Efficiency of Operations at the Eastern Shore Processing and Distribution Facility, Easton, MD

AUDIT REPORT

Report Number 23-155-R24 | November 20, 2023

OFFICE OF
INSPECTOR
GENERAL
UNITED STATES POSTAL SERVICE

Transmittal Letter

November 20, 2023

MEMORANDUM FOR:	VERNAL D. WEBSTER CHESAPEAKE SR. DIVISION DIRECTOR, PROCESSING OPERATIONS

Joseph E. Wolski (signature)

FROM:	Joseph Wolski Director, Field Operations, Atlantic and Westpac
SUBJECT:	Audit Report - Efficiency of Operations at the Eastern Shore Processing and Distribution Facility, Easton, MD (Report Number 23-155-R24)

This report presents the results of our audit of the Eastern Shore Processing and Distribution Facility.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Monica Brym, Audit Manager, or me at 703-248-2100.

Attachment

cc: Postmaster General
    Chief Processing and Distribution Officer and Executive Vice President
    Chief Logistics Officer and Executive Vice President
    Vice President, Processing and Maintenance Operations
    Vice President, Logistics
    Vice President, Eastern Regional Processing Operations
    Atlantic Regional Director, Logistics
    Corporate Audit Response Management

Results

Background

The U.S. Postal Service needs effective and productive operations to fulfill its mission of providing prompt, reliable, and affordable mail service to the American public. It has a vast transportation network that moves mail and equipment among about 280 processing facilities and 35,000 post offices, stations, and branches. The Postal Service is transforming its processing and logistics networks to become scalable, reliable, visible, efficient, automated, and digitally integrated. This includes modernizing operating plans and aligning the workforce; leveraging emerging technologies to provide world-class visibility and tracking of mail packages in near real-time; and optimizing the surface and air transportation network. The U.S. Postal Service Office of Inspector General (OIG) reviews the efficiency of mail processing operations at facilities across the country and provides management with timely feedback to further the Postal Service's mission.

This report presents the results of our self-initiated audit of the efficiency of operations at the Eastern Shore Processing and Distribution Facility (P&DF) in Easton, MD (Project Number 23-155). We judgmentally selected the Eastern Shore P&DF based on a review of first and last mile failures;[1] workhours; mail volume and productivity; scan compliance;[2] and late, canceled, and extra trips. The Eastern Shore P&DF is in the Chesapeake Division and processes letters, flats, and parcels. The Eastern Shore P&DF services multiple 3-digit ZIP Codes in urban and rural communities[3] (see Table 1).

Table 1. Population Demographics

3-Digit ZIP Codes	Urban Population	Rural Population	Total Population
216	64,286	106,418	170,704
218	116,651	65,481	182,132

Source: Postal Service National Distribution Labeling List and 2020 Census Bureau data.

Objective, Scope, and Methodology

Our objective was to evaluate the efficiency of operations at the Eastern Shore P&DF.

To accomplish our objective, we focused on five audit areas: mail clearance times,[4] delayed mail, late and extra outbound trips, dock scanning, and security of registry items. We reviewed Surface Visibility Web (SVWeb)[5] data for late, canceled, and extra trips, as well as scan compliance for the period from August 1, 2022, to July 31, 2023. Further, we identified mail clearance time goals for the Eastern Shore P&DF and compared them with operations shown in the Run Plan Generator[6] report. During our site visit the week of September 11, 2023, we interviewed P&DF management and observed mail processing and dock operations.

During this time, the OIG also audited three delivery units[7] serviced by the Eastern Shore P&DF. We will provide the results of those audits to Maryland District management in separate reports. See Appendix A for additional information about our scope and methodology.

Results Summary

We identified deficiencies for two of the five areas we reviewed that affected the efficiency of operations

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1   First mile failures occur when a mailpiece is collected and does not receive a processing scan at a processing facility on the day that it was intended. Last mile failures occur after the mailpiece has been processed at a processing facility on a final processing operation and is not delivered to the customer on the day it was intended.
2   Scans include load, depart, unload, close, assign, and arrive.
3   We obtained ZIP Code information related to population and urban/rural classification from 2020 Census Bureau information.
4   The latest time committed mail can clear an operation for proper dispatch or delivery.
5   A website dedicated to the Surface Visibility program, which provides real-time transportation updates and reports on the movement of trailers in the surface network. The data captured to identify early, on-time, late, or canceled trips is also used to evaluate and improve transportation schedules.
6   An application mail processing facilities use to plan machine utilization based on volume, clearance times, and other criteria.
7   The three delivery units were Cambridge Post Office, Cambridge, MD (project number 23-156-1); Easton Post Office, Easton, MD (project number 23-156-2); and Salisbury Post Office, Salisbury, MD (project number 23-156-3).

at the Eastern Shore P&DF. We also identified other issues related to safety and security (see Table 2).

Table 2. Summary of Results

Audit Area	Issues Identified	
	Yes	No
Clearance Times		X
Delayed Mail	X	
Late, Canceled, and Extra Outbound Trips		X
Scan Compliance		X
Registry Cage	X	
Other Issues	X	

Source: Results of OIG review conducted from September 11 to 14, 2023.

For the audit areas where issues were not identified, we performed the following:

- Clearance Times – We analyzed mail processing schedules and data to verify the plant was meeting the scheduled clearance times. During our visit, we also observed the timely processing of mail.

- Late, Canceled, and Extra Outbound Trips – We observed departing trucks and analyzed data related to late and extra outbound trips and did not find any systemic issues.

- Scan Compliance – We analyzed scanning data and observed employees scanning containers loaded onto outgoing trucks. We did not find any systemic issues.

What We Found

We observed delayed mail in the facility on each day of our observations from September 11 through 14, 2023. On September 11, 2023, we observed about 1,104[8] delayed flats staged in a container near the docks at approximately 2:00 p.m. The mail in that container was processed and should have departed on transportation from the facility at 1:30 a.m. on September 11, 2023, for delivery that day (see Figure 1). Management agreed that this mail did not meet the dispatch time for transportation to the delivery units that morning.

Figure 1. Examples of Delayed Mail Staged for Transportation

Source: OIG photos taken on September 11, 2023 at 2:00 p.m.

On the morning of September 12, 2023, we observed about 900 flats staged for processing at the Automated Flats Sorting Machine (AFSM), that arrived at the facility after the critical entry time for mail to be processed for delivery the next day. We sampled this mail and found it was due for delivery between Saturday, September 9 (three working days prior) and Wednesday, September 13 (the next day) (see Figure 2).

On the morning of September 13, 2023, we observed about 675 flats staged for processing at the AFSM that arrived after the critical entry time for processing.

Management stated some of this mail would not meet its service standard due to its late arrival into the facility from other processing facilities in Maryland.

Figure 2. Example of Delayed Mail Staged at the AFSM

Source: OIG photos taken on September 12, 2023.

Further, management did not report this mail as delayed in the Mail Condition Visualization (MCV) system.[9] Rather, management reported 34,228 flat mailpieces as on hand[10] in the MCV system from September 11 to 14, 2023 (see Table 3).

Table 3. Reported On-Hand Mail at the Eastern Shore P&DF

Date	Number of Flat Mailpieces
09/11/2023	4,417
09/12/2023	7,453
09/13/2023	11,593
09/14/2023	10,765
Total	**34,228**

Source: MCV.

In addition, during our observations, we identified poor labeling practices—including labels,[11] placards,[12]

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8   OIG estimate based on Postal Service conversion factors in Management Condition Visualization Manual Line Item Entry Job Aid, October 26, 2020.
9   Mail Condition Visualization (MCV) provides near real-time visibility of a facility's on-hand volume, delayed processing volume, delayed dispatch volume, and oldest mail date by mail category and processing operation and stores historical trailer information.
10 On-hand pieces include pieces scanned at the facility and pieces nested to containers that arrived at the facility. Pieces are removed from on-hand counts when they complete their final processing operation in that facility or receive a scan at a different processing facility.
11 A label, placed on a tray or tub container for mail, uses both text and a barcode to convey the mail destination, class, shape, sort level, barcode status, and date of delivery (for First Class Mail only).
12 A mail transportation equipment labeler placard is attached to mailpiece containers and contains route, trip, and destination information for those mailpieces.

and tags[13]—with incorrect or missing dates and times for mail processed at the Eastern Shore P&DF. We were unable to determine if this mail was delayed due to the poor labeling practices.

Regarding labels, we observed the facility used labels on tubs containing flats for delivery during processing operations, with incorrect delivery dates. For example, on September 12, 2023, we observed tubs containing flats sorted on a mail processing machine with labels that indicated a delivery date of Saturday, August 26, 2023 (14 working days prior) rather than the correct delivery date of Wednesday, September 13, 2023 (see Figure 3).

**Figure 3. Outdated Labels Used During Flat Processing Operations**
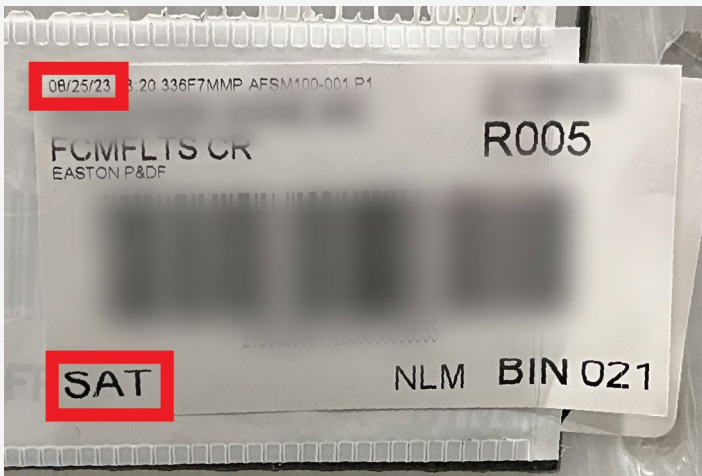
Source: OIG photos taken on September 12, 2023.

Regarding tags, we observed the facility used placards on containers of processed mail that had incorrect trip departure information, specifically trip dates and times. For example, at approximately 6:40 a.m. on September 13, 2023, we observed about 1,104 first-class flat mailpieces in a container staged for transportation to a delivery unit. According to the placard on the container, the mail was scheduled to depart the facility on a morning truck to a delivery unit on the day prior — September 12 (see Figure 4). Management acknowledged they were using placards with the incorrect trip departure date, printed the prior day, for transportation to delivery

units. Due to the use of the placard with the wrong delivery date, we were unable to determine if these mailpieces were delayed.

Figure 4. Examples of Placards with Incorrect Trip Departure Information
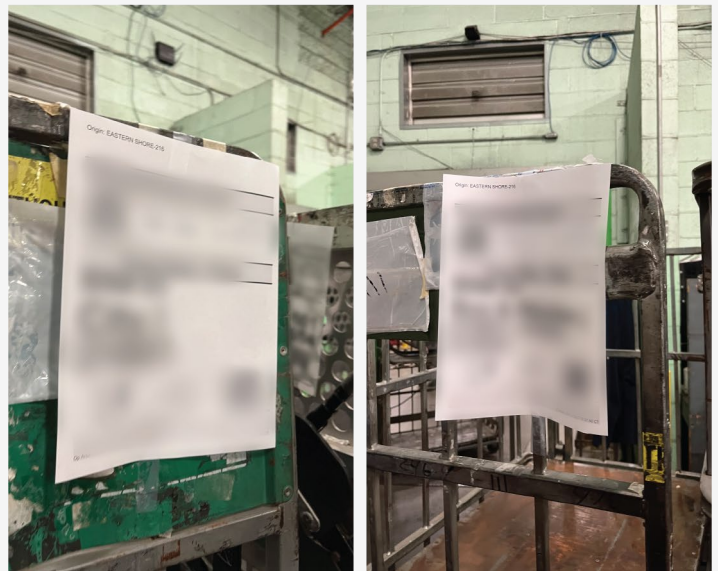
Source: OIG photos taken on September 13, 2023, at 6:41 a.m.

Finally, we observed color-coded tags used incorrectly to date sequence mail for processing at Eastern Shore P&DF (see Figure 5). Specifically, we observed:

- Mail entering the facility on Wednesday, September 13, 2023, with a tag that indicated the mail arrived at the facility on Friday,

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13 Color codes are used on tags to identify the date sequence in which the mail must be processed in the facility.

September 15, 2023 and should complete processing on Saturday, September 16, 2023 (see Figure 5).

- Mail clerks coded standard mail staged for processing on September 13, 2023 with a tag for First Class Mail processing (see Figure 6).

- Containers of mail entering the facility for processing during all four days of our observations, that did not include the date and time the mail was received into the facility (see Figure 7).

Figure 5. Incorrect Color-Code Labels
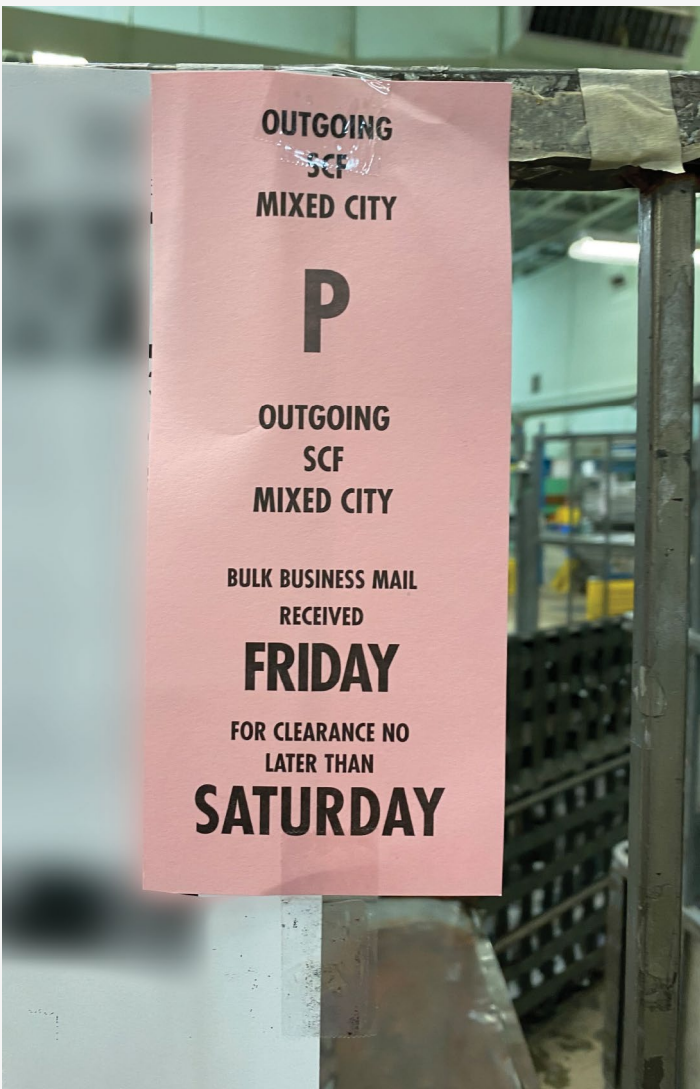
Source: OIG photos taken on September 13, 2023.

Figure 6. Incorrectly Color-Coded Standard Mail at the Eastern Shore P&DF
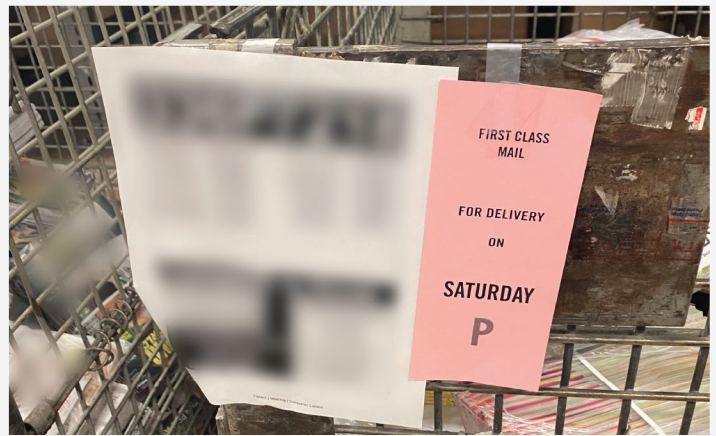
Source: OIG photos taken on September 13, 2023.

Figure 7. Labels Missing Mail Arrival Dates and Times

Source: OIG photos taken on September 13, 2023.

Why Did it Occur

Management did not provide proper oversight to ensure that all mail was processed timely for dispatch to meet service standards. Management acknowledged that on September 11, 2023, supervisors did not conduct a sweep of the workroom floor after processing operations were completed. In addition, management did not communicate with other processing facilities when receiving mail after the critical entry time for processing. Management stated they do not follow up with or communicate issues with late arriving mail from other facilities unless they are instructed to do so by division management. Finally, management did not properly report delayed mail, including late arriving mail, in the MCV system.

In addition, management did not provide oversight to ensure proper labeling practices were followed at the facility. Management stated that labels for containers of sorted mail used in flat processing operations are printed in large volumes and manually applied to the tray label holder, regardless of the processing date on the label. In addition, supervisors and mail handlers were not trained on the proper labeling practices for labels, placards, and tags.

What Should Have Happened

Postal Service policy[14] states that management should continually gauge how well they are managing the flow of mail and have managerial control over the workload, personnel, and equipment needed for a well-run operation. Management should use the Mail Arrival Quality/Plant Arrival Quality system to communicate and resolve issues with mail arriving delayed from other processing facilities.[15] As part of Postal Service practice, a delayed mail count should be performed and accurately reported in the MCV system daily.[16] This practice indicates that unprocessed mail due for delivery that day should be reported as delayed mail.

Postal Service policy[17] addresses the importance of accurately labeling mail, as label information is used throughout the mailstream to ensure timely processing. In addition, the policy states that management should assign an employee to check mail trays periodically and indicate verification is complete by maintaining a check off log. Postal Service procedures require placards to be printed daily.[18]

Effect on the Postal Service and its Customers

When mail is not processed in accordance with proper procedures, there is an increased likelihood that mail will not be taken to the dock in time for dispatch to delivery units, which can result in delays and service failures. Inaccurate reporting of delayed mail in the MCV system provides management at the local, district, area, and headquarters levels with an inaccurate status of mail delays and can result in improper actions taken to address issues. In addition, incorrect or incomplete labels on mail as it moves through a processing facility make it difficult to manage the mail flow and correctly prioritize the processing of mail. When mail is delayed, there is an increased risk of customer dissatisfaction, which may adversely affect the Postal Service brand.

> **Recommendation #1**
> We recommend the **Chesapeake Division Director, Processing Operations**, verify supervisors conduct sweeps and verify delayed mail counts are entered correctly into the Mail Condition Visualization system at the Eastern Shore Processing and Distribution Facility.

> **Recommendation #2**
> We recommend the **Chesapeake Division Director, Processing Operations**, perform an analysis of mail arriving to the Eastern Shore Processing and Distribution Facility after the critical entry time and document any systemic issues into the Mail Arrival Quality/Plant Arrival Quality system and steps are taken to resolve any issues.

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14   Handbook PO-413, Platform Operations, Section 2-4.4, dated December 2013.
15   The Mail Arrival Quality/Plant Arrival Quality system facilitates communication and resolution of issues with the movement of mail, including collection mail, between postal facilities.
16   MCV Manual Line Item Entry Job Aid.
17   Handbook PO-441, Rehandling of Mail Best Practices, Section 4-8.1, dated April 2002.
18   SVWeb Guide.

Recommendation #3

We recommend the **Chesapeake Division Director, Processing Operations**, coordinate with plant management to train mail clerks and supervisors at the Eastern Shore Processing and Distribution Facility on proper labeling procedures in processing operations and verify these procedures are followed.

Recommendation #4

We recommend the **Chesapeake Division Director, Processing Operations**, implement a verification process to check for accurate labels on mail tubs at the Eastern Shore Processing and Distribution Facility.

Finding #2: Registry Cage

What We Found

The Eastern Shore P&DF did not consistently follow procedures for the handling and security of Registered Mail.[19] During the week of audit fieldwork, we observed unattended registry items on the dock of the Eastern Shore P&DF. On the morning of September 12, 2023, we observed one sealed registry sack unsecured and unattended on the dock platform for approximately two hours before it was dispatched to a delivery unit (see Figure 8). On the evening of September 13, 2023, we observed registry items arriving to the facility from delivery units that were unsecured and unattended on the dock for over an hour before transfer to the secure registry cage (see Figure 9). We observed the acting supervisor and employees unload collection mail off trucks, leaving the registry items unattended in designated registry item containers that remained unlocked on the dock.

In addition, we did not observe hand-to-hand exchanges during the transfer of registry items from the trucks to the containers on the docks. The employee responsible for accounting for all the arriving registry items on the evening of September 13, 2023, had clocked out and departed before properly transferring the registry items to another employee.

Figure 9. Examples of Unsecured and Unattended Registered Mail on the Dock

Source: OIG photos taken on September 13, 2023 at 7:11 p.m. and 8:20 p.m.

Figure 8. Unsecured Registry Sack on the Dock at Eastern Shore P&DF

Source: OIG photos taken on September 12, 2023 at 5:10 a.m.

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19 Registered Mail provides added protection for valuable and important customer and internal mail with evidence of mailing and delivery.

In addition, the Eastern Shore P&DF did not maintain logs[20] recording personnel that had accessed the registry cage where registry items are securely stored.

Why Did it Occur

Postal Service employees did not secure all registry items nor maintain accountability for individuals with access to the registry cage due to a lack of management oversight. Specifically, management did not monitor and ensure employees properly safeguarded registry items arriving and departing from the facility. In addition, management did not have employees staffed on each shift to ensure hand-to-hand exchanges during the transfer of registry items from one shift to the next. Further, management stated that employees were not properly trained on registry item procedures.

What Should Have Happened

Postal Service policy[21] requires hand-to-hand exchanges during the transfer of registry items from one individual to another and both parties must remain present until the transfer is completed. The policy requires during hand-to-hand exchanges that the receiving individual verify all registered information against the entries on the transfer form and legibly sign all copies. Per the policy, the Postal Service requires all incoming registered mail to be immediately moved to the registry section and limits the time it can be held at the dock to no more than 30 minutes. The policy also requires all employees and visitors to sign in and out of the registry room or cage where registry items are secured in the facility.

Effect on the Postal Service and its Customers

Registered Mail provides added protection to the customer by providing evidence of secure mail and delivery for valuable and important items. When Registered Mail is not secured in accordance with proper procedures, there is an increased risk of loss or theft of items that customers have entrusted the Postal Service to provide added protection for secure delivery. When Registered Mail is not secured, there is an increased risk of insurance claims and customer dissatisfaction with the Registered Mail service, potentially impacting the brand.

Recommendation #5

We recommend the **Chesapeake Division Director, Processing Operations**, verify all personnel responsible for Registered Mail comply with hand-to-hand registry item policies and maintain a registry cage log at the Eastern Shore Processing and Distribution Facility.

Recommendation #6

We recommend the **Chesapeake Division Director, Processing Operations**, implement a process to verify supervised transfers of registry items on the dock, secure these items while on the dock, and limit the time the items are held on the dock at the Eastern Shore Processing and Distribution Facility.

Recommendation #7

We recommend the **Chesapeake Division Director, Processing Operations**, verify all personnel responsible for Registered Mail, including temporarily assigned employees, complete required training on registry item procedures and understand their responsibilities for securing registry items at the Eastern Shore Processing and Distribution Facility.

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20 Postal Service (PS) Form 1625, Record of Entry into Registry Section.
21 Handbook DM-901, Sections 4-1.1, 6-1.3.3, and 7-1.3.1.

Finding #3: Safety and Security

What We Found

During our site observations, we observed several security and safety issues. Specifically, we observed the following:

Security issues:

Drivers were not always securing trailer doors when departing from the facility (see Figure 10).

The server room door was propped open during the week of our visit (see Figure 11).

Figure 10. Examples of Unsecured HCR Trailers at the Eastern Shore P&DF

Source: OIG photos taken on September 12, 2023.
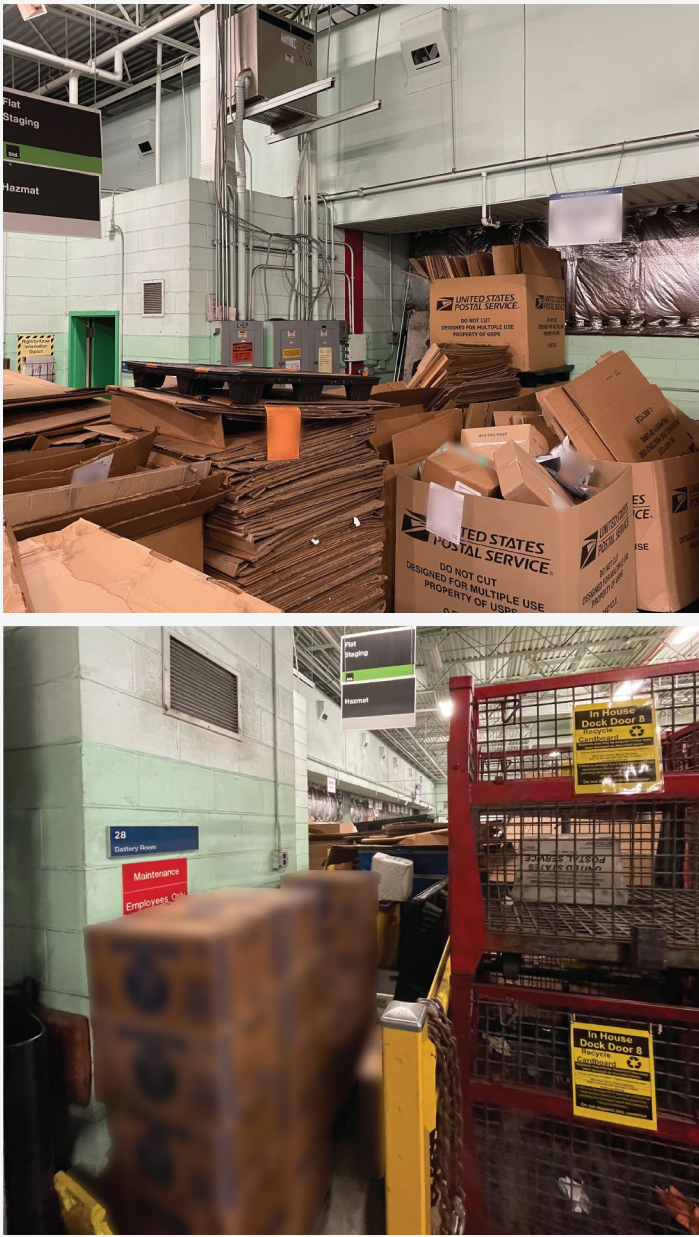
Figure 11. Unsecured Server Room Door

Source: OIG photos taken on September 13, 2023.

Safety issues:

Electrical panels located on the dock were blocked by empty mail transportation equipment (see Figure 12).

Figure 12. Blocked Electrical Panels at the Eastern Shore P&DF

Source: OIG photos taken on September 12, 2023.

Why Did it Occur

The inconsistent use of trailer locks, unsecured server room door, and the blocked electrical panels were all due to a lack of management oversight. Management and expeditors did not know these trailers were required to be secured. In addition, management did not verify that drivers were using locks. Management stated the Highway Contract

Route (HCR) contractor should provide locks for the trailers but acknowledged that they had overlooked and did not enforce measures to secure the trailers. In response to our observations, management spoke with the HCR contractor on the morning of September 14, 2023, and management stated they received agreement from the contractor to provide locks for the drivers, to be distributed by the Postal Service at the plant.

According to management, the door to the server room was left opened due to air flow issues affecting temperature control in the room. In addition, management stated that supervisor offices, located behind the server room, with access only through the server room, were impacted by the air flow and temperature control issues. However, the plant manager stated that adjustments were made to properly feed air into the server room several months ago and this door should be kept closed.

Regarding the blocked electrical panels, management stated they were not aware the panels were blocked. They also stated they were unaware of the requirement to ensure electrical panels remain accessible.

What Should Have Happened

The Postal Service must preserve the security of the mail and ensure HCR drivers comply with security policies regarding the transportation of mail in trailers. Postal Service policy[22] states that all doors to the cargo compartment must be equipped with locks and kept locked while enroute.

The Postal Service must also preserve the security of physical assets and ensure only authorized personnel have access to those areas of the facility. Postal Service policy[23] states that access to controlled areas like a server room must be restricted to personnel whose duties require access to those areas.

In addition, the Postal Service is required to maintain a safe environment for employees and customers. The Occupational Safety and Health Administration

22   Handbook PO-515, *Highway Contractor Safety*, Section 448.2, dated July 2010.
23   Handbook AS-805, *Information Security*, dated September 2022.

(OSHA) requires employers to provide a safe and healthy workplace free of recognized hazards.[24]

Effect on the Postal Service and its Customers

When the Postal Service does not preserve and protect the security of the mail in its custody there is an increased risk of unauthorized opening, inspection, reading, tampering, delaying, or committing other unauthorized acts. Management's attention to maintenance, safety, and security deficiencies can reduce the risk of injuries to employees and customers; reduce related costs, such as workers' compensation claims, lawsuits, and OSHA penalties; and enhance the customer experience and Postal Service brand.

Management Actions

On October 2, 2023, management provided documentation on actions taken to instruct employees to keep the server room door closed and verified that the door remains closed. Therefore, we will not be making a recommendation regarding this issue.

In response to our observations, management took action during the week of our visit to remove the empty equipment that was blocking the path to the electrical panels. Therefore, we will not be making a recommendation regarding this issue.

> **Recommendation #8**
> We recommend the **Chesapeake Division Director, Processing Operations**, verify all Highway Contract Route drivers are securing trailer cargo at the Eastern Shore Processing and Distribution Facility.

Management's Comments

Management agreed with the findings related to the registry cage and safety and security of the facility, and partially disagreed with the finding related to delayed mail. Management agreed with all recommendations. See Appendix B for management's comments in their entirety.

Regarding the delayed mail finding, management identified an MTEL placard printing error that caused some of the mail to appear as delayed. Management stated other portions of the mail failed its service standard because it arrived late from its origin. Management asserts the mail was properly handled upon receipt. Containers arriving after critical entry time were entered as on hand in the MCV system. Further, regarding incorrect use of color-coded tags, management combined First-Class Mail and Periodicals to limit container use and maintain the service standard, allowing the processing of unplanned volumes.

Regarding recommendation 1, management stated they will reiterate the importance of conducting daily sweeps to make sure mail is not left and the information entered in the MCV system is accurate. The target implementation date is February 29, 2024.

Regarding recommendation 2, management stated it will continue to communicate daily with other operational stakeholders when mail arrives after the critical entry time and record the issues and resolution in the Mail Arrival Quality/Plant Arrival Quality system. The target implementation date is February 29, 2024.

Regarding recommendation 3, management stated they will conduct a service talk on proper labeling procedures in processing operations and monitor for compliance. The target implementation date is February 29, 2024.

Regarding recommendation 4, management stated they will remove the day of delivery from the label and affix an additional placard on the containers showing the appropriate day of delivery. The target implementation date is February 29, 2024.

Regarding recommendation 5, management stated they will require the use of Postal Service (PS) Form 1625 *Record of Entry into Registry Section* for personnel handling registered items. They will also hold a service talk on the proper security and transfer of registry items. The target implementation date is March 30, 2024.

Regarding recommendation 6, management stated they will conduct a service talk instructing

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24 Occupational Safety and Health Act of 1970.

employees to take registry items to a secure location immediately upon receipt. The target implementation date is February 29, 2024.

Regarding recommendation 7, management stated they will require the use of PS Form 1625 for personnel handling registered items. They will also hold a service talk on the proper security and transfer of registry items. The target implementation date is March 30, 2024.

Regarding recommendation 8, management stated they will verify Highway Contract Route drivers are securing the trailer cargo and will issue PS Form 5500 Contract Route Irregularity Report for any irregularities stated. The target implementation date is March 30, 2024.

Evaluation of Management's Comments

The OIG considers management's comments responsive to the recommendations and corrective actions should resolve the issues identified in the report.

Regarding management's statement that an MTEL placard printing error caused mail to incorrectly appear as delayed when in fact it was due for delivery on that day. We disagree that the mail was due for delivery on September 13. During our observations, we observed this mail on the afternoon of September 11 and plant management agreed that this mail did not meet the dispatch time for transportation to the delivery units on the morning of September 11. In addition, plant management acknowledged that on September 11 supervisors did not conduct a sweep of the workroom floor after processing operations were completed. Further, management did not provide any evidence to support their statement that the mail we observed on September 11 was due for delivery on September 13 and therefore not delayed.

Management also stated that other portions of the mail failed its service standard because it arrived late from its origin. We sampled mail that had arrived at the facility after the critical entry time and found mail that was due for delivery between three working days prior and the next day. During our observations, we

did not identify any issues with processing this mail upon receipt into the facility. However, we disagree that mail arriving after the critical entry time is considered "on hand" mail and should be entered as such into the MCV system. Postal Service practice indicates that unprocessed mail, due for delivery that day, should be reported as delayed mail. Accurate reporting of this mail in the MCV system provides management with an accurate status of mail delays and can result in actions taken to address them.

In addition, regarding management's statement that it combined First-Class Mail and Periodicals with a First-Class Mail color-code, the standard mail we observed in the container staged for processing with a tag for First-Class Mail did not have any First-Class Mail mixed into the container. Correct labels on mail as it moves through a processing facility make it easier to manage the mail flow and prioritize the processing of mail.

Regarding recommendation 2, management stated they will continue performing their current process of communicating daily with other operational stakeholders when mail arrives after the critical entry time. To close this recommendation, management will need to provide evidence of those communications and any issues identified from an analysis of the content of mail arriving after the critical entry time.

All recommendations require OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. All recommendations should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendations can be closed.

Appendix A. Additional Information

We conducted this audit from September through November 2023, 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 on November 2, 2023, and included their comments where appropriate.

In planning and conducting the audit, we obtained an understanding of the mail processing operations internal control structure to help determine the nature, timing, and extent of our audit procedures. We reviewed the management controls for overseeing the program and mitigating associated risks. Additionally, we assessed the internal control components and underlying principles, and we determined that the following three components were significant to our audit objective:

- Control Activities
- Information and Communication
- Monitoring

We developed audit work to ensure that we assessed these controls. Based on the work performed, we identified internal control deficiencies related to all three components that were significant within the context of our objectives. Our recommendations, if implemented, should correct the weaknesses we identified.

We assessed the reliability of Web End of Run,[25] MCV, and SVWeb data by reviewing existing information, comparing data from other sources, observing operations, and interviewing Postal Service officials knowledgeable about the data. We determined that the data were sufficiently reliable for the purposes of this report.

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25 Web End of Run is a Web-based application used in collecting operational data from automated and mechanized mail processing equipment.

UNITED STATES POSTAL SERVICE

November 13, 2023

JOHN CIHOTA
DIRECTOR, AUDIT SERVICES

SUBJECT: Management Response: Efficiency of Operations at the Eastern Shore Processing
and Distribution Facility, Easton, MD. (Report Number 23-155-DRAFT)

Thank you for providing the Postal Service an opportunity to review and comment on the findings
contained in the draft audit report, *Efficiency of Operations at the Eastern Shore Processing and
Distribution Facility, Easton, MD.*

Management agrees with the findings related to the registry cage and safety and security;
however, we partially disagree with the delayed mail finding.

A printing error caused the MTEL placard to default to the trip observed during the OIG's visit on
September 12, 2023, causing some of the mail to appear as delayed when in fact the mail was
due for delivery on the 13th. Other portions of the mail failed its service standard because it
arrived late from its origin. The mail was properly handled upon receipt. Containers arriving after
the critical entry time are considered on hand and entered as such in MCV.

While the OIG cited incorrect use of color- code tags, management combined First Class mail
and periodicals to limit container use and maintain the service standard, allowing the processing
of unplanned volumes.

Following are our comments on each of the eight recommendations.

Recommendation 1: We recommend the Chesapeake Division Director, Processing Operations,
verify supervisors conduct sweeps and verify delayed mail counts are entered correctly into the
Mail Condition Visualization system at the Eastern Shore Processing and Distribution Facility.

Management Response/Action Plan:
Management agrees to reiterate the importance of conducting daily sweeps. A process in place to
verify daily sweeps are conducted to ensure mail is not left and that the information entered in
MCV is accurate.

Target Implementation Date: 02/29/2024

Responsible Official: Chesapeake Division Director, Processing Operations

Recommendation 2: We recommend the Chesapeake Division Director, Processing Operations,
perform an analysis of mail arriving to the Eastern Shore Processing and Distribution Facility
after the critical entry time and document any systemic issues into the Mail Arrival Quality/Plant
Arrival Quality system and steps are taken to resolve any issues.

<u>Management Response/Action Plan:</u>
Management agrees to continue performing its current process of communicating daily with other operational stakeholders when mail arrives after the critical entry time. MAQ/PAQ will be used to record issues and resolution.

<u>Target Implementation Date</u>: 02/29/2024

<u>Responsible Official</u>: Plant Manager

<u>Recommendation 3:</u> We recommend the Chesapeake Division Director, Processing Operations, coordinate with plant management to train mail clerks and supervisors at the Eastern Shore Processing and Distribution Facility on proper labeling procedures in processing operations and verify these procedures are followed.

<u>Management Response/Action Plan:</u>
Management agrees with this recommendation. Management will conduct a service talk on proper labeling procedures in processing operations and monitor for compliance.

<u>Target Implementation Date</u>: 02/29/2024

<u>Responsible Official</u>:

<u>Recommendation 4:</u> We recommend the Chesapeake Division Director, Processing Operations, implement a verification process to check for accurate labels on mail tubs at the Eastern Shore Processing and Distribution Facility.

<u>Management Response/Action Plan:</u>
Management agrees with this recommendation. Management will remove the day of delivery from the label and affix an additional placard on the containers showing the appropriate day of delivery.

<u>Target Implementation Date</u>: 02/29/2024

<u>Responsible Official</u>: Plant Manager

<u>Recommendation 5:</u> We recommend the Chesapeake Division Director, Processing Operations, verify all personnel responsible for Registered Mail comply with hand-to-hand registry item policies and maintain a registry cage log at the Eastern Shore Processing and Distribution Facility.

<u>Management Response/Action Plan:</u>
Management agrees with this recommendation. Management will require use of PS Form 1625 *Record of Entry into Registry Section* for personnel handling registered items. Additionally, a service talk will be conducted on proper security and transfer of registry items.

<u>Target Implementation Date</u>: 03/30/2024

<u>Responsible Official</u>: Plant Manager

Recommendation 6: We recommend the Chesapeake Division Director, Processing Operations, implement a process to verify supervised transfers of registry items on the dock, secure these items while on the dock, and limit the time the items are held on the dock at the Eastern Shore Processing and Distribution Facility.

Management Response/Action Plan:
Management agrees with this recommendation. Management will conduct a service talk instructing employees to take registry items to a secure location immediately upon receipt; thus, limiting the time these items remain on the dock.

Target Implementation Date: 02/29/2024

Responsible Official: Plant Manager

Recommendation 7: We recommend the Chesapeake Division Director, Processing Operations, verify all personnel responsible for Registered Mail, including temporarily assigned employees, complete required training on registry item procedures and understand their responsibilities for securing registry items at the Eastern Shore Processing and Distribution Facility.

Management Response/Action Plan:
Management agrees with this recommendation. Management will require use of PS Form 1625 *Record of Entry into Registry Section* for personnel handling registered items. Additionally, a service talk will be conducted on proper security and transfer of registry items as outlined in Postal Service handbooks and manuals.

Target Implementation Date: 03/30/2024

Responsible Official: Plant Manager

Recommendation 8: We recommend the Chesapeake Division Director, Processing Operations, verify all Highway Contract Route drivers are securing trailer cargo at the Eastern Shore Processing and Distribution Facility.

Management Response/Action Plan:
Management agrees with this recommendation. Management will verify HCR drivers are securing trailer cargo area and will issue PS Form 5500 *Contract Route Irregularity Report* for any irregularities.

Target Implementation Date: 03/30/2024

Responsible Official: Plant Manager

E-SIGNED by Vernal.D Webster
on 2023-11-16 09:05:57 EST

Dave Webster
Sr. Division Director, Chesapeake Processing Operations

cc: Vice President, Regional Processing Operations (Eastern)
Corporate Audit Response Management

Contact us via our Hotline and FOIA forms. Follow us on social networks. Stay informed.

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