



September 8, 2008

LINDA J. WELCH  
DISTRICT MANAGER, DALLAS CUSTOMER SERVICE DISTRICT

SUBJECT: Management Advisory Report – Missent Priority Mail® Procedures in the Dallas District (Report Number NO-MA-08-001)

This report presents the results of our review of missent Priority Mail<sup>1</sup> procedures in the Dallas District (Project Number 08XG024NO000). Our objective was to assess the Dallas District's procedures for missent Priority Mail. The U.S. Postal Service Office of Inspector General (OIG) began a review at post offices served by the North Texas Processing and Distribution Center (P&DC) after receiving a hotline complaint. Click [here](#) to go to Appendix A for additional information about this review.

## **Conclusion**

The Dallas District's procedures for missent Priority Mail were ineffective. Although operations at the Plano, Texas Priority Mail Hub were stopped in June 2007 based on our prior review,<sup>2</sup> the subsequent implementation of a 50-mile rule imposed additional burdens on post offices to deliver missent Priority Mail.

## **Priority Mail Procedures**

The 50-mile rule, implemented on June 20, 2007, required post offices in the Dallas District to deliver<sup>3</sup> missent Priority Mail within a 50-mile radius of their respective post offices. Postmasters stated in interviews that the 50-mile rule was more labor-intensive and required more resources to deliver missent Priority Mail to the correct location than the former Priority Mail Hub operation in Plano, Texas, which was considered inefficient.

On May 14, 2008, as a result of our discussions with Dallas District management, they provided post offices with updated instructions for delivery of missent Priority Mail. These updated instructions require post offices to deliver missent Priority Mail only for post offices or branches within their jurisdiction or for cities in close proximity. Missent Priority Mail that did not meet these criteria would be marked as missent and returned to the local processing plant for reprocessing.

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<sup>1</sup> Priority Mail is First-Class Mail that weighs more than 13 ounces and, at the mailer's option, any other mail matter weighing 13 ounces or less. Priority Mail provides expedited delivery.

<sup>2</sup> *Priority Mail Hub Operations in Plano, Texas* (Report Number NO-AR-07-011, dated September 26, 2007).

<sup>3</sup> For reporting purposes, "deliver" means the post office receiving the missent Priority Mail piece is responsible for physically transporting that mail piece to the intended post office. The intended post office is responsible for ensuring delivery to the correct address in its service area.

Delivery confirmation scores for Priority Mail, both air and surface mail, have not changed substantially since the updated procedure was implemented. The scores for these two service categories have been consistently above the service goals of 90 and 95 percent, respectively. Click [here](#) to go to Appendix B for additional information.

However, by updating the procedure and subsequently implementing it, the Dallas District decreased the amount of time spent and mileage incurred to deliver missent Priority Mail. Audit Report Number NO-AR-07-011 reported unnecessary operating costs of more than \$736,000 for a period of approximately 13 months that the Priority Mail Hub was in operation. Management agreed with that amount. Based on information obtained from the hotline contact and from other postmasters, the 50-mile rule was very labor- and-mileage intensive and placed undue burdens on the postmasters, who did not receive additional time or financial resources to deliver this missent mail.<sup>4</sup> During the entrance conference for this review, management agreed with our observations; therefore, we did not make further calculations on the costs of implementing the 50-mile rule. Because management proactively took corrective action on our concerns, we are not making any recommendations in this report.

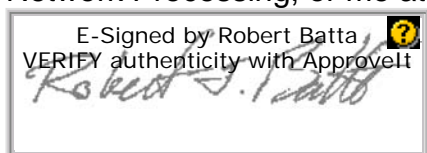
### Management's Comments

Management comments were not required since management took action on the finding during our report, and therefore no recommendations were made. However, management responded to the report and agreed with the finding and observations. Management's comments, in their entirety, are included in [Appendix C](#).

### Evaluation of Management's Comments

We consider management's comments responsive to the report.

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



E-Signed by Robert Batta  
VERIFY authenticity with ApproveIt

Robert J. Batta  
Deputy Assistant Inspector General  
for Mission Operations

### Attachments

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<sup>4</sup> One postmaster expressed the belief that the cost of the new procedures in time and mileage was greater than costs previously incurred when employees met at the Priority Mail Hub in Plano, Texas, to pick up missent mail for delivery.

cc: Patrick R. Donahoe  
William P. Galligan  
Anthony M. Pajunas  
Ellis A. Burgoyne  
David E. Williams  
Katherine S. Banks

## APPENDIX A: ADDITIONAL INFORMATION

### BACKGROUND

The North Texas P&DC is located in the Dallas District of the Southwest Area. The P&DC processed over 1.6 billion mailpieces in fiscal year (FY) 2007 and serves 34 cities and towns in the Dallas metropolitan area.

On June 20, 2007, the North Texas P&DC ceased operating the Priority Mail Hub<sup>5</sup> in Plano, Texas, as a result of the prior OIG review of the operation. Effective June 20, 2007, an alternate procedure was implemented to deliver missent Priority Mail without delay. Previously, employees had met at the Priority Mail Hub in Plano, Texas, to exchange missent Priority Mail and receive additional Priority Mail; with the new procedure, they physically delivered the missent mail each day by driving it to the correct post office each morning, or they drove to another predetermined location so the mail could be delivered the same day. The Postal Service considers mail delayed when it is not processed or dispatched to meet its scheduled delivery date. Priority Mail should reach its destination anywhere in the continental U.S. within 2 business days.

In January 2008, a new District Manager took charge of the Dallas District. The Priority Mail Hub in Plano, Texas, had been opened under the previous District Manager. The change in procedures following the closure of the Priority Mail Hub and the revised policy requiring the delivery of Priority Mail within a 50-mile radius also took place under the previous District Manager.

### OBJECTIVE, SCOPE, AND METHODOLOGY

Our objective was to assess the Dallas District's procedures for missent Priority Mail. To achieve this objective, we interviewed the individual who filed a hotline complaint with the OIG and management at 11 post offices; reviewed Postal Service criteria on handling missent mail and Priority Mail tracking reports; analyzed data provided by Postal Service management; interviewed Postal Service officials; and assessed the effects of the alternate procedure on post offices. We relied on data and documentation provided by the Postal Service and verified the results with Postal Service managers. Nothing came to our attention to suggest the data was unreliable.

We conducted this review from March through August 2008 in accordance with the President's Council on Integrity and Efficiency, *Quality Standards for Inspections*. We discussed our observations and conclusions with the Postal Service on April 24, 2008, and included their comments where appropriate.

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<sup>5</sup> The Priority Mail Hub was a designated location where carriers met daily to exchange missent Priority Mail and receive additional Priority Mail shipped daily directly to the Priority Mail Hub from the North Texas P&DC.

**PRIOR AUDIT COVERAGE**

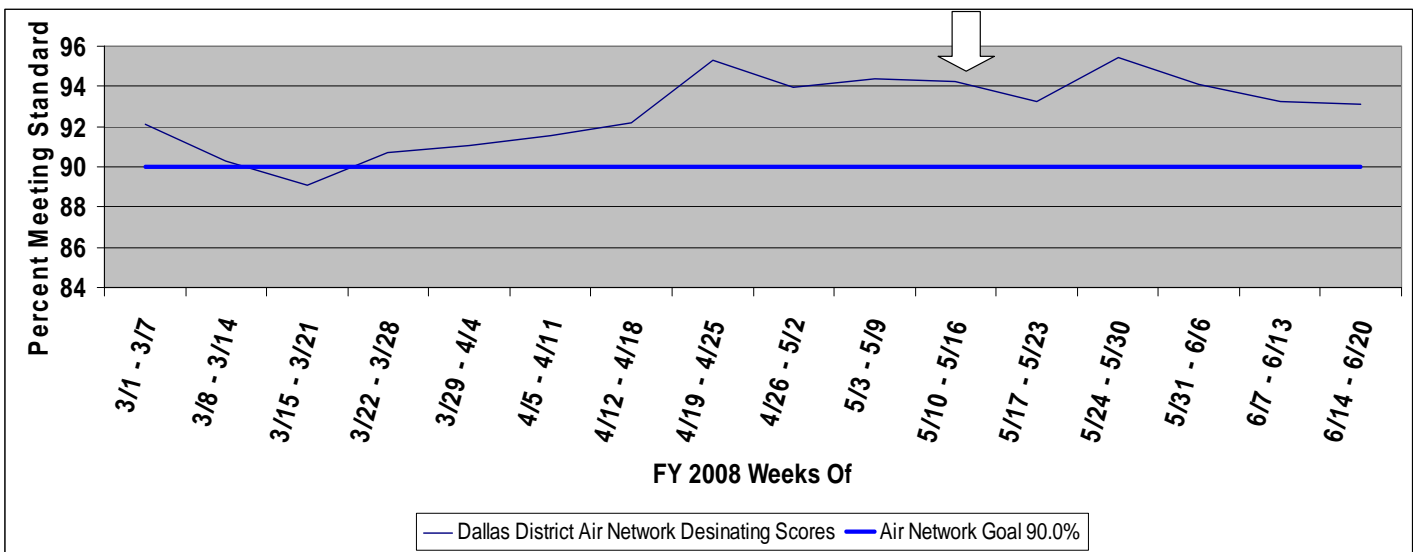
We conducted a similar review at Plano, Texas, as shown in the table below.

<b>Report Title</b>	<b>Report Number</b>	<b>Final Report Date</b>	<b>Monetary Impact</b>	<b>Report Results</b>
<i>Priority Mail Hub Operations in Plano, Texas</i>	NO-AR-07-011	September 26, 2007	\$1,424,079	Management closed the Priority Mail Hub during the review. We questioned cost of \$736,543 in economic impact associated with the Priority Mail Hub. In addition, we identified \$687,536 in funds put to better use by the closing of the Priority Mail Hub.

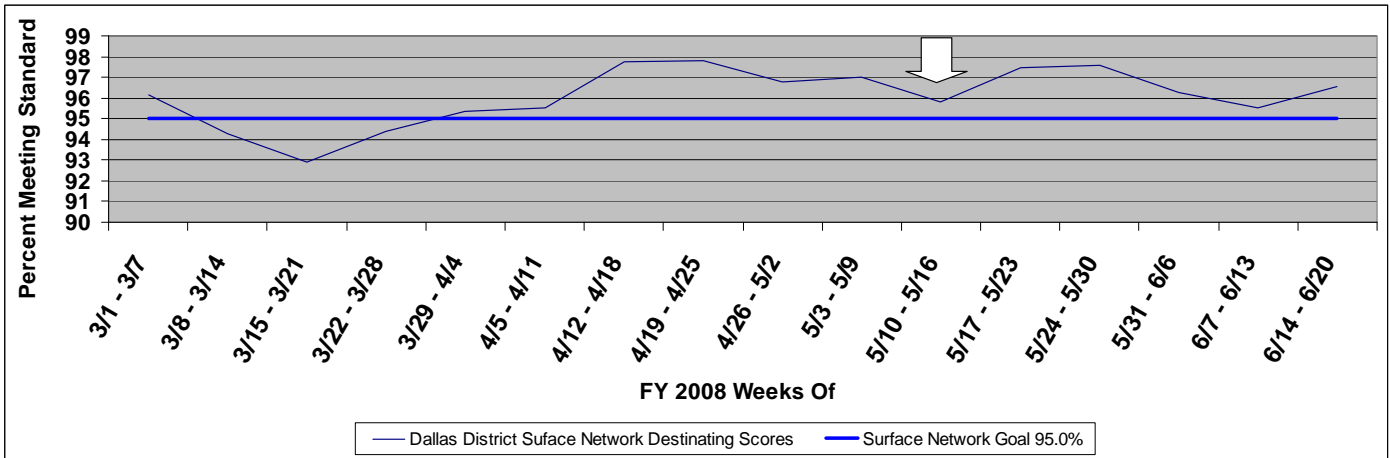
**APPENDIX B: DALLAS DISTRICT'S DELIVERY CONFIRMATION SCORES FOR PRIORITY MAIL WITH DELIVERY CONFIRMATION**

The Dallas District's Priority Mail scores for both air and surface destination mailpieces have consistently been above the goals of 90 and 95 percent, respectively. The elimination of the 50-mile rule during the week of May 10 through 16, 2008, did not dramatically impact these scores. The graphs below show both the Priority Mail air and surface score trends for the weeks from March 1, 2008, through the week ending June 20, 2008.

**Dallas District's Delivery Confirmation Scores for Priority Mail Delivered by Air with Delivery Confirmation**



### Dallas District's Delivery Confirmation Scores for Priority Mail Delivered by Surface Mail with Delivery Confirmation



## APPENDIX C: MANAGEMENT'S COMMENTS

DISTRICT MANAGER  
DALLAS CUSTOMER SERVICE AND SALES



August 29, 2008

LUCINE WILLIS  
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Draft Management Advisory Report – Missent Priority Mail Procedures in the Dallas District (Report Number NO-MA-08-DRAFT)

Although the report made no recommendations, the following response is provided.

The Dallas District has provided all post offices with specific instructions relating to the delivery of missent Priority Mail. Each unit should ensure delivery of any missent Priority Mail to offices or branches within their respective delivery zones, or to any cities within close proximity to their specific site. Any missent Priority Mail outside of their delivery zone(s) or not within reasonable proximity should ensure the mail is properly labeled as such and returned to the proper processing facility for re-delivery to meet the required service standards. Each respective unit must also record the number of missent pieces daily and annotate the volumes via the Dallas District Web Site. These volumes are then tracked daily on the Dallas District Scorecard. This process enables Delivery Units to provide feedback to processing facilities to identify opportunity sites and develop checks and balances to eliminate future processing irregularities.

By ensuring these processes are followed, the postal service is able to maintain the current Service Standards associated with Priority Mail, without imposing additional cost or undue burden on both delivery and processing facilities.

A handwritten signature in cursive script that reads "Linda J. Welch".

Linda J. Welch  
Manager, Dallas District

cc: Ellis A. Burgoyne  
David E. Williams  
Katherine S. Banks

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