

December 6, 1999

HENRY A. PANKEY
VICE PRESIDENT, MID-ALTANTIC AREA OPERATIONS

SUBJECT: Mail Processing Delays at the Louisville
Processing and Distribution Center
(Report Number TR-MA-00-001)

This management advisory report presents our observations regarding actions necessary to correct the problems we identified during an ongoing audit (Project Number 00PR003TR000). During the audit, we visited the Louisville Processing and Distribution Center and identified a significant quantity of mail that was not processed but rather staged at the facility for several days. We are providing this interim report so immediate action can be taken to correct the problems we identified.

Results In Brief

A site visit to the Louisville Processing and Distribution Center disclosed a significant quantity of delayed and unprocessed mail stored and staged at the facility. This mail had been stored and staged for several weeks. In addition, facility personnel misrepresented processing deadlines and inaccurately reported mail volumes to Postal Service Headquarters. We offered four suggestions to investigate and remedy the causes for mail processing delays. Management agreed with our suggestions and stated that the review led to decisions, which will create better control and integrity in the processing and reporting of mail volumes. Management's comments, in their entirety, are included in Appendix B.

**Delayed and
Unprocessed Mail**

During the week of November 1, 1999, we found the equivalent of 20 trailers of unprocessed Periodicals and Standard Mail stored and staged in various locations at the Louisville Processing and Distribution Center. The mail was staged in various areas on the plant floor and in sealed and unsealed trailers in the yard, and stored in an unsecured

mail transport equipment storage area. Although we identified mail that was up to a week late, plant personnel stated the age of mail ranged from one to three weeks. (See photos of the mail in Appendix A).

Although postal procedures require that all mail be unloaded, plant personnel indicated they were instructed by plant supervisors to offload only First-Class Mail from the trailers. Other classes of mail remained on the trailers staged in the yard or other areas.

According to plant management, delayed and unprocessed mail resulted from insufficient mail handler personnel and either inoperable or unproductive equipment. The number of mail handlers was not sufficient for the volume of mail at the plant, and headquarters did not approve a request for additional staffing. Additionally, mail processing equipment was inoperable for a period of time in September 1999, resulting in a backlog. Finally, productivity on the small parcel and bundle sorter was not maximized. As a result, management concluded they had no alternative for processing the mail and could not fully eliminate the backlog.

**Inaccurate Status
Reporting**

Plant personnel misrepresented the processing deadlines for mail and inaccurately reported mail volumes to Postal Service Headquarters in the daily mail condition report. Correct reporting allows upper management to take action to process delayed mail.

Processing Deadlines. Headquarters established mail color codes to provide processing deadlines for timely mail delivery. When plant personnel and managers determined that mail was delayed, they changed the color code to indicate a current status. For example, we observed plant personnel changing color codes on mail received on Sunday, October 31, 1999, to color codes for Friday and Saturday, November 5 and 6. We also observed a Manager of Distribution Operations engaging in the same practice.

Mail Volume. Plant personnel did not report the correct condition of the mail to Postal Service Headquarters. For example, on November 4, 1999, the Internal Van/Trailer Report listed nine trailers of Periodicals and Standard Mail

on hand in a delayed status. However, the November 4, 1999, Daily Mail Condition Report to headquarters did not show any delayed mail. The mail processing clerk stated all trailers are reported as volume on hand regardless of the time in the yard. This procedure had been in effect for at least eight years.

Management's Action

On November 5, 1999, we verbally reported the problems identified in this report to Postal Service Headquarters Operations. Headquarters Field Operations Support directed the Kentuckiana District to take immediate actions to correct the problems identified. District officials provided additional staff to work over the weekend, used Christmas casals from other facilities, and redirected some mail to other locations for processing. All of the delayed mail was processed and distributed by November 8, 1999.

Suggestions

Because the conditions we observed during the audit were egregious and potentially damaging to the Postal Service's reputation with its customers, we suggest the vice president, Mid-Atlantic Area Operations:

1. Investigate the causes for the delayed processing of mail to identify weaknesses in internal controls.
2. Take corrective action to ensure that all incoming mail is unloaded, processed, and correctly reported on daily mail condition reports, and that color codes on mail containers are not changed.
3. Review mail volumes in relation to staffing and determine whether additional personnel are required.
4. Ensure that all equipment is operational and productive.

**Management's
Comments**

The vice president, Mid-Atlantic Area Operations, agreed with our suggestions and stated the review led to decisions, which will create better control and integrity in the processing and reporting of mail volumes. He also stated the review had benefits beyond Louisville and he had shared the need for better control with other offices. Management planned to take the following actions:

1. Addressed the volume recording procedures on November 15, 1999, and discontinued the reload procedures.
2. Conduct color code training for required managers and craft employee, and will conduct unannounced visits to ensure compliance. They also plan to take corrective action against any employee who willfully misrepresents mail volume or color code procedures.
3. Review mail volume in relation to staff as part of the ongoing review of utilization and productivity measurement.
4. Re-institute its preventative maintenance policies and procedures, and will conduct a maintenance review within the next 30 days. Area maintenance support staff will monitor to ensure compliance.

**Evaluation of
Management's
Comments**

We view management's comments as responsive, and their actions taken and planned should correct the conditions identified in this report.

We appreciate the cooperation and courtesies provided by our staff during the review. If you have any questions, please contact me at (703) 248-2300.

Richard F. Chambers
Assistant Inspector General
for Performance

cc: Clarence E. Lewis Jr.
John E. Potter
John A. Rapp
John R. Gunnels

APPENDIX A. PHOTOS OF THE MAIL



Picture 1: Mail Staged On The Plant Floor



Picture 2: Mail Staged In Sealed But Unsecured Truck In The Plant Yard.



Picture 3: Mail Staged In A Trailer



Picture 4: Trailer Of Mail Staged Near An Open Gate.



Picture 5: Mail Staged and Stored In Mail Transport Equipment Storage Area

APPENDIX B. MANAGEMENT'S COMMENTS

HENRY A. PANKEY
VICE PRESIDENT, MID-ATLANTIC AREA OPERATIONS



December 2, 1999

RICHARD F. CHAMBERS
ASSISTANT INSPECTOR GENERAL FOR PERFORMANCE
OFFICE OF THE INSPECTOR GENERAL

SUBJECT: Louisville KY Inspector General Report dated November 10, 1999

This response is in regard to the findings of the review conducted at the Louisville, KY P&DC by the Office of the Inspector General (OIG) from November 1 – 10, 1999.

In general, the review identified a large volume of delayed, unprocessed mail which had been stored and staged at the plant for several days. They also reported that facility personnel had misrepresented processing deadlines and inaccurately reported mail volumes to USPS Headquarters. Four specific actions were requested by the Office of the Inspector General, they are as follows:

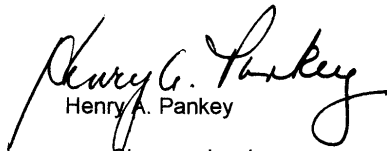
1. Investigate the causes for the delayed processing of mail and identify weaknesses in internal controls. We addressed the volume recording procedures and the reload issue on November 15, 1999. As stated earlier, we have discontinued the reload procedure.
2. Take corrective action to ensure that all incoming mail is unloaded, processed, and correctly reported on daily mail condition reports, and that color codes on mail containers are not changed. We will have color code training for required managers and craft employees as well as unannounced visits to ensure compliance. Corrective action will be taken against any employees who are found to wilfully misrepresent mail volumes or color code procedures.
3. Review mail volumes in relation to staffing and determine whether additional personnel are required. This review is ongoing in conjunction with utilization and productivity measurement reviews. The Cluster and Area Complement Committees meet as needed to review staffing issues.
4. Ensure that all equipment is operational and productive. The Louisville Maintenance Department has taken several steps to re-institute its preventative maintenance policies and procedures. Area Maintenance Support staff will monitor same to ensure compliance. A maintenance review will be conducted in Louisville within 30 days.

"What comes in today gets sorted and dispatched today, and delivered tomorrow."

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Our discussions with plant management have led to decisions which will create better control and integrity in the processing and reporting of mail volumes. We think the review by the OIG has had benefits beyond Louisville. We have shared the concerns with all our offices and will also perform any additional training as well as take necessary corrective action.

If you have any questions or require further clarification, please contact Lawrence Roffenbender, Manager Operations Support at 703-824-7030.

A handwritten signature in black ink, appearing to read "Henry A. Pankey". The signature is fluid and cursive, with the first name "Henry" being the most prominent part.

Henry A. Pankey

cc: Clarence Lewis
Jack Potter

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