



June 26, 2007

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SUBJECT: Management Advisory – Color-Coding of
Standard Mail at the Mobile Processing and
Distribution Center
(Report Number NO-MA-07-002)

This report presents the results of our review of color-coding of Standard Mail® at the Mobile Processing and Distribution Center (P&DC), Mobile, Alabama (Project Number 07XG015NO000). 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 fourth in a series of reviews addressing the color-coding of Standard Mail.

Results in Brief

The Mobile P&DC generally color-coded Standard Mail according to the Postal Service's National Color-Code Policy. We found that, out of 149 Standard Mail containers:

- 123 (or about 82.5 percent) were tagged with the correct color-code on arrival and processed with the original tag on a timely basis.
- 26 (or about 17.5 percent) did not conform to Postal Service policy.

We also found that the tags for 32 of the 123 (or about 26 percent) containers with correct color-codes did not conform to best practices.

These conditions occurred because of insufficient oversight and training, as well as employees being unaware of the area policy.

The Postal Service cannot ensure the timely processing, dispatching, and delivery of Standard Mail if it is not properly color-coded. Additionally, the Postal Service cannot 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. In addition, when an operation does not meet its clearance time, facility managers cannot determine what role the arrival time played.

We made four recommendations in the report. Management agreed with our finding and recommendations. Management's actions taken or planned should address the issues in this report. Management's comments, in their entirety, are included in Appendix B.

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. If properly implemented, color-coding helps 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. Illustration 1 shows an example of a color-code tag used by mail handlers at the Mobile P&DC.



Illustration 1: Close up of mail container shows a tag with yellow dots that indicate the correct color-code. (February 8, 2007, 11:30 a.m.) Note: Container was color-coded with an ink pen rather than with a color-code placard. (See Illustration 6.)

The tag in illustration 1 indicates the “yellow” color designation, which represents clearance on Friday. 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 in order for it to complete processing by the planned clearance time.

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

³ An SCF is a Postal Service facility that serves as a processing and distribution 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 tag 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 contains 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.

The Southeast Area issued a memorandum⁴ requiring employees to placard all mail arriving at a plant with the date and time of arrival immediately. It also indicated that the National Color-Code Policy applied for Standard Mail.

**Objective, Scope,
and Methodology**

The primary objective was to determine whether color-coding of Standard Mail at the Mobile 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 Policy, we:

- Observed 149 containers of Standard Mail, including containers arriving in the facility 1 hour before and after CET⁵ and mail being prepared for processing.
- Interviewed the plant manager, an in-plant support operations specialist, two managers of distribution operations (MDOs), and six supervisors of distribution operations (SDOs) from all tours.

We conducted this review from January through June 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 Memorandum dated March 14, 2005 from the Manager, Area Operations Support, to District Managers and Plant Managers.

⁵ CET for Standard Mail at the Mobile P&DC was 1200 hours (12:00 p.m.).

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

- *Color-Coding of Standard Mail at the Portland, Oregon P&DC* (Report Number NO-MA-06-003, dated September 26, 2006).
- *Color-Coding of Standard Mail at the Margaret L. Sellers P&DC* (Report Number NO-MA-06-004, dated September 28, 2006).
- *Color-Coding of Standard Mail at the South Jersey P&DC* (Report Number NO-MA-07-001, dated March 20, 2007).

These P&DCs generally color-coded Standard Mail according to the Postal Service's National Color-Code Policy. In each audit, we found instances where color-coding did not conform to postal policy or best practices. Management at each P&DC agreed with the findings and their actions should correct the issues identified in each report.

Color-Coding of Standard Mail

We found 123 of 149 Standard Mail containers (about 82.5 percent) tagged with the correct color-code on arrival and processed in a timely manner with the original tag using FIFO. However, the color-coding on 26 of the 149 Standard Mail containers (about 17.5 percent) did not conform to Postal Service policy. Additionally, the tags for 32 of the 123 (or about 26 percent) containers with correct color-codes did not conform to best practices.

Conformance to Policy – We observed 10 Standard Mail containers had no color-coded tags. (See Illustration 2.)



Illustration 2: Mail containers dated and timed February 7, 2007, but with no color-coding. (February 9, 2007, 5:15 a.m.)

We observed 16 Standard Mail containers with the wrong color-code tag. (See Illustration 3.)

- Six containers color-coded pink should have been color-coded yellow since the mail arrived on Postal Service property on Wednesday, February 7, 2007, after the CET.
- Two containers color-coded pink should have been color-coded yellow since the mail arrived on Postal Service property on Thursday, February 8, 2007, at 11:45 a.m. prior to CET.

- Eight containers color-coded orange should have been color-coded blue for Friday delivery based on extraction procedures.



Illustration 3: Container color-coded pink rather than yellow based on date of February 7, 2007, near inbound dock door 20. (February 9, 2007, 4:45 a.m.)

Conformance to Best Practices – We observed that 32 (about 26 percent) of the 123 Standard Mail containers coded with the correct color-codes tags did not conform to best practices.⁶ We describe some of these exceptions below and list them in their entirety in Appendix A.

- We found that on 13 of 123 containers observed (10.6 percent), tags were missing both the date and time of arrival. (See Illustration 4.)

⁶ Network Operations Management Service, Review of Processing Facilities in the North Florida Jacksonville District, dated January 2005, discusses best practices for color-coding.



Illustration 4: Mail container with no time or date. (February 9, 2007, 5:20 a.m.)

- We found 19 tags (15.4 percent) with an illegible date/time stamp. (See Illustration 5.)



Illustration 5: Date/time stamp on placard was not legible. (February 8, 2007, 11:35 a.m.)

We also noted that, while the use of colored ink pens to dab color dots onto placards on mail containers may meet the spirit of the National Color-Code Policy, it did not conform to best practices. A placard that shows the color of the day in question provides a clear and concise day of receipt. The facility's current practice could lead to confusing conclusions regarding color-coding. (See Illustration 6.)



Illustration 6: Colored ink pens used for dabbing colored ink dots on sheets on mail containers.

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 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 constitutes 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 facilities adopt color-code tags, this constitutes a local procedure. Thus, if the local procedure provides for recording the date and time of arrival, employees should complete the tag with this information.

The Southeast Area issued a memorandum requiring employees to placard all mail arriving at a plant with the date and time of arrival immediately. It also indicated that for Standard Mail, the National Color-Code Policy applies.

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

These conditions occurred for several reasons.

- Both the plant and the district managers indicated that insufficient oversight regarding the proper color-coding of Standard Mail resulted from higher priorities, such as moving First Class Mail®.
- More than half of the MDOs and SDOs interviewed cited problems related to insufficient training. For example, there was confusion over proper color-code requirements for 3-digit versus 5-digit mail.
- Management believed the use of the ink pen and the round date/time stamp conformed to the National Color-Code Policy.
- Managers at the Mobile P&DC were unaware of the March 14, 2005 memorandum issued by the Southeast Area, Operations Support Manager. The plant manager stated that he implemented the familiar policies, but was unaware of this particular policy.

The Postal Service cannot ensure the timely processing, dispatching, and delivery of Standard Mail if it is not properly color-coded. Additionally, the Postal Service cannot 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. In addition, when an operation does not meet its clearance time, facility managers cannot determine what role arrival time played.

Recommendations

We recommend the Manager, Processing and Distribution Center, Mobile:

1. Ensure the timely processing of Standard Mail by overseeing the proper color-coding of Standard Mail and ensuring employees conform to Postal Service and area policies.
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.
4. Institute the use of color-coded placards, including date and time, to ensure the accuracy of color-coding Standard Mail.

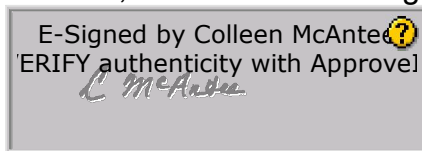
**Management's
Comments**

Management agreed with our finding and recommendations. They 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 bi-weekly staff meetings to ensure compliance with color-coding policies and practices.

**Evaluation of
Management's
Comments**

Management's comments are responsive to the finding and recommendations 1, 2, 3, and 4. 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.



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Deputy Assistant Inspector General
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Attachments

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Mary Ann Richards
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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 Mobile P&DC?	POM 458.1a	Observations during all three tours for the period February 7-12, 2007, revealed that Mobile P&DC employees were not always successful in color-coding arriving Standard Mail according to the National Color-Code Policy.	We found that 10 of 149 containers observed (6.71 percent) were not color-coded.	Minimal
Did employees apply complete and accurate color-codes?	POM 458.2a and Best Practices, ⁸ Southeast Area Policy Memorandum	Observations during all three tours for the period February 7-12, 2007, revealed that P&DC employees did not always include the arrival day or time on the color-code tag. Additionally, we noted the date/time stamp used was not always legible.	We found that 13 of 123 containers observed (10.6 percent) had no date or time on the color-code tags. In addition, we found 19 (15.4 percent) with a date/time stamp that was illegible. The combined total equals 32/123 (26 percent).	Moderate
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	Findings	Exceptions	Impact
Was the Mobile P&DC applying the correct color-code tag to mail upon arrival?	POM 458.321b & the Mobile 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 (12:00 noon). All inbound mail was generally coded with the correct color-code tag.	We found that 16 of the 149 containers observed (10.74 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 February 7-12, 2007, revealed the Mobile P&DC did not change color-code tags on Standard Mail after their original application.	None	None

Legend: CET – Critical Entry Time
 FIFO – First In, First Out
 MDO – Manager of Distribution Operations
 P&DC – Processing and Distribution Center
 POM – *Postal Operations Manual*
 SDO – Supervisor of Distribution Operations

APPENDIX B. MANAGEMENT'S COMMENTS

Plant Manager
Mobile P&DC



DATE: June 21, 2007

MEMORANDUM FOR: Ms. Kim H. Stroud
Director
Auditing Reporting

SUBJECT: Management Response to Draft Report:
Color Coding of Standard Mail at the Mobile Processing and
Distribution Center (Project Number 07XG015NO000, dated
May 23, 2007)

Thank you for the opportunity to review the draft report on color-coding of Standard Mail at the Mobile Processing and Distribution Center. We are in agreement with the findings in the report. The following specific actions have been taken to address the recommendations:

1. "Ensure the timely processing of Standard Mail by overseeing the proper color-coding of Standard Mail and ensuring employees conform to Postal Service and area policies."

Management response: All three tours' operations are required to process all mail timely using the color-code process. Mail with the oldest color is processed first. Since the audit, I have had bi-weekly staff meetings to ensure compliance of proper color-coding. This is measured daily by the MDOs and the Plant Manager to ensure mail is not being processed out of color sequence.

2. "Provide additional training on color-coding procedures to craft employees."

Management response: Stand-up talks and brief training have been given to all craft employees over the past three months and will continue to be provided as needed. Wallet size color-code charts have been provided to all EAS employees to provide an easy reference for ensuring that proper color-coding procedures are achieved. In addition, color-code charts have been posted in the opening unit to ensure proper color-coding of 3-digit upon receipt. These color-code charts have also been posted in the operations area to ensure compliance of 5/9-digit color-coding after mail has been extracted to the 5-digit.

3. "As a best practice, ensure that employees date and time stamp the color-code tags when mail arrives, as applicable."

Management response: All craft employees have been instructed to apply a date and time to the mail upon receipt. Methods used by employees to apply a date and time are by hand writing or using a legible date and time stamp. This has been done by having a meeting with MDOs about date and time being applied to mail upon receipt. MDOs and the Plant Manager daily monitor containers and employees for compliance.

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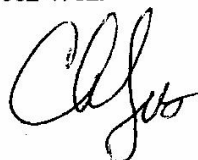
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4. "Institute the use of color-coded placards, including date and time, to ensure the accuracy of color-coding Standard Mail."

Management response: We have instituted the use of color-code strips attached to the white placard which has the date and time of receipt on the placard. This practice will help us ensure the accuracy of color-coding Standard Mail.

The Alabama District, Southeast Area and I will conduct follow up reviews to ensure color code compliance. I will continue to review and take corrective action for failure to comply with color coding of standard mail at the Mobile Processing and Distribution Center.

If you have any further questions or need additional information, please contact me at 251-602-1702.



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Plant Manager

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