



OFFICE OF INSPECTOR GENERAL

UNITED STATES POSTAL SERVICE

Chicago District Processing Facilities' Process for Mail Count and Color Coding of Standard Mail

Audit Report

Report Number
NO-AR-16-007

April 22, 2016



RECEIPT
DATE: _____
TIME: _____

STANDARD
MAIL
FOR
CLEARANCE
MONDAY
(BLUE)

RECEIPT
DATE: _____
TIME: _____

STANDARD
MXD
FOR
PROCESSING
TUESDAY
(ORANGE)

RECEIPT
DATE: _____
TIME: _____

STANDARD
MAIL
FOR
DELIVERY
THURSDAY
(VIOLET)

BBM
SCHEDULED FOR
**FRIDAY
DELIVERY**

For use on Bulk Business Mail
in conjunction with the
National BBM
Color Code Policy

PLEASE CONSULT THE MOST
RECENT BBM COLOR CODE
INSTRUCTIONS FOR SPECIFIC
PROCEDURES REGARDING THE
PROPER USE OF THIS TAG

THIS TAG IS INTENDED
FOR REUSE

01250E



OFFICE OF INSPECTOR GENERAL

UNITED STATES POSTAL SERVICE

Highlights

Chicago District processing facilities' mail counts were inaccurate and employees did not accurately color code Standard Mail.

Background

The U.S. Postal Service requires daily mail counts at all processing facilities. Postal Service employees put information related to mail volume and the prior day's processing into the Web Mail Condition Reporting System. This information is available to management for planning, operational analysis, and forecasting. In addition, the Postal Service uses a color-coding system to facilitate timely movement of Standard Mail. Employees assign color-code tags to Standard Mail® containers based on the day of the week they arrive at a processing facility. This enables easy processing of mail using the first-in-first-out method.

The Chicago District manager asked the U.S Postal Service Office of Inspector General (OIG) to review mail counting and color-coding procedures in two processing facilities within the Chicago District. The Chicago Metro Surface Center processes over 1.5 million packages a week and the processing facilities handle over 14,500 containers of Standard Mail a week.

Our objective was to determine whether Chicago District processing facility employees accurately counted mail and applied color-code tags to Standard Mail in accordance with policies.

What the OIG Found

Chicago District processing facilities' mail counts were inaccurate and employees did not accurately color code Standard Mail. Total mail volume reported for on-hand and delayed mail for both outgoing Priority Mail and Standard Mail during our observations at the Chicago Metro Surface Center was about 1.3 million mailpieces.

The mail count submitted under-reported on-hand and delayed mail by 344,300 mailpieces (or 25 percent) and employees did not report the date of the oldest mail at the facility. In addition, 354 of 1,044 Standard Mail containers we reviewed (or 34 percent) did not have color-code tags, had tags that were missing the date and time of mail arrival, or had tags of the wrong color. These conditions occurred because Postal Service employees had inadequate knowledge of the requirements for mail counting and color coding of Standard Mail.

According to Postal Service policy, all mail at a facility must be counted and reported (including delayed mail) with a notation identifying the mail that has been at the facility the longest. In addition, policy requires employees to assign color-coded tags to Standard Mail pieces based on the day of the week they arrive at a processing facility. Employees must write the time and date the mail was received on the color-code tag.

Inaccurate reporting of mail volume and delayed mail affects management's ability to accurately plan, analyze, and forecast. Improperly color-coded mail can be processed later than intended, which can delay the processing, dispatch, and delivery of Standard Mail.

What the OIG Recommended

We recommended the Chicago District manager direct plant managers to develop an ongoing program to ensure all new and existing employees have sufficient knowledge to conduct and report daily mail counts and accurately apply color-code tags to Standard Mail containers.


Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

April 22, 2016

MEMORANDUM FOR: GREGORY W. JOHNSON
DISTRICT MANAGER, CHICAGO DISTRICT

E-Signed by Michael, Thompson
VERIFY authenticity with eSign Desktop


FROM: Michael L. Thompson
Deputy Assistant Inspector General
for Mission Operations

SUBJECT: Audit Report – Chicago District Processing Facilities’
Process for Mail Count and Color Coding of Standard Mail
(Report Number NO-AR-16-007)

This report presents the results of our audit of Chicago District Processing Facilities’ Process for Counting and Color Coding of Standard Mail (Project Number 16XG005NO000).

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Margaret McDavid, director, Network Processing, or me at 703-248-2100.

Attachment

cc: Vice President, Network Operations

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Findings

The Postal Service requires employees at processing facilities nationwide to conduct daily mail counts.

Mail containers we reviewed (34 percent) either did not have color-code tags, had tags that were missing the date and time of mail arrival, or had tags with the wrong color.

Introduction

This report presents the results of our audit of Chicago District processing facilities' process for mail count and color coding of Standard Mail (Project Number 16XG005NO000). The Chicago District manager asked the U.S Postal Service Office of Inspector General (OIG) to review mail counting and color-coding procedures at two processing facilities in the Chicago District. Our objective was to determine whether Chicago District processing facility employees conducted accurate mail counts and applied color-code tags to Standard Mail in accordance with policies. See [Appendix A](#) for additional information about this audit.

The Postal Service requires employees at processing facilities nationwide to conduct daily mail counts. Employees put information related to mail volume and the prior day's processing into the Web Mail Condition Reporting System (WebMCRS). This information is available to management officials for planning, operational analysis, and forecasting.

The Postal Service uses a system of color coding to facilitate timely movement of Standard Mail.¹ Employees apply a color-code tag to the Standard Mail[®] container based on the day of the week it arrives at a processing facility. This tag identifies the day for clearance and delivery, which enables easy processing of Standard Mail using the first-in-first-out (FIFO) method.

Summary

Mail counts at the Chicago District processing facilities² we reviewed were inaccurate and Standard Mail was not properly color coded. Total mail volume reported for on-hand and delayed mail for both outgoing Priority Mail³ and Standard Mail during our observations at the CMSC was about 1.3 million mailpieces. We found that mail counts under reported on-hand⁴ and delayed mail⁵ by 344,300 mailpieces (or 25 percent) in both outgoing Priority Mail and Standard Mail. In addition, 354 of the 1,044 Standard Mail containers we reviewed (34 percent) either did not have color-code tags, had tags that were missing the date and time of mail arrival, or had tags with the wrong color. These conditions occurred because Postal Service employees had inadequate knowledge of the process for counting and color coding Standard Mail.

Inaccurately reporting mail volume and delayed mail affects management's ability to accurately analyze, forecast, and plan. Improperly color coded mail can be processed later than intended, which can lead to delays in processing, dispatch, and delivery of Standard Mail.

1 Standard Mail is less than 16 ounces and includes printed matter, flyers, circulars, advertising, newsletters, bulletins, catalogs, and small parcels. Standard Mail accounted for about 52 percent of mail volume and 26 percent of the Postal Service's revenue in 2015.

2 We conducted observations at the Chicago Metro Surface Center (CMSC) and Cardiss Collins Processing and Distribution Center (P&DC).

3 Outgoing Priority Mail is Priority Mail that originates in the processing facility's service area for distribution by the facility.

4 On-hand volume is the total inventory of all available mail awaiting processing at the beginning of the management operating data system day (7 a.m.) by designated operation within the facility, regardless of service commitment. Available mail includes, but is not limited to, mail in the vehicle yard; mail in transit between local/ auxiliary processing facilities; mail at the receiving platform waiting to be unloaded or in the process of being unloaded; mail in staging areas, on the workroom floor, in storage areas, in opening units, ahead of or between operations (including nixie, missent, woodwork, and return to sender, and all unprocessed volume, regardless of commitment), or in dispatch operations; or mail needing sleeving, banding, scanning, and/or sorting.

5 The Postal Service considers mail delayed when it is not processed in time to meet its established delivery day.

We observed on-hand and delayed Priority and Standard Mail at the CMSC that was not reported in WebMCRS.

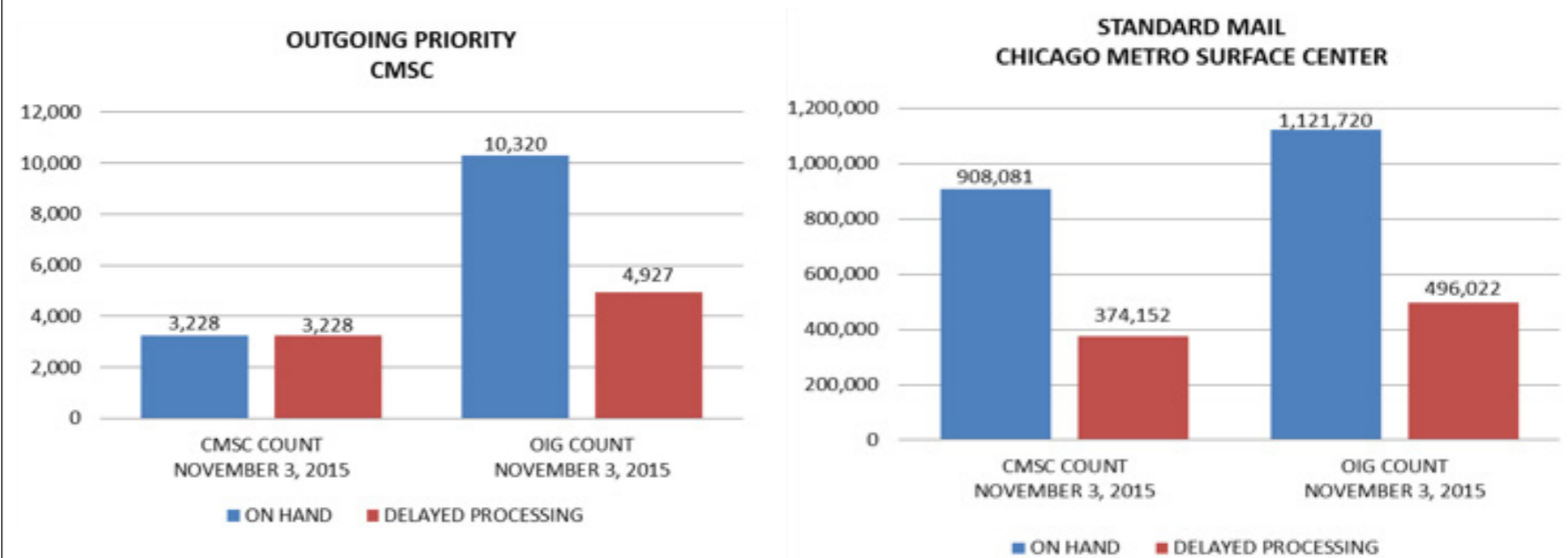
During our observations at the Cardiss Collins P&DC, we discovered the mail count entered into the WebMCRS system was conducted at the beginning of Tour I.

Mail Condition Reporting

The CMSC and the Cardiss Collins P&DC did not include all mail volume in their daily mail counts. Specifically:

- We observed on-hand and delayed Priority and Standard Mail at the CMSC that was not reported in WebMCRS. The CMSC underreported Priority Mail pieces on-hand by 7,092 pieces (or 69 percent) and delayed Priority Mail pieces by 1,699 (or 16 percent). Further, the CMSC underreported Standard Mail pieces on-hand by 213,639 (or 26 percent) and delayed Standard Mail pieces by 121,870 (or 15 percent). Figure 1 compares mail counts conducted by the Postal Service and the OIG.

Figure 1. Mail Counts at the CMSC



Source: OIG staff analysis from observations conducted November 3, 2015, at the CMSC.

- During our observations at the Cardiss Collins P&DC, we discovered the mail count entered into the WebMCRS system was conducted at the beginning of Tour I.⁶ But mail can arrive after that, so the mail count would not accurately depict mail volume at the facility at the beginning of the Management Operating Data System (MODS) day, which starts at 6 a.m. or later.

⁶ A tour is one of three scheduled shifts: Tour I (usually from 11 p.m. to 7 a.m.) is the night shift; Tour II is the day shift (usually from 7 a.m. to 3 p.m.); and Tour III is the evening shift (usually from 3 p.m. to 11 p.m.).

Figure 2. Delayed Mail Not Reported

Failure of Postal Service employees to accurately count and record all on-hand and delayed mail in WebMCRS affects the facility's operational decisions.



Source (from left to right): OIG staff photograph 1, taken November 3, 2015, at the CMSC shows delayed Priority Mail that was not reported on the mail condition report. OIG staff photograph 2 was taken November 17, 2015, at the Cardiss Collins P&DC. This photograph shows delayed mail that should have been delivered by November 14, 2015, and was not reported on the mail condition report.

Additionally, the CMSC and Cardiss Collins P&DC did not record and report the date of the oldest mailpiece in WebMCRS. For additional information on our observations see [Appendix B](#).

According to Postal Service policy,⁷ all mail volume, regardless of the amount, must be counted in the respective categories as outlined in the on-hand, plan failure,⁸ and delayed volume categories. Mail counts must be completed at the beginning of the MODS day (6 a.m., 7 a.m., or 8 a.m. by local designation) by designated operation within the facility, regardless of service commitment. In addition, the oldest date the mail was received in the facility must be reported in WebMCRS.⁹

These conditions occurred because Postal Service employees had inadequate knowledge of the requirements for mail counting and reporting. CMSC management took corrective action when we identified improper counting and reporting procedures by instructing staff to count all mail within the facility. CMSC management stated that they have annual stand-up talks on conducting and reporting daily mail counts, but some employees might miss the talks. There is currently no requirement to conduct stand-up talks on mail counts.

Failure of Postal Service employees to accurately count and record all on-hand and delayed mail in WebMCRS affects the facility's operational decisions. Management is unable to accurately analyze, forecast, plan, and adjust workhours to workload and delayed mail may be further delayed, affecting customer service.

⁷ *WebMCRS Guide*, updated March, 2015, requires all mail to be counted at the facility.

⁸ A plan failure occurs when committed mail is entered into a line item operation prior to its critical entry time (CET), but is not processed by the line item operation clearance time (CT).

⁹ Postal Service Headquarters processing operations created a guide on November 2006, requiring input of the oldest date the mail was received at the facility into WebMCRS.

Color Coding Standard Mail

CMSC and Cardiss Collins P&DC employees did not properly color code Standard Mail containers. Specifically, of the 1,044 staged containers of Standard Mail we reviewed, 354 (or 34 percent) did not have color-code tags, were missing the date and time of mail arrival on the tag, or had tags with the wrong color (see Figures 3 – 5).



Source: OIG

Figure 3. Examples of Missing Color-Code Tags



Source (from left to right): OIG staff took photograph 1 taken on November 4, 2015, at the CMSC; and took photograph 2 on November 18, 2015, at the Cardiss Collins P&DC. Color-code tags like those in the photographs in Figure 4 should be applied to each container. In these two examples, they were not.

The national policy requires employees to assign colored tags to Standard Mail pieces based on the day of the week they arrive at a processing facility.

Figure 4. Examples of Incorrect Color-Code Tags



Source (from left to right): OIG staff took photographs 1 and 2 on November 3, 2015, at the CMSC; and took photograph 3 on November 18, 2015, at the Cardiss Collins P&DC. In photograph 1, Postal Service Headquarters processing operations' created a guide on November 2006, requiring input of the oldest date the mail was received at the facility into WebMCRS. The date on the tag is September 3, but the color-code tag should have had a date of November 3. Photograph 2 illustrates a tag with no time noted and photograph 3 annotates where the mail is to be taken within the facility.

Figure 5. Examples of Missing Date and Time on Color-Code Tags



Source (from left to right): OIG staff took photograph 1 on November 5, 2015, at the CMSC; and took photograph 2 on November 19, 2015, at the Cardiss Collins P&DC.

These conditions occurred because Postal Service employees had inadequate knowledge of the requirements for color coding Standard Mail (see [Appendix C](#)).

National policy requires employees to assign colored tags to Standard Mail pieces based on the day of the week they arrive at a processing facility.¹⁰ Employees must also annotate the time and date the mail was received.¹¹

¹⁰ National Color Code Policy, updated April 10, 2014, states that application of color codes to Standard Mail is based on the arrival of the mail being used in conjunction with the facility's CET, which is the latest time that committed mail must be available for an operation if the mail is to complete its planned distribution in the operation by its scheduled clearance time.

¹¹ National Color Code Policy states that all color-code tags will comply with a standardized national format requiring employees to enter the date and time of mail entry on each tag.

Improperly color-coded mail might be processed later than intended, which can lead to delays in the processing, dispatch, and delivery of Standard Mail.

Improperly color-coded mail might be processed later than intended, which can lead to delays in the processing, dispatch, and delivery of Standard Mail. Conversely, improperly color-coded mail can be processed ahead of schedule, thus providing a faster service than other Standard Mail with no additional charge.

Other Matters

During our observations at both facilities we identified additional areas of concern that may affect accuracies in mail count and color coding of Standard Mail. These include:

- Handwritten placards – instead of using standardized color-coding tags and Mail Transport Equipment Labeler (MTEL) placards,¹² employees created handwritten placards, which can contribute to the misidentification of mail class and type. See Figure 6.

Figure 6. Examples of Handwritten Placards



Source (from left to right): OIG staff took photographs 1 and 2 on November 3, 2015, at the CMSC; and took photograph 3 on November 17, 2015, at the Cardiss Collins P&DC. The placards are handwritten and not the standardized MTEL placards.

- Lack of housekeeping – we found many areas throughout both facilities that had excessive mail transport equipment (MTE), garbage, and various types of maintenance equipment near mail staging areas. In addition, we found empty MTE that had placards affixed to it indicating it contained mail.

¹² An MTEL placard is attached to a container and includes route, trip, and destination information.

- Inefficient use of mail staging lanes – in Standard Mail staging areas, we found First-Class Mail letters, flats, and parcels mixed with empty MTE, affecting the identity of the staging area. This hampers employees’ ability to use the FIFO method effectively.
- Color-code visual aids – although there is no requirement to use visual aids where color-code tags are applied, we found the CMSC did not update its Standard Mail color-code visual aids and did not have visual aids posted to help employees determine the color of the day (see Figure 7).

Figure 7. Color-Code Visual Aids at the CMSC and Cardiss Collins P&DC

Effective Thursday, April 10, 2014

DSCF STANDARD MAIL 3-DIGIT LEVEL TEST MATRIX			
STANDARD MAIL COLOR CODE		PLANT DELIVERY MATRIX	
RECEIPT TIME	DAY OF RECEIPT	COLOR CODE APPLIED	THREE DAY DELIVERY
FRI 16:01 - SAT 16:00	SAT	GREEN	WED
SAT 16:01 - SUN 16:00	SUN	GREEN	WED
SUN 16:01 - MON 16:00	MON	VIOLET	THU
MON 16:01 - TUE 16:00	TUE	YELLOW	FRI
TUE 16:01 - WED 16:00	WED	PINK	SAT
WED 16:01 - THU 16:00	THU	BLUE	MON
THU 16:01 - FRI 16:00	FRI	ORANGE	TUE

This figure shows an updated visual aid used to color code Standard Mail. The color code of the day for Friday and Saturday should be green and for Sunday should be violet.

Source: OIG staff took photograph 1 on November 17, 2015, at the Cardiss Collins P&DC. It illustrates an updated visual aid for color coding of Standard Mail. OIG staff took photograph 2 on November 4, 2015, at the CMSC. It illustrates an outdated visual aid for color coding Standard Mail.

STANDARD MAIL COLOR CODE			
RECEIPT TIME	DAY OF RECEIPT	COLOR CODE APPLIED	THREE DAY DELIVERY
SAT		ORANGE	TUE
SUN		GREEN	WED
MON		VIOLET	THU
TUE		YELLOW	FRI
WED		PINK	SAT
THU		BLUE	MON
FRI		BLUE	MON

This figure shows an outdated visual aid used to color code Standard Mail. The color code of the day for Saturday and Sunday should be green and for Friday should be orange.

Recommendations

We recommend management develop an ongoing program to ensure all employees have sufficient knowledge to apply color-code tags to Standard Mail containers.

We recommend the Chicago District manager instruct plant managers to:

1. Develop an ongoing program to ensure all employees who conduct and report daily mail counts have sufficient knowledge to perform all required duties.
2. Develop an ongoing program to ensure all employees have sufficient knowledge to apply color-code tags to Standard Mail containers.

Management's Comments

Management agreed with our findings and recommendations but noted that some of the mail containers our report identified as having no color-code tags or entry dates and times were actually received from facilities outside of the Chicago District. Proper color-code application and notation of dates and times should have occurred at those facilities and not at the Chicago plants.

In response to recommendation 1, management stated that on Saturday, March 5, 2016, and Monday, March 7, 2016, In-Plant Support (IPS) issued a service talk to the managers, Distribution Operations, on all three tours on counting and entering facility inventory into WebMCRS. Additionally, management will develop a new standardized worksheet for mail counters to reinforce consistency. Mail counters will submit these sheets to IPS daily to confirm they are entering volume into WebMCRS correctly. Management added that, beginning April 16, 2016, they will conduct training across all three tours for the next 3 months and then quarterly to ensure existing and new employees have sufficient knowledge of the requirements for mail counting in accordance with Postal Service policies. The target implementation date is July 2016.

In response to recommendation 2, management stated that IPS will reissue a service talk on color coding of Standard Mail. Additionally, management gave one-on-one talks to general expeditors on each tour to ensure their understanding of color-code procedures. Beginning April 16, 2016, management will hold classroom training across all three tours for the next 3 months and then quarterly to ensure existing and new employees have sufficient knowledge of the requirements for color coding in accordance with Postal Service policies. IPS is currently developing additional signage to post throughout the facilities, including locations for drop shipments. IPS is also creating mini color-code tags for employee to wear with their identification badges to allow prompt facility access. The target implementation date is July 2016.

See [Appendix D](#) for management's comments in their entirety.

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 comment that some of the containers our report identified as mis-labeled were received at facilities outside of the Chicago District and should have been color coded and marked with the date and time at those facilities, national policy states¹³ that if Standard Mail is observed without any color code at all, it is to be color coded with the same clearance, processing, or delivery color code as the oldest mail at the unit at the time of its discovery. If there is no other mail at the unit at the time of its discovery, the mail is to be color coded with the current day's clearance, processing, or delivery color code and treated as if it were delayed. In addition, the date and time should be annotated when received at the facility.

All recommendations require OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. These 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.

¹³ *National Color Code Policy*, page 4, General Principle and Definitions, number 12.

Appendices

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Appendix A: Additional Information

Standard Mail accounts for about 52 percent of mail volume and 26 percent of the Postal Service's annual revenue.

Background

The Postal Service requires employees to conduct daily mail counts at all processing facilities and report information related to mail volume and the prior day's processing into the WebMCRS. This information is available to management officials at all levels for analysis, forecasting, and planning. Daily counts should involve all mail classes. The mail counting procedures are as follows:

- Pallets of trays and flat bundles are counted in heights of 1-, 2-, 3-, and 4-feet.
- Gaylords¹⁴ are counted in heights of 3-, 4-, and 5-feet.
- Rolling stock¹⁵ is counted in increments of one-quarter full, one-half full, three-fourths full, or one full container.

Standard Mail accounts for about 52 percent of mail volume¹⁶ and 26 percent of the Postal Service's annual revenue.¹⁷ Standard Mail is also known as advertising mail; it fuels economic growth by helping over 8 million American small businesses sell their goods and services and adds billions of dollars to our economy.

In addition to conducting daily mail counts, the Postal Service requires employees to use a color-coding system¹⁸ to ensure Standard Mail is processed, dispatched, and delivered within established service standards. Color-code tags represent the scheduled day the mail is to be cleared and delivered to enable easy processing of Standard Mail using the FIFO method.

The CMSC processes over 1.5 million packages a week and processing facilities handle over 14,500 containers of Standard Mail a week.

Objective, Scope, and Methodology

Our objective was to determine whether Chicago District processing facilities' employees conducted accurate mail counts and applied color-code tags to Standard Mail in accordance with policies.

To achieve our objective we conducted observations at the CMSC during the week of November 2, 2015, and at the Cardiss Collins P&DC during the week of November 16, 2015.

To determine the accuracy of the mail count and color coding of Standard Mail, we observed the mail count performed by facilities' employees and conducted an independent count to compare results. We also inspected color-coded mail in the facilities' staging areas to determine if Standard Mail is coded in accordance with the national policy.

We conducted this performance audit from November 2015 through April 2016, in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances.

¹⁴ Cardboard containers that vary in size from 36 to 60 inches.

¹⁵ Reusable containers.

¹⁶ Mail volume excludes First-Class and Standard Parcels.

¹⁷ *U.S. Postal Service Annual Report, 2015.*

¹⁸ Procedures for the color-coding system are in Section 458 of the *Postal Operations Manual*, updated October 15, 2015; and the *National Color Code Policy*.

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 March 30, 2016, and included their comments where appropriate.

We assessed the reliability of the data from the WebMCRS application by confirming our analysis and results with Postal Service management and found no material differences. We determined the data were sufficiently reliable for the purposes of this report.

Prior Audit Coverage

Report Title	Report Number	Final Report Date	Monetary Impact (in millions)
<i>Timeliness of Mail Processing at the Denver Processing and Distribution Center</i>	NO-MT-16-001	12/3/2015	\$2

Report Results: Our report found the increase in delayed mail negatively impacted Denver P&DC service performance. An increase in delayed mail increased the risk of customers seeking alternative delivery or advertising methods, potentially resulting in a loss of revenue. We recommended the Postal Service continue monitoring delayed mail to ensure mail is processed on time, improve mail flow at the Denver P&DC to increase machine runtime and productivity, fill manager and supervisor positions to ensure adequate supervision, and ensure Periodicals and Standard Mail meet the critical entry times. Management agreed with all findings and recommendations in the report.

<i>Mail Processing Operations at the Southern Maine Processing and Distribution Center</i>	NO-MA-15-003	5/11/2015	None
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Report Results: Our report found a significant increase in delayed mail following service standard and operational revisions. We recommended the Postal Service continue monitoring delayed mail to ensure mail is processed timely and update southern Maine's official operating plan to reflect current operations and ensure it is updated. Management agreed with our findings and recommendations.

Appendix B: Results of Mail Counts

Mail Count Requirements Completed	CMSC	Cardiss Collins P&DC
Count On-Hand Inventory		
Mail in vehicle yard	Yes	Yes
Mail in transit locally	No	No
Mail at platform awaiting unloading	No	No
Mail on workroom floor	No	Yes
All unprocessed mail regardless of commitment	No	Yes
Mail in dispatch operations needing scanning, banding, or sorting	No	Yes
Delayed Mail Flow		
Date of oldest mail	No	No
Reason for delayed mail flow	No	No
Describe plan to clear volume	No	No
State when facility will be current	No	No
Mail Counting		
Count pallets and trays in increments of height 1-, 2-, 3-, or 4-ft.	Yes	Yes
Count gaylords in increments of height 3-, 4-, or 5-ft.	Yes	Yes
Count rolling stock in increments of one-quarter full, one-half full, three-fourths full, or full	Yes	Yes

Source: OIG observations of Postal Service MCRS mail count procedures at the CMSC and the Cardiss Collins P&DC.

Appendix C: Observations Regarding Color Coding

Date	Facility Name	Number of Containers* Observed	Missing Color-Code Tags	Incorrect Color-Code Tags	Missing Date and/or Time on Color-Code Tags	Percentage of Containers Incorrect
11/4/2015	CMSC	420	84	14	7	25%
11/5/2015	CMSC	145	56	3	2	42%
11/18/2015	Cardiss Collins P&DC	479	12	0	176	39%
Total		1,044	152	17	185	34%

*Includes pallets, general purpose mail containers, and wire containers.

Source: OIG observations of color-code tagging in Standard Mail staging areas.

Appendix D: Management's Comments

DISTRICT MANAGER
CHICAGO DISTRICT



April 14, 2016

LORI LAU DILLARD
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Chicago District Processing Facilities' Process for Counting and
Color Coding of Standard Mail, Report Number NO-AR-16-DRAFT

Management agrees with recommendations #1 and #2.

It is noted in the report that some containers identified in the report as not having color code tags and/or not having entry dates or times listed were actually received from facilities outside of the Chicago District. The proper color code application and notation of dates and times should have occurred at these facilities and not within the Chicago plants.

The following is in response to the above subject audit and management's comments on the findings.

Recommendation 1:

Develop an ongoing program to ensure all employees who conduct and report daily mail counts have sufficient knowledge to perform all required duties.

Management Response/Action Plan:

Management agrees with this recommendation.

On Saturday, March 5, 2016, and Monday, March 7, 2016, In-Plant Support issued a service talk, *Plan 5 Counting and Entering Facility Inventory in WebMCRS*, to the Senior Manager, Distribution Operations and the Managers, Distribution Operations on all three tours; signatures were received and have been filed. A new standardized worksheet will be developed for the mail counters to reinforce consistency. These sheets must be submitted to IPS daily to confirm volume is being entered properly in WebMCRS. Beginning April 16, 2016, training on all three tours will be conducted for the next three months; then

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CHICAGO, IL 60699-9998
PHONE: 312-983-8030 FAX: 312-983-8010
WWW.USPS.COM

quarterly, to ensure existing and new employees have sufficient knowledge of the requirements for mail counting in accordance with Postal policies.

Target Implementation Date:

The implementation date is July, 2016.

Responsible Official:

John J. Colao, Acting Senior Plant Manager, Chicago District

Recommendation 2:

Develop an ongoing program to ensure all employees have sufficient knowledge to apply color-code tags to Standard Mail containers.

Management Response/Action Plan:

Management agrees with this recommendation.

In-Plant Support (IPS) will reissue a service talk, *Plan 5 Color Coding Standard Mail*. In February 2016, one-on-one talks with General Expeditors on each tour were given to ensure understanding of Color Code procedures. Beginning April 16, 2016, classroom training on all three tours will be conducted for the next three months; then quarterly, to ensure existing and new employees have sufficient knowledge of the requirements for color-coding in accordance with Postal policies. IPS is currently developing additional signage to post throughout the facilities including locations where drop shipments are received. IPS is also creating mini Color Code tags to wear with employee identification badges for prompt access.

Target Implementation Date:

The implementation date is July, 2016.

Responsible Official:

John J. Colao, Acting Senior Plant Manager, Chicago District

- 3 -

Please contact Gregory W. Johnson, District Manager, Chicago, via email or by phone at 312-983-8030, should you have any questions regarding this response.



Gregory W. Johnson

cc: Sally K. Haring, Manager, Corporate Audit Response Management
U.S. POSTAL SERVICE @ CARMManager@USPS.GOV
E-FOIA@uspsaig.gov
Linda Malone, Vice President, Network Operations
Jacqueline Krage Strako, Vice President, Operations, Great Lakes Area



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