Critical Entry Time (CET) for Standard Mail.¹ The *Postal Operations Manual* (POM), Section 458, sets the National Color-Code Policy for Standard Mail.

For P&DCs, all outgoing, area distribution center (ADC),² sectional center facility (SCF),³ incoming primary, and carrier route mail must be color-coded to indicate scheduled clearance 1 day after receipt at the facility, as shown in Table 1 below.

¹ CET is the latest time mail can enter an operation if it is to complete processing by the planned clearance time.

² An ADC is a postal facility that receives, processes, and distributes mail destined for specific ZIP Code areas under the Managed Mail Program.

³ An SCF is a postal facility that serves as a distribution and processing center for post offices in designated geographic areas as defined by the first three digits of the ZIP Code of those offices.

Table 1. 1-Day Clearance Matrix

Receipt Day	Color Code	Clearance Day
Saturday	White	Sunday
Sunday	Blue	Monday
Monday	Orange	Tuesday
Tuesday	Green	Wednesday
Wednesday	Violet	Thursday
Thursday	Yellow	Friday
Friday	Pink	Saturday

After the facility completes processing within the plant, it removes the color code for the clearance day before dispatch.

Some Standard Mail receives subsequent incoming secondary distribution at the facility performing the ADC or SCF operation. This mail receives a 2-day color code based on arrival time or its identification and extraction during the initial distribution operation, as shown in Table 2 below.

Table 2. 2-Day Delivery Matrix

Arrival or Extraction Day	Color Code	Delivery Day
Saturday and Sunday	Orange	Tuesday
Monday	Green	Wednesday
Tuesday	Violet	Thursday
Wednesday	Yellow	Friday
Thursday	Pink	Saturday
Friday	Blue	Monday

The delivery day color code remains on the mail until delivery.

Postal Service policy requires P&DC managers to develop local procedures to ensure employees apply and maintain the correct color code on the mail based on its arrival time on Postal Service property. Postal Service facilities use color-coding to determine what mail did not meet their operating plans for the daily mail condition report.

The Postal Service's Mail Condition Reporting System is a repository for information related to mail processing conditions, including operating plan failures and delayed mail volumes. Each facility takes a daily inventory of these conditions by counting on-hand mail volume in conjunction with the facility's operating plan, generally immediately after clearance times.

**Objective, Scope,
and Methodology**

The primary objective was to determine whether color-coding of Standard Mail at the South Jersey P&DC followed the Postal Service's National Color-Code Policy. We also examined whether the Postal Service followed best practices for color-coding.

To determine whether Standard Mail in the facility followed the National Color-Code Policy, we:

- Observed 780 containers of Standard Mail, including containers arriving in the facility 1 hour before and after CET⁴ and mail being prepared for processing.
- Interviewed the plant manager, an in-plant support operations specialist, and six MDOs or SDOs from all tours.
- Reviewed the Standard Mail volume at the South Jersey P&DC from October 23–27, 2006.

Although not in our original scope, we also observed:

- Clearance time counts of on-hand Standard Mail.
- Preparation of the Daily Mail Condition Report from actual hand counts to the finished product.

We conducted this review from October 2006 through March 2007 in accordance with the President's Council on Integrity and Efficiency, *Quality Standards for Inspections*. We discussed our observations and conclusions with management officials and included their comments where appropriate.

⁴ CET for Standard Mail at the South Jersey P&DC was 1700 hours (5:00 p.m.).

Prior Audit Coverage We have issued two audit reports on the color-coding of Standard Mail.

- *Color-Coding of Standard Mail at the Portland, Oregon Processing and Distribution Center* (Report Number NO-MA-06-003, dated September 26, 2006). The Portland P&DC generally color-coded Standard Mail according to the Postal Service's National Color-Code Policy. We noted a few instances where color-coding did not conform to postal policy or best practices; however, we did not consider these exceptions significant. Management agreed with the recommendations and their actions, taken or planned, should correct the issues identified in the finding.
- *Color Coding of Standard Mail at the Margaret L. Sellers Processing and Distribution Center* (Report Number NO-MA-06-004, dated September 28, 2006). The Margaret L. Sellers P&DC generally color-coded Standard Mail according to the Postal Service's National Color-Code Policy. We found that 92 percent of Standard Mail containers observed (638 out of 697) did have the correct color-code tag. However, not all of the 638 color-code tagged containers tagged conformed to postal policy or best practices with regard to completion of the time and date requirements on the tag. Management agreed with the findings and their actions, taken or planned, should correct the issues identified in the report.

Color-Coding of Standard Mail

The South Jersey P&DC generally color-coded Standard Mail according to the National Color-Code Policy.⁵ Specifically, 734 of 780 observed Standard Mail containers (or about 94 percent) were tagged with the correct color-code on arrival and processed in a timely manner with the original tag using FIFO.

However, color-coding on 46 of the 780 Standard Mail containers that we observed (or about 6 percent) did not conform to Postal Service policy. In addition, 143 of the 734 Standard Mail containers coded with the correct color did not conform to best practices.⁶ We describe some of these exceptions below and list them in their entirety in Appendix A.

Conformance to Policy – 32 of the 780 Standard Mail containers observed (4.1 percent) had no evidence of color-coding. See Illustration 2 below.



Illustration 2: No Color-Code Tags

⁵ The on-hand Standard Mail volume at the P&DC for the 5 days of observations (October 23 through 27, 2006) was about 8.6 million pieces.

⁶ Network Operations Management Service *Review of Processing Facilities in the North Florida Jacksonville District*, dated January 2006, discusses best practices for color-coding.

Fourteen containers were incorrectly labeled with yellow delivery tags for Friday (2-day) delivery rather than violet tags for Thursday clearance. Illustration 3 shows containers with the wrong color tags at about 11:30 p.m. on October 24, 2006. After we brought this to the attention of the supervisor on duty, the tags were correctly changed to violet. Illustration 4 shows one container properly color-coded at 1:30 a.m. on October 25, 2006.



Illustration 3: Wrong Color-Code Tags



Illustration 4: Corrected Color-Code Tags

Conformance to Best Practices – Of the 734 containers observed, 143 had incomplete tags. We found that 68 tags had no arrival date and time on them and 75 had no arrival time on them. See Illustrations 5 and 6 below. While the Postal Service’s national policy does not explicitly require placing the date and time on the color-code tag, this best practice helps mail handlers ensure compliance with the FIFO process.



Illustration 5: No Date or Time on Tag



Illustration 6: Date (but no Time) on Tag

The Postal Service has well-established criteria in place for color-coding. POM 458.1a, 1b, and 2a require facilities to code all Standard Mail with the color representing the day the mail is scheduled to be delivered or cleared from operations, and to select the color code based on the mail's arrival time. POM 458.321a also requires facilities to develop local procedures to ensure they maintain the correct color code based on when the mail arrives on the premises.⁷

Section 458, while not explicitly requiring facilities to record the mail arrival date and time on a tag, clearly implies that mail handlers should record the information. In addition, recording the date and time on the tag is a best practice that assists mail handlers in working Standard Mail in a FIFO process. Further, headquarters operations specialists who perform field service reviews indicated that when a tag is adopted by a facility it constitutes a local procedure that must be followed. Thus, when a facility adopts a tag that provides for recording the date and time of arrival, employees should complete the tag with this information.

These conditions mostly resulted from employee inattention to detail. Also, management did not provide the necessary oversight to ensure that craft employees were in compliance with the color-code policy. While the facility's MDOs and SDOs had received color-code training, management did not provide it for craft employees.

When Standard Mail is not color-coded, the Postal Service cannot ensure its timely processing, dispatching, and delivery, and readily track service standards to ensure compliance. Without a date and time on the tag, the Postal Service cannot determine whether employees processed Standard Mail using the FIFO method. Furthermore, when an operation does not meet its clearance time, facility managers cannot determine what role the arrival time played.

⁷ Arrival refers to the day and time the mail arrives on Postal Service property.

Recommendations

We recommend the Senior Plant Manager, South Jersey Processing and Distribution Center:

1. Ensure employees conform to Postal Service color-coding policy and supervisors oversee the proper color-coding of Standard Mail.
2. Provide additional training on color-coding procedures to craft employees.
3. As a best practice, ensure that employees date and time stamp the color-code tags when mail arrives, as applicable.

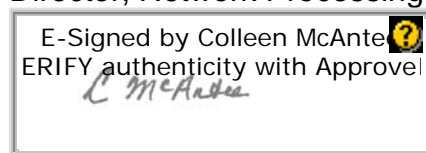
**Management's
Comments**

Management agreed with our finding and recommendations. Management agreed to correct deficiencies in the color-coding of Standard Mail by providing training for craft employees, using FIFO practices to process mail, and conducting daily audits to ensure the completion of color-code tags.

**Evaluation of
Management's
Comments**

Management's comments are responsive to the finding and recommendations 1, 2, and 3. Management's actions taken or planned should correct the issues identified in the report.

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



Colleen A. McAntee
Deputy Assistant Inspector General
for Mission Operations

Attachments

cc: Patrick R. Donahoe
Anthony M. Pajunas
Megan Brennan
David E. Williams, Jr.
Joanna B. Korker
Deborah A. Kendall

APPENDIX A

SUMMARY OF COLOR-CODE OBSERVATIONS

Action Tested	Criteria	What Was Found	Exceptions	Impact
Did employees color-code Standard Mail on its arrival at the South Jersey P&DC?	POM 458.1a.	Observations during all three tours for the period October 23-26, 2006, revealed that the South Jersey P&DC generally color-coded Standard Mail as it arrived.	Of 780 observed containers, 46 (5.9 percent) were not coded with the correct color – 32 containers were not color-coded and 14 containers were inappropriately tagged.	Minimal
Did employees apply complete and accurate color codes?	POM 458.2a and Best Practices. ⁸	Observations during all three tours for the period October 23-26, 2006, revealed that the South Jersey P&DC did not always include the arrival day or time on the color-code tag.	Of 780 observed containers, 143 had incomplete color-code tags. The tags did not have the day and or time the mail arrived written on them. <ul style="list-style-type: none"> • 68 containers had no arrival date and time written on the tag (8.72 percent). • 75 containers had no arrival time written on the tag (9.62 percent). 	Minimal
Did employees move the mail on a timely basis using the FIFO method?	POM 458.321b and the Operations Skills: <i>Processing and Distribution, Color Code Participant Guide</i> , pages 5-7.	From observations of personnel performing mail counts, in general, the P&DC was processing mail on a timely basis; however, using the FIFO method is not possible when color-code tags do not reflect the mail arrival date and time.	None	None

⁸ Network Operations Management Service *Review of Processing Facilities in the North Florida Jacksonville District*, dated January 2006, discusses best practices for color-coding.

Action Tested	Criteria	What Was Found	Exceptions	Impact
Was the South Jersey P&DC applying the correct color-code tag to mail upon arrival?	POM 458.321b & the South Jersey P&DC Operating Plan, Section 9-In-Plant Operating Parameters.	We observed personnel unloading in-bound trailers both before and after the facility's CET (1700 hours). All inbound mail was generally coded with the correct color-code tag.	We found that 14 of the 780 containers (1.79 percent) had the wrong color-code tag.	Minimal
Did employees change the color-coded tags after the initial application?	POM 458.321h(1)(2).	Observations during all three tours for the period October 23-26, 2006, revealed the South Jersey P&DC did not change color-code tags on Standard Mail after their original application.	None	None

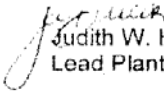
Legend: FIFO – First In, First Out
 P&DC – Processing and Distribution Center
 POM – *Postal Operations Manual*
 CET – Critical Entry Time
 MCRS – Mail Condition Reporting System

APPENDIX B. MANAGEMENT'S COMMENTS

LEAD PLANT MANAGER, SOUTH JERSEY PROCESSING AND DISTRIBUTION CENTER



To: Kim H. Stroud
Director, Audit Reporting
1735 North Lynn Street
Arlington, VA 22209-2020

From:  Judith W. Herrick
Lead Plant Manager, South Jersey P&DC

Date: March 1, 2007

Subject: Response to report # NO-MA-07-DRAFT: Color-Coding at the South Jersey Processing & Distribution Center

This document is written in response to the review conducted by the Office of Inspector General, of color-coding of Standard Mail at the South Jersey Processing and Distribution Center. The Plant Management Staff agrees with the finding and recommendations contained in the report and have recently developed action plans designed to abate the discrepancies listed.

1) As stated in the document, Management (Managers, Distribution Operations and Supervisors, Distribution Operations) had just completed Color Code training provided by the Eastern Area In-Plant Support staff this past October. However, as the report states, Management had not yet provided this training for craft employees. Recognizing this deficiency, the In Plant Support Staff has been tasked with training all personnel in the plant responsible for the proper color coding of Standard A Mail. The expected completion date of the training is April 30, 2007.

2) Although the goal of the South Jersey P&DC is to clear all committed Standard mail, regardless of "First In – First Out" (FIFO) by the operating plan clearance time, it is understood that a "FIFO" environment is a best practice. A directive will be designed and disseminated along with a "sign-off" sheet for all managers, supervisors, and employees to utilize the "time" and "date" fields on all color code tags.

3) Quality Control Technicians will conduct daily audits to ensure color code tags are complete with time and date information. These audits will be occurring in the mail processing operations that process Standard A Mail. This includes the AFSMs, the APPS, all Letter Mail Operations, and all Platform Operations. Results of the daily audits will be submitted to the Plant Manager. Any deficiencies will be corrected and addressed with corrective action if necessary. This process will be implemented on March 6, 2007 and will be ongoing until the inconsistencies are corrected.

421 BENNING BLVD.
BELLMAWR, NJ 08003-9398
(609)933-4018
FAX: (609)933-4101

- 2 -

It is our intent to correct any deficiencies identified by the OIG regarding color-coding of Standard Mail at the South Jersey P&DC. We expect the controls put in place will ensure compliance and conformance to the best practices that have been outlined in this report. If you have any questions, please do not hesitate to contact me at 856-933-4018.