



Office of Inspector General | United States Postal Service

## Audit Report

# Mail Operations at the West Valley, AZ, Processing and Distribution Center

Report Number 21-166-R21 | July 27, 2021



# Table of Contents

- Cover
- Transmittal Letter ..... 1
- Results..... 2
  - Background..... 2
  - Objective, Scope, and Methodology..... 3
  - Finding #1: Delayed Dispatch Containers Reported in Mail Condition Visualization... 3
    - Missed Load Scans..... 4
    - Inaccurate MTEL Placards ..... 4
    - Recommendation #1 ..... 5
    - Recommendation #2 ..... 5
  - Finding #2: Delayed Inventory Mail Reported in Mail Condition Visualization ..... 5
    - Recommendation #3 ..... 7
    - Recommendation #4..... 7
  - Management’s Comments..... 7
  - Evaluation of Management’s Comments ..... 7
  - Appendix A: Management’s Comments..... 9
- Contact Information ..... 11

# Transmittal Letter



OFFICE OF INSPECTOR GENERAL  
UNITED STATES POSTAL SERVICE

July 27, 2021

**MEMORANDUM FOR:** FELIPE FLORES  
WESTERN DIVISION DIRECTOR  
PROCESSING OPERATIONS

A handwritten signature in black ink, appearing to read "Adam Bieda", is positioned below the recipient information.

**FROM:** Adam Bieda  
Director, Plant Evaluation Team

**SUBJECT:** Audit Report – Mail Operations at the West Valley, AZ,  
Processing and Distribution Center  
(Report Number 21-166-R21)

This report presents the results of our audit of the Mail Operations at the West Valley, AZ, Processing and Distribution Center.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Adam Bieda, Director, Plant Evaluation Team, or me at 703-248-2100.

Attachment

cc: Postmaster General  
Chief Logistics and Processing Operations Officer and Executive Vice President  
Vice President, Western Region Processing Operations  
Corporate Audit and Response Management

# Results

## Background

The U.S. Postal Service considers mail to be delayed when it is not processed in time to meet the established delivery day. Delayed mail can adversely affect Postal Service customers and harm the organization's brand.

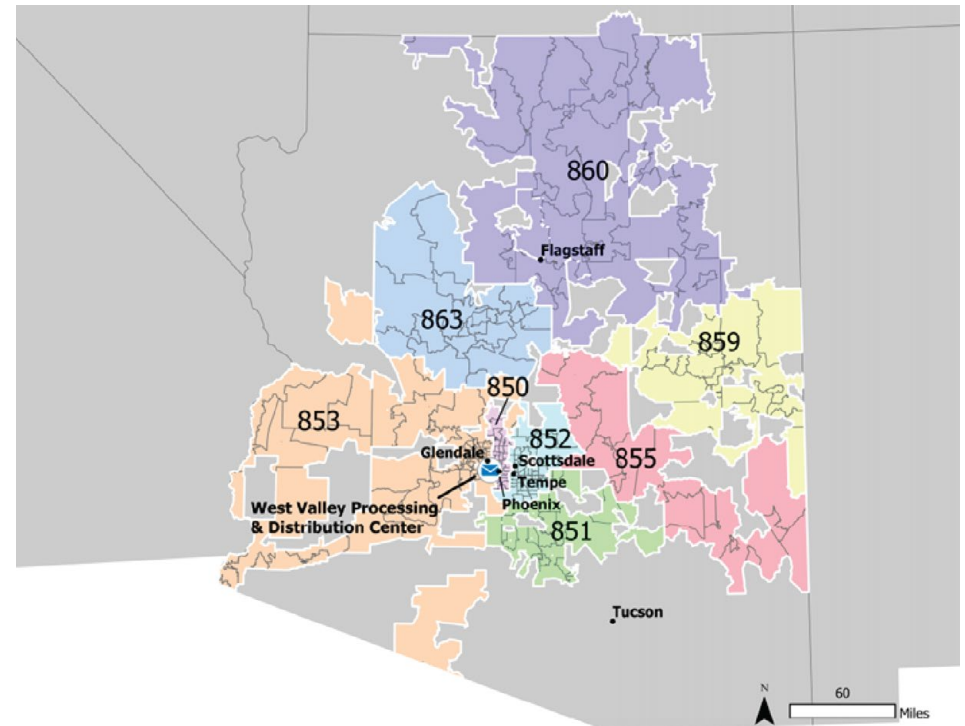
To track mail conditions at processing facilities, the Postal Service launched the Mail Condition Visualization (MCV) system in January 2019. The system provides near real-time visibility of a facility's on-hand volume, delayed processing volume, and delayed dispatch volume. Specifically, the MCV system calculates:

- Late arriving containers - containers that arrived from another processing plant after the Critical Entry Time<sup>1</sup> necessary to meet their delivery commitment for their class and shape.
- Delayed inventory - mailpieces that have not received their next expected processing operation scan by 6:59 a.m. for destinating final processing operations and by 6:00 a.m. for all other operations.
- Delayed dispatch containers - containers that have not received final dock (departure) scan more than 15 minutes after Dispatch of Value.<sup>2</sup>

From January 1, 2020, through April 30, 2021, the West Valley, AZ, Processing and Distribution Center (P&DC) reported 7,034 late arriving containers, about 270.9 million pieces of delayed inventory, and 180,161 delayed dispatch containers. This site was selected based on the high number of delayed dispatch containers during this time period.

The West Valley P&DC is in the Western Division of the Western Processing Region. The facility processes flats and packages for ZIP Codes throughout AZ (see Figure 1).

Figure 1. ZIP Codes Served by the West Valley P&DC



Source: Postal Service National Distribution Labeling List and U.S. Postal Service Office of Inspector General (OIG) analysis.

A portion of the audit scope and our site observations occurred during the COVID-19 pandemic. The Postal Service experienced decreased employee availability and increased package volume during this time, which impacted operations nationwide.

<sup>1</sup> The latest time that committed mail can be received in an operation and still be processed before clearance time to meet the service standard for mail processing, dispatch, and final delivery.

<sup>2</sup> The last dispatch of the day that is loaded on transportation in time to meet the service standard for the mail class or destination.

## Objective, Scope, and Methodology

Our objective was to evaluate mail conditions at the West Valley, AZ, P&DC.

We interviewed West Valley P&DC management and observed mail processing and dock operations from May 24–27, 2021. We also analyzed late arriving, delayed inventory, and delayed dispatch data in MCV from January 1, 2020, to March 31, 2021. Additionally, we looked at Surface Visibility Web (SVweb) scans and calculated volume processed using data from Web Management Operating Data System. Furthermore, we reviewed Informed Visibility to identify the operational performance and Run Plan Generator reports in Web End of Run to identify operational clearance performance for the West Valley P&DC compared to national targets and trends.

We assessed the reliability of data from these systems by interviewing agency officials knowledgeable about the data and reviewing related documentation. We determined that the data used were sufficiently reliable for the purposes of this report.

We conducted this performance audit from May through July 2021 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 July 12, 2021 and included their comments where appropriate.

<sup>3</sup> Performed when the container is loaded onto the trailer for dispatch.

<sup>4</sup> An improved labeling system that produces placards and handling unit labels for containers to be dispatched from one mail processing or transportation consolidation facility to another, as well as in-house.

<sup>5</sup> Labels for containers that contains route, trip, and destination information.

## Finding #1: Delayed Dispatch Containers Reported in Mail Condition Visualization

From January 1, 2020, to March 31, 2021, the West Valley P&DC reported 172,416 containers of delayed dispatch, the third highest in the country (see Table 1).

**Table 1. Top P&DC's with Highest Delayed Dispatch Container Volume**

Facility Name	Delayed Dispatch
Sacramento, CA, P&DC	221,861
North Houston, TX, P&DC	172,612
West Valley, AZ, P&DC	172,416
Denver, CO, P&DC	168,490
Los Angeles, CA, P&DC	160,318
Richmond, VA, P&DC	156,549
Oakland, CA, P&DC	124,885
Mid Carolina, NC, P&DC	114,494
Raleigh, NC, P&DC	112,302

Source: MCV.

The high number of delayed dispatch containers were caused by missed load scans<sup>3</sup> and Mail Transport Equipment Labeler (MTEL)<sup>4</sup> placards<sup>5</sup> with inaccurate information, such as facility code/name and mail categories. These containers were not actually delayed and were dispatched timely, which resulted in the number of actual delayed dispatch containers being overreported in the MCV application.

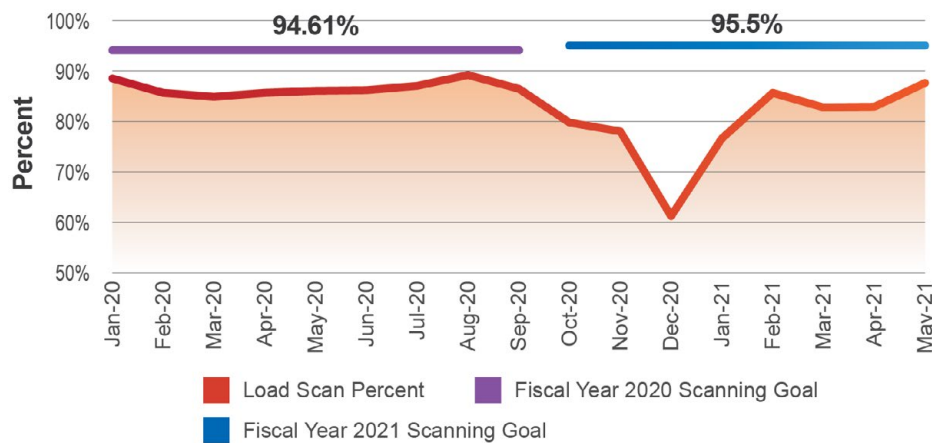


## Missed Load Scans

West Valley P&DC employees were not performing the container load scans consistently before dispatching the mail to the next facility. During the week of our observations, May 24–28, 2021, we noted 1,332 instances where West Valley P&DC personnel did not properly scan containers as loaded before the containers were dispatched.

Employees are supposed to scan a container before it is loaded on a truck. When a container does not receive a proper load scan before being dispatched, MCV will record the container as delayed dispatch. West Valley P&DC management has taken action to improve overall scanning<sup>6</sup> at the facility by regularly communicating the need to properly scan containers with plant personnel through stand-up talks and one-on-one discussions. However, from January 1, 2020, to May 31, 2021, the West Valley P&DC's average monthly load scan score was 83.26 percent (out of 100 percent), which was below the scanning goal of 94.61 percent in fiscal year 2020 and 95.5 in fiscal year 2021 (see Figure 2). West Valley P&DC management stated that the decrease in load scan performance in December 2020 was due to the increase in package volume during peak season.

**Figure 2. West Valley P&DC Average Monthly Load Scan Performance from January 1, 2020 – May 31, 2021**



Source: SVweb.

<sup>6</sup> This includes assign, close, load, and unload container scans.

## Inaccurate MTEL Placards

West Valley P&DC was receiving containers from other facilities with MTEL placards that had the incorrect facility code/name. Specifically, the mail arrived and was processed at the West Valley P&DC, the load scans were completed by West Valley P&DC employees, and the mail was sent to the delivery units. However, since the MTEL placards did not have the correct facility code/name, the containers were counted as delayed dispatch because the MCV application was expecting the containers to receive a load scan from the facility identified on the MTEL placards. SVweb relies on accurate MTEL placards because data obtained from scanning the placards allows the Postal Service to track the mail across its network. See Figure 3 for examples of MTEL placards observed at the West Valley P&DC that had the incorrect facility code/name.

**Figure 3. MTEL Placards with Incorrect Facility Codes/Names**

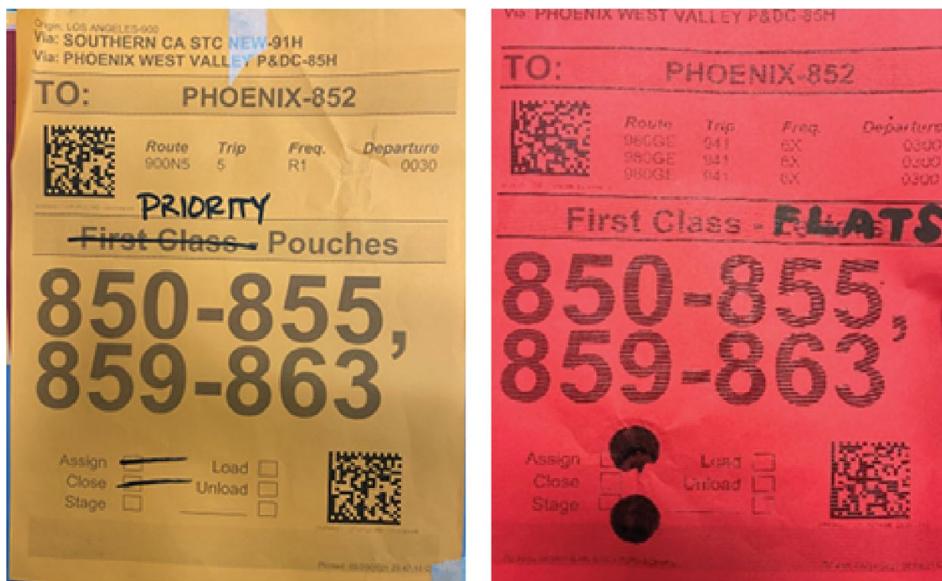


Source: Photo taken by OIG on May 25, 2021.

Additionally, incorrect mail categories on MTEL placards caused containers to be counted as delayed dispatch in the MCV application. Specifically, the MCV application was expecting the mail category that is on the MTEL placards to be

processed at the facility. However, when that type of mail was not processed, the containers were counted as delayed dispatch when the load scans occurred. See Figure 4 for examples of MTEL placards that had the incorrect mail category and were manually revised to show the correct mail category.

**Figure 4. MTEL Placards with Incorrect Mail Categories**



Source: Photo taken by OIG on May 25, 2021.

When containers do not receive load scans or have inaccurate MTEL placards, they are counted as delayed dispatch. Since the data did not reflect the actual mail conditions at the West Valley P&DC, management was unable to determine the actual amount of delayed dispatch containers and could not rely on the MCV data to make operational decisions.

**Recommendation #1**

We recommend the **Western Division Director, Processing Operations**, develop a plan to further increase load scan scores to meet or surpass the scanning goal.

**Recommendation #2**

We recommend the **Western Division Director, Processing Operations**, coordinate with the appropriate Postal Service groups to correct Mail Transport Equipment Labeler placards on containers that have inaccurate information.

**Finding #2: Delayed Inventory Mail Reported in Mail Condition Visualization**

From January 1, 2020, to March 31, 2021, the MCV application reported over 255.1 million pieces of delayed inventory at the West Valley P&DC. Specifically, the top four categories of delayed mail inventory represented 71.6 percent of all delayed inventory mail for the West Valley P&DC (see Table 2).

**Table 2. Top Delayed Mail Types at the West Valley P&DC**

West Valley P&DC Processing Operation	Delayed Inventory	Percentage to Total Delayed Inventory
Marketing Incoming Secondary Flat	87,879,899	34.4%
Marketing Incoming Primary Flat	50,263,411	19.7%
Marketing Flat Sequencing System	24,507,879	9.6%
Periodicals Incoming Secondary Flat	20,109,459	7.9%
<b>Subtotal</b>	<b>182,760,648</b>	<b>71.6%</b>
Other	72,346,678	28.4%
<b>Total</b>	<b>255,107,326</b>	<b>100.0%</b>

Source: MCV.

Not all of this mail was actually delayed but was reported as delayed inventory in the MCV application. Specifically, West Valley P&DC management stated they could not reconcile the differences between the delayed inventory reported in the MCV application and their physical count of delayed mail at the facility. During our site visits from May 24–27, 2021, over 756,000 pieces of delayed inventory were

reported in the MCV application, while West Valley P&DC management counted over 295,000 pieces as delayed during their physical count (see Table 3).

**Table 3. Comparison MCV Delayed Inventory to Physical Count**

Day of Week	MCV Delayed Inventory	Physical Count	Percent Variance
Monday, May 24, 2021	188,564	51,587	72.64%
Tuesday, May 25, 2021	229,220	75,102	67.24%
Wednesday, May 26, 2021	201,219	107,991	46.33%
Thursday, May 27, 2021	137,441	60,848	55.73%
<b>Total</b>	<b>756,444</b>	<b>295,528</b>	<b>60.93%</b>

Source: MCV and West Valley P&DC delayed inventory counts.

The MCV application expects mail to be processed in accordance with the designed mail flow. At the West Valley P&DC, management processes mail on an incoming primary operation<sup>7</sup> (operation number 403). The next processing operation after that is carrier route sortation<sup>8</sup> (operation number 406), which is a last processing operation. However, some mail will be sorted into Delivery Point Sequence (DPS)<sup>9</sup> (operation number 538) before being dispatched to the delivery units (see Figure 5).

***“The MCV application expects mail to be processed in accordance with the designed mail flow.”***

<sup>7</sup> The first sorting operation for incoming mail.

<sup>8</sup> Preparation of mail into clusters or groupings for the purpose of achieving greater processing and/or carrier sortation efficiency, in this case to the carrier route level.

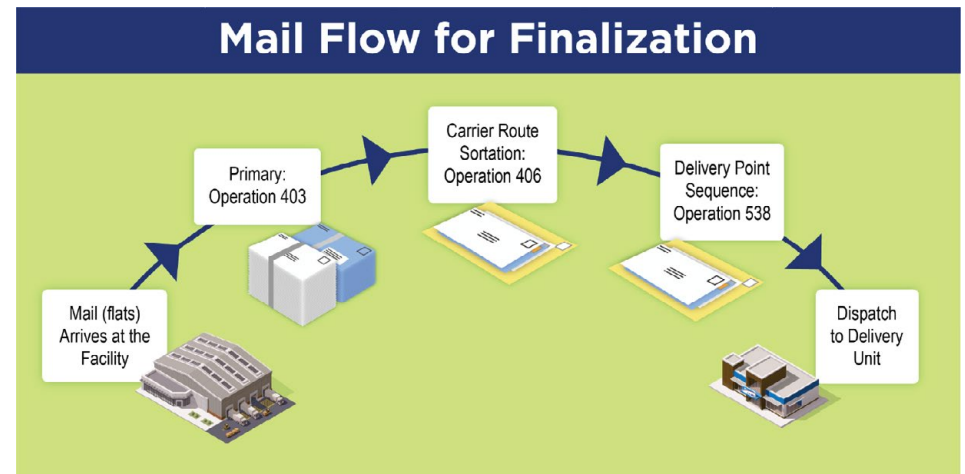
<sup>9</sup> An automated process of sorting mail into delivery order.

<sup>10</sup> The last expected mail processing operation before delivery of the mailpiece.

<sup>11</sup> 3-digit numeric codes that convey information about mail class, shape, sort level, and barcode status. CIN codes are used to direct mail to the next appropriate operation and/or facility.

<sup>12</sup> These codes can provide an exception to the requirement to see a last processing operation scan.

**Figure 5. Mail Flow at the West Valley P&DC**



Source: Mail flow observed during an OIG visit to the West Valley P&DC, May 24–27, 2021.

For mail to be finalized and dispatched to the next facility and not be counted as delayed inventory, MCV expects the following:

- Operation numbers that are considered last expected processing operations<sup>10</sup> (i.e., operation numbers 406 – carrier route sortation and 538 – DPS).
- Content Identification Number (CIN)<sup>11</sup> codes<sup>12</sup> that remove a mailpiece from the delayed inventory condition in the MCV application.

At the West Valley P&DC, some of the delayed inventory was caused by mail being processed on operation number 403—which is not a last processing operation—then being dispatched to delivery units without being run on operation numbers 406 (carrier route sortation) or 538 (DPS). Additionally, the CIN code used (234) did not tell the MCV application to remove this mail from the delayed inventory condition. The MCV application was expecting additional scans and



when the scans did not occur, the mail was counted as delayed inventory. Furthermore, delayed inventory is reported in the MCV application for up to five days, which inflates the daily delayed volumes for processing operations.

Since West Valley P&DC management could not reconcile the differences between the delayed inventory reported in the MCV application and their physical count of delayed mail at the facility, they did not rely on the MCV data to measure their performance and make operational decisions. Data integrity becomes an issue when management is unable to accurately determine the actual amount of delayed mail or rely on MCV data to make operational decisions.

### **Recommendation #3**

We recommend the **Western Division Director, Processing Operations**, review operation numbers and Content Identification Number codes to determine if the right sort plans are being used to ensure delayed inventory data is accurate.

### **Recommendation #4**

We recommend the **Western Division Director, Processing Operations**, develop a plan to assist plant management with understanding how delayed inventory is calculated and how to analyze the Mail Condition Visualization data to identify causes for delayed inventory.

## **Management's Comments**

Management agreed with the report's findings and with recommendations 1 through 3 and disagreed with recommendation 4. The target implementation date provided in official comments for all four recommendations was July 26, 2021; however, we received an updated date from management as noted below.

Regarding recommendation 1, management stated that they are developing a process to communicate variances with bad placarding with plant and customer service partners. Management is recruiting a team to identify and terminate bad placards. A Network Operations analyst will inform offending sites of bad placards and follow-up with any corrective action. The target implementation date is August 2, 2021.

Regarding recommendation 2, management stated that the In-Plant Support Manager will send an email to offending units with copies of bad placards and the Network Operations analyst will follow-up with corrective action. The target implementation date is August 2, 2021.

Regarding recommendation 3, management stated that the normal process is to validate all operation codes for accuracy and noted that all flats are finalized using operations 538 and/or 406. They further stated that any variations will be identified by In-Plant support and sent to Operations to correct. The target implementation date is August 2, 2021.

Regarding recommendation 4, management stated that existing management staff has a thorough understanding of how delayed mail is calculated in MCV. However, management added that any new supervisor or In-Plant support staff will be trained on how delayed inventory is calculated. The target implementation date is August 2, 2021.

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

## **Evaluation of Management's Comments**

The OIG considers management's comments to recommendations 1 through 3 responsive and the corrective actions should resolve the issues identified in the report.

Regarding recommendation 4, while we recognize that management will train new supervisors or In-Plant support on how delayed inventory is calculated in MCV and agree with this approach, management stated that existing staff has a thorough understanding of how delayed mail is calculated. However, during our audit, West Valley P&DC management stated that they could not reconcile the differences between the delayed inventory reported in the MCV application and their physical count of delayed mail at the facility. Specifically, management

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*“Delayed inventory is reported in the MCV application for up to five days, which inflates the daily delayed volumes for processing operations.”*

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processed mail on operation number 403 — which is not a last processing operation — and then dispatched the mail directly to delivery units without it being run on operation numbers 406 (carrier route sortation) or 538 (DPS).

Additionally, the CIN code used (234) did not tell the MCV application to remove this mail from the delayed inventory condition. Management was not aware that this was causing some delayed inventory to be reported in the MCV application;

therefore, we view management's response to this portion of the recommendation as unresponsive and will pursue it through the formal audit resolution process.

All recommendations require OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. 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: Management's Comments



Date: July 20, 2021

Joseph Wolski  
Director, Audit Operations

SUBJECT: Response to the Draft Audit Report - Mail Operations at the West Valley, AZ, Processing and Distribution Center (Project Number 21-166-DRAFT)

Thank you for the opportunity to respond to the Office of Inspector General (OIG) audit of "Mail Operations at the West Valley, AZ P&DC".

Management agrees with the findings noted in the audit report except for OIG's observation #4. In fact, management took time to explain the impact of not running Operation 246/247 (bundle run) and failure to scan as it relates to "delayed" in MCV.

Recommendation 1: We recommend the **Western Division Director, Processing Operations**, develop a plan to further increase load scan scores to meet or surpass the scanning goal.

Management Response/Action Plan: Management agrees with this recommendation. Over the last 7 weeks, Phoenix West Valley has been achieving a goal of 95% or better. We're developing a process to communicate variances of bad placarding with our plant and customer service partners. Placards with the wrong NASS codes is the highest impact to our load / unload scanning scores. We are recruiting a team of craft and management staff to identify improper placards and terminate upon discovery. Those placards will be scanned to offending sights and to the Network Operations Analyst, who will follow up with corrective action.

Target Implementation Date: July 26, 2021

Responsible Official: Senior MDO, Phoenix West Valley P&DC

Recommendation # 2: We recommend the **Western Division Director, Processing Operations**, coordinate with the appropriate Postal Service groups to correct Mail Transport Equipment Labeler placards on containers that have inaccurate information.

Management Response/Action Plan: Management agrees with this recommendation. See response #1. MIPS will send email along with copy of bad placards to offending units and to Network Operations Analyst, who will follow up with corrective action which will include going into TOPS and making corrections on behalf of the offending unit.

Target Implementation Date: July 26, 2021

Responsible Official: MIPS & Logistics Manager – Phoenix West Valley P&DC



Recommendation # 3: We recommend the **Western Division Director, Processing Operations**, review operation numbers and Content Identification Number codes to determine if the right sort plans are being used to ensure delayed inventory data is accurate.

Management Response/Action Plan: Management agrees with this recommendation. Normal process is to validate operation codes for MOD accuracy. Any variations are identified by in-plant support and messaging sent to operations to correct. All flats are finalized via Operation 538 and/or 406. There are times when an FSS Zone may not get FSS compatible volumes. In those cases, all mail is run via 406. Additionally, all FSS rejects are 406. It is daily standard operating procedure to review operations clock rings and MODS data for accuracy. Information is communicated via email and responsible party corrects any errors.

Target Implementation Date: July 26, 2021

Responsible Official: MIPS, Phoenix West Valley P&DC

Recommendation # 4: We recommend the **Western Division Director, Processing Operations**, develop a plan to assist plant management with understanding how delayed inventory is calculated and how to analyze the Mail Condition Visualization data to identify causes for delayed inventory.

Management Response/Action Plan: Management does not agree with this recommendation. Existing management staff has thorough understanding of how MCV is calculated. However, any new supervisor or In-plant support staff will be trained on how delayed inventory is calculated, using the MCV deck as a guide.

Target Implementation Date: July 26, 2021

Responsible Official: Senior MDO & MIPS – Phoenix West Valley P&DC

Felipe Flores Jr.  
Sr. Division Director, Processing Operations  
USPS Western Division

cc: Corporate Audit and Response Management

Larry Munoz, Vice President, Western Regional Processing Operations  
Lisa Jackson, Exec Mgr. Finance & Budget, Western Region



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