



Office of Inspector General | United States Postal Service

Audit Report

Efficiency of Processing Operations and Service Performance in Western Maryland

Report Number 22-111-R22 | August 29, 2022



Table of Contents

Cover		Management's Comments.....	12
Highlights.....	1	Evaluation of Management's Comments	12
Background.....	1	Appendices	13
What We Did.....	1	Appendix A: Additional Information.....	14
What We Found.....	1	Scope and Methodology.....	14
Recommendation.....	1	Prior Audit Coverage.....	15
Transmittal Letter	2	Appendix B: Management's Comments.....	16
Results.....	3	Contact Information	18
Introduction/Objective	3		
Background.....	3		
Finding Summary	4		
Finding #1: Efficiency and Service Performance of Processing Operations.....	4		
Tangible Cost Savings.....	5		
Sustainable Transportation Costs	5		
Efficiency and Cost Effectiveness of Processing Operations .	5		
Affect on Service to Western Maryland Customers.....	10		
Additional Work Conducted – Mail Test	12		
Recommendation #1.....	12		

Highlights

Background

The U.S. Postal Service announced Network Rationalization Initiatives in 2011 as an initiative to shrink its infrastructure through strategic consolidations and closings of mail processing facilities. The Postal Service used Area Mail Processing (AMP) guidelines to consolidate mail processing functions. These guidelines were designed to increase productivity through more efficient use of equipment, facilities, staffing, and transportation. To meet these objectives, the Postal Service consolidated the Cumberland Customer Service Mail Processing Center (CSMPC) in Western Maryland into the Baltimore Processing and Distribution Center (P&DC) by fiscal year 2014.

On February 24, 2022, U.S. Representative David Trone of Maryland's 6th Congressional District requested the Office of Inspector General examine service delays and disruptions in Western Maryland (3-digit ZIP Codes beginning with 215 and 267), including an examination of the current postal processing arrangement.

What We Did

Our objective was to assess the efficiency of processing operations and service performance for Western Maryland. To accomplish our objective, we conducted observations and interviews at the Cumberland Post Office in Maryland and the Johnstown and Pennwood Place P&DCs

in Pennsylvania. We also reviewed processing operations in the Chesapeake Division and service performance for First-Class Mail, Marketing Mail, and packages.

What We Found

Mail processing operations are less efficient and service performance for Western Maryland out of the Baltimore P&DC is lower than that of surrounding processing facilities. While the Postal Service's 2012 AMP study and consolidation of the Cumberland CSMPC into the Baltimore P&DC resulted in tangible savings and conformed to internal policies and procedures, the Western Maryland area received poor service performance scores between April 1, 2021, and March 31, 2022. In addition, mail to and from the Western Maryland area must travel about 280 miles roundtrip to be processed at the Baltimore P&DC. However, there are closer facilities with higher on-time service and better efficiency, transportation timeliness, and sortation of mail than the Baltimore P&DC.

Recommendation

We recommend management conduct a study to determine if moving mail processing operations for 3-digit ZIP Codes beginning with 215 and 267 from the Baltimore Processing & Distribution Center to other processing facilities would be more efficient and effective, and provide better service performance.

Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

August 29, 2022

MEMORANDUM FOR: ISAAC CRONKHITE
CHIEF PROCESSING AND DISTRIBUTION OFFICER AND
EXECUTIVE VICE PRESIDENT

Mary H. Lloyd

FROM: Mary Lloyd
Acting Deputy Assistant Inspector General
for Mission Operations

SUBJECT: Audit Report – Efficiency of Processing Operations and
Service Performance in Western Maryland
(Report Number 22-111-R22)

This report presents the results of our audit of Efficiency of Processing Operations and Service Performance in Western Maryland.

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

Attachment

cc: Postmaster General
Corporate Audit Response Management

Results

Introduction/Objective

This report responds to a request from U.S. Representative David Trone of Maryland's 6th Congressional District to review service delays and the current processing arrangement in Western Maryland (Project Number 22-111). Our objective was to assess the efficiency of processing operations and service performance for Western Maryland. See [Appendix A](#) for additional information about this audit.

Background

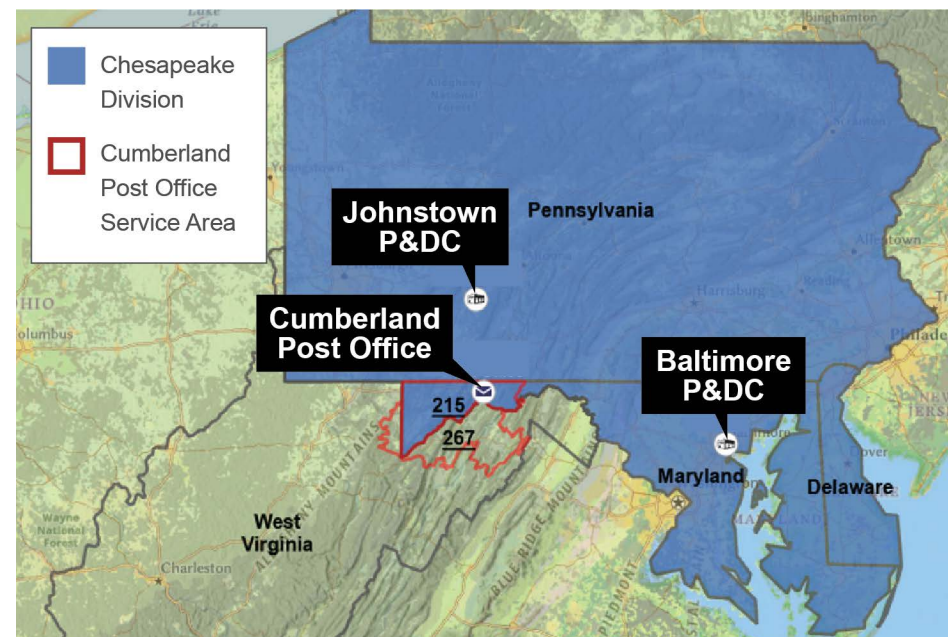
In 2011, the U.S. Postal Service announced Network Rationalization Initiatives (NRI) to shrink its infrastructure through strategic consolidations and closings of mail processing facilities. The Postal Service used Area Mail Processing (AMP) guidelines to consolidate mail processing functions. An AMP consolidation is designed to increase productivity through more efficient use of equipment, facilities, staffing, and transportation, and is intended to reduce cost and maintain quality service.

As part of the NRI, in 2012, the Postal Service announced it would consolidate the Cumberland Customer Service Mail Processing Center (CSMPC) and transfer the facility's mail processing operations to the Johnstown Processing and Distribution Center (P&DC) in Johnstown, PA – over 60 miles away. However, that never happened and in fiscal year (FY) 2014, the Cumberland CSMPC in Western Maryland was consolidated into the Baltimore, MD P&DC. This consolidation increased the distance that local mail¹ travelled for Western Maryland – specifically 3-digit ZIP Codes beginning with 215 and 267² – by 280 miles roundtrip to be processed.

Prior to the consolidation, the Cumberland CSMPC only had machines capable of processing letter mail, while all other mail was manually processed or processed at another facility. Currently, mail sent to and from Western Maryland is processed through the Baltimore P&DC, transported to the Cumberland Post Office, and

than either delivered or loaded onto additional trucks and sent to other delivery units servicing 3-digit ZIP Codes beginning with 215 and 267 (see Figure 1). A recent audit found that the Baltimore P&DC is a historically low performing facility with employee availability issues, inadequate facility layout, overcrowding, inadequate management staffing, machine issues, and inadequate training.³ A second audit found that the Baltimore P&DC also suffered from manager and supervisor vacancies, an inoperable tray management system to move mail between floors, mail moved to outbound docks after truck departures, and employees not performing proper container scans.⁴

Figure 1: Chesapeake Division⁵ Map with 3-Digit ZIP Codes Beginning with 215 and 267



Source: OIG analysis of data obtained from the Environmental Systems Research Institute (ESRI) and the Census Bureau.

1 Mail that is sent from and delivered to the same service area of a single mail processing facility.

2 Three-digit ZIP Code 267 is in West Virginia, but is serviced through the Cumberland, MD Post Office.

3 U.S. Postal Service Office of Inspector General (OIG) report, *Improving Service Performance and Mail Processing Efficiencies at Historically Low Performing Facilities* (Report Number 21-243-R22, August 2022).

4 OIG report, *Efficiency of Operations at the Baltimore, MD, Processing and Distribution Center* (Report Number 21-237-R22, December 2021).

5 The Chesapeake Division encompasses PA, MD, and DE.

On February 24, 2022, U.S. Representative David Trone of Maryland’s 6th Congressional District requested that the OIG examine service delays and disruptions in Western Maryland, including examining if the current Postal processing arrangement is cost efficient and satisfactory to constituents in Western Maryland. Congressman Trone’s congressional request raised four concerns regarding the decision to consolidate the Cumberland CSMPC into the Baltimore P&DC. Specifically, whether:

1. The Cumberland CSMPC consolidation resulted in tangible cost savings;
2. Transportation costs incurred under the current arrangement are sustainable;
3. Using the Baltimore P&DC is more cost effective than using a closer mail processing facility to process mail for Western Maryland (3-digit ZIP Codes beginning with 215 and 267); and
4. Service to those living in Western Maryland has been adversely affected by both the closure of the CSMPC and the decision to route all mail through the Baltimore P&DC.

To address Congressman Trone’s concerns, we reviewed the Cumberland CSMPC AMP feasibility study; assessed service performance and efficiency in Western Maryland and surrounding areas; and visited the Cumberland Post Office, Johnstown P&DC, and Pennwood Place P&DC.⁶ See [Appendix A](#) for additional information.

Finding Summary

We found the efficiency of mail processing operations and service performance for Western Maryland, currently out of the Baltimore P&DC, is lower than surrounding processing facilities.

The Postal Service’s 2012 AMP study and consolidation of the Cumberland CSMPC into the Baltimore P&DC resulted in tangible savings and conformed to internal policies and procedures. However, between April 1, 2021, and March 31, 2022, the Western Maryland area has received poor service

performance for First-Class, Marketing Mail, and Priority Mail – receiving some of the lowest service performance scores in the Chesapeake Division. Additionally, the Postal Service’s current processing and transportation arrangement for Western Maryland is inefficient. Mail to and from the Western Maryland area must travel about 280 miles roundtrip to be processed at the Baltimore P&DC. There are closer facilities with significantly higher on-time service performance, better mail processing efficiency, consistent transportation timeliness, and more efficient sortation of mail compared to the Baltimore P&DC.

Western Maryland is experiencing delays and disruptions with mail service, in part because of the decision to route all mail through the historically low performing Baltimore P&DC. If Western Maryland’s mail continues to be processed at the Baltimore P&DC, there is a risk that mail will continue to be delayed, which could adversely affect Postal Service customers in Western Maryland, harm the brand, send mailers to competitors, or cause the Postal Service to lose revenue.

“There are closer facilities with significantly higher on-time service performance, better mail processing efficiency, consistent transportation timeliness, and more efficient sortation of mail compared to the Baltimore P&DC.”

Finding #1: Efficiency and Service Performance of Processing Operations

We found the efficiency of mail processing operations and service performance for Western Maryland, currently out of the Baltimore P&DC, is lower than surrounding processing facilities. The following sections highlight our response to Congressman Trone’s questions and other work completed regarding the current processing arrangement in Western Maryland.

⁶ The Johnstown P&DC (processes letters and flats) and the Pennwood Place P&DC (processes packages) operate as a single network to support their service area; therefore, we reviewed them together.

Tangible Cost Savings

In 2012, the Postal Service completed its AMP feasibility study on the Cumberland CSMPC and by FY 2014, all mail processing operations were moved from Cumberland CSMPC into the Baltimore P&DC. In 2015, the Postal Service completed a review and found it saved about \$8 million due to the move. We validated the savings and found that workhour savings accounted for 68 percent of these savings (or roughly \$5.4 million) and was due to improved productivity and utilization at the Baltimore P&DC.

“Although transportation costs have risen since FY 2014, the Postal Service has sustained the annual reduction in miles.”

Sustainable Transportation Costs

The Postal Service pays for contractors to transport mail between the Cumberland Post Office and processing facilities. Once mail is at the Cumberland Post Office in Western Maryland, it is further distributed to the remaining post offices within 3-digit ZIP Codes beginning with 215 and 267. In the AMP feasibility study, the Postal Service estimated increased transportation costs of about \$83,000 due to moving mail to the Baltimore P&DC. However, consolidating all mail processing operations into the Baltimore P&DC allowed the Postal Service to consolidate three transportation routes between Cumberland and other processing facilities into one, resulting in a net highway contract transportation savings of about 331,500 miles (or about \$420,700) in FY 2014. Although transportation costs have risen since FY 2014, the Postal Service has sustained the annual reduction in miles.

Efficiency and Cost Effectiveness of Processing Operations

Despite overall savings from consolidating the Cumberland CSMPC into the Baltimore P&DC, there are four mail processing facilities with Area Distribution Centers (ADC)⁷ that are closer to the Cumberland Post Office and can process a combination of letters, flats, and packages (see Table 1).

Table 1: Mail Processing Facilities Near Cumberland, MD

Facility	Distance (in miles) from Cumberland Post Office	Letter Processing	Flat Processing	Package Processing
Baltimore P&DC*	140	Yes	Yes	Yes
Johnstown P&DC**	64	Yes	Yes	No
Pennwood Place P&DC**	121	No	Yes	Yes
Pittsburgh P&DC***	109	Yes	Yes	No
Pittsburgh NDC***	120	No	No	Yes

Source: OIG analysis of data obtained from Web End-of-Run (WebEOR) and Facility Database System (FDB).

* Current processing facility for Western Maryland 3-digit ZIP Codes beginning with 215 and 267.

** Johnstown and Pennwood Place P&DCs work together to process letters, flats, and packages for their service area.

*** Pittsburgh P&DC and Pittsburgh Network Distribution Center (NDC) work together to process letters, flats, and packages for their service area.

⁷ A mail processing facility that serves as the distribution and processing center for post offices in a designated geographic area, which is defined by the first three digits of the ZIP Code of those offices. This type of facility serves multiple 3-digit ZIP Codes. Closer mail processing facilities exist that are not an ADC may require additional transportation through an ADC before being sent to a delivery unit.

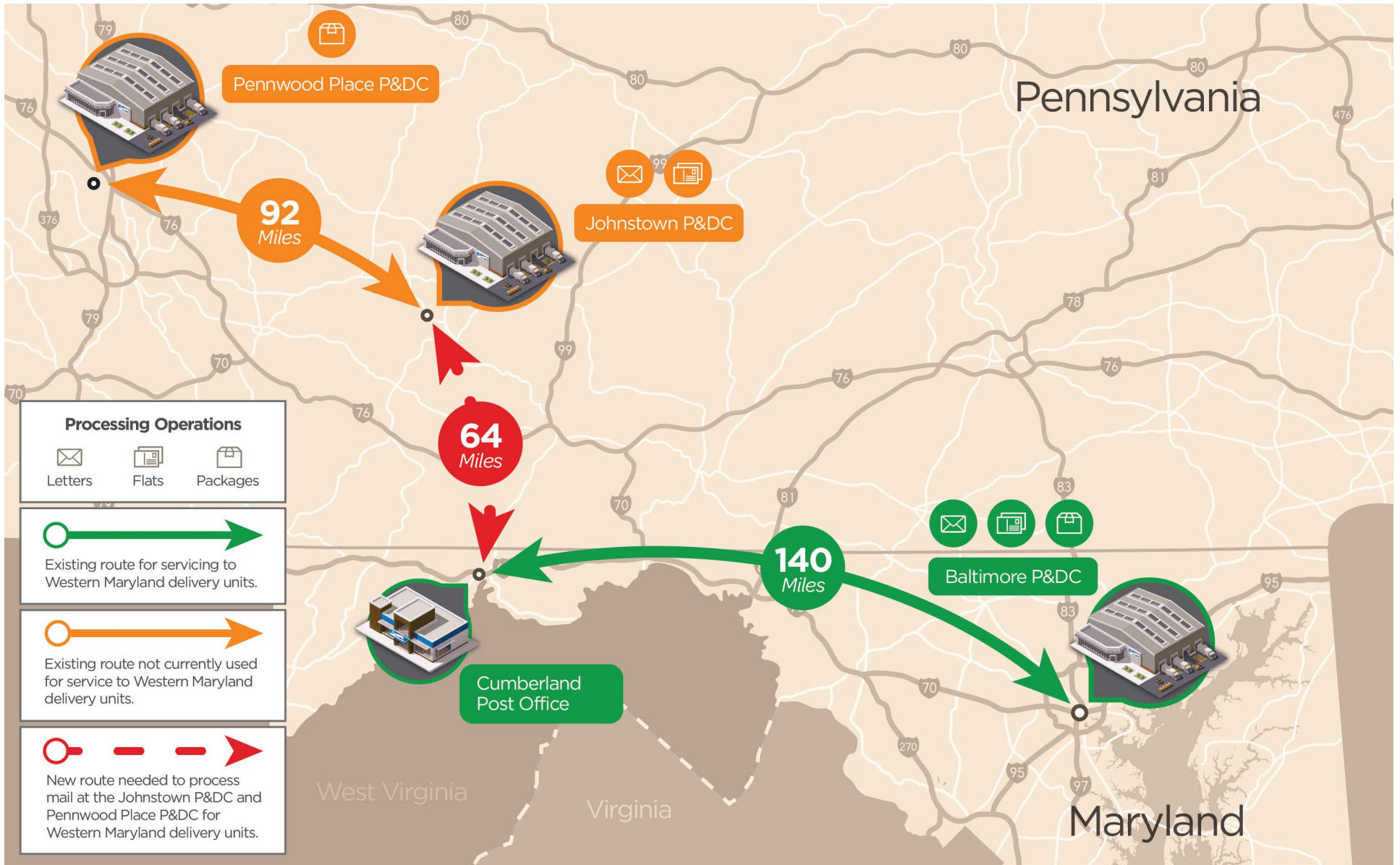
Local mail sent from and destined to the Western Maryland area must travel about 140 miles each way (280 miles roundtrip) to be processed at the Baltimore P&DC. The Johnstown P&DC is the closest mail processing facility to Western Maryland, located 64 miles from the Cumberland Post Office, which is about 76 miles closer than the Baltimore P&DC. The Pennwood Place P&DC is 121 miles away from the Cumberland Post Office, 19 miles closer than the Baltimore P&DC. Currently, the Johnstown and Pennwood Place P&DCs operate as a single network (i.e., Johnstown P&DC processes letters and flats

“The Johnstown and Pennwood Place P&DCs have processing efficiency, package capacity, and other operational benefits such as fewer late trips over current processing operations at the Baltimore P&DC.”

and Pennwood Place P&DC processes packages) to support their service area; therefore, they already have existing transportation routes in place between the two facilities. These existing routes operate using tractor trailers and only used, on average, 43 percent of their capacity between April 1, 2021, and March 31, 2022. The total distance between the Cumberland Post Office and Pennwood Place P&DC, using the existing routes, is about 156 miles.

If the Johnstown and Pennwood Place P&DCs processed mail for Western Maryland, the distance to process letters and flats would be decreased (by about 76 miles), but the distance to process packages – using the existing routes – would be increased (by about 16 miles) (see [Figure 2](#)). However, using these existing routes would improve trailer utilization and further reduce transportation costs. In addition to lower transportation costs, the Johnstown and Pennwood Place P&DCs have processing efficiency, package capacity, and other operational benefits such as fewer late trips over current processing operations at the Baltimore P&DC.

Figure 2: Transportation from Cumberland Post Office



Source: OIG analysis of data obtained from Transportation Optimization and Scheduling (TOPS), Transportation Contract Support System (TCSS), and WebEOR.

Processing Efficiency

The Johnstown and Pennwood Place P&DCs are more efficient at processing mail in terms of the amount of mail processed per workhour (see Table 2). Between April 1, 2021, and March 31, 2022, the Johnstown P&DC processed 68 percent more letters per workhour and 33 percent more flats per workhour than the Baltimore P&DC. The Pennwood Place P&DC [REDACTED] than the Baltimore P&DC. Facilities have inherent and operational differences that can impact mail processing efficiency from facility to facility. For example, the Baltimore P&DC is a multi-level facility and the Johnstown and Pennwood Place P&DCs have different processing equipment than the Baltimore P&DC. Moving Western Maryland’s mail from the Baltimore P&DC to the Johnstown and Pennwood Place P&DCs could increase the amount of mail processed per workhour (productivity), reducing processing costs for the Postal Service.

Table 2: Mailpieces Processed per Workhour (Between April 1, 2021, and March 31, 2022)

Facility	Productivity		
	Letters	Flats	Packages
Baltimore P&DC	[REDACTED]	[REDACTED]	[REDACTED]
Johnstown P&DC	[REDACTED]	[REDACTED]	[REDACTED]
Pennwood Place P&DC	N/A	N/A	[REDACTED]
Percentage Difference Compared to the Baltimore P&DC	68%	33%	6%

Source: OIG analysis of data obtained from Management Operating Data System (MODS).

Package Capacity

Mail processing equipment can sort packages by the 5-digit ZIP Code, allowing packages to get routed to an individual delivery unit without additional sortation. However, if the processing facility has limited space, or if package processing

equipment has limited sortation bins, then packages are sorted by the first three digits of a ZIP Code and sent to a main post office hub for those 3-digit ZIP Codes. Packages sorted to only a 3-digit ZIP Code require additional sortation to be routed from the main post office hub to downstream delivery units (referred to as “working mail”).



Figure 3: Working Mail Arriving at the Cumberland Post Office



Source: OIG photograph taken May 11, 2022, at the Cumberland Post Office.

“The recurring route to the Cumberland Post Office is one of the worst performing routes out of the Baltimore P&DC, arriving late 42 percent of the time.”

The lack of sortation is due to the Baltimore P&DC not having enough [REDACTED] to sort more mail to a [REDACTED]. We obtained data from the Baltimore and Pennwood Place P&DCs’ incoming sort plans⁸ and [REDACTED]. The Baltimore P&DC has [REDACTED] which has [REDACTED] that employees can separate mail into. [REDACTED] when sorting destinating First-Class and [REDACTED]. There are [REDACTED]

used for mail destinating to Western Maryland delivery units; however, since Western Maryland has 49 separate delivery units, the remaining mail is [REDACTED] and sent to the Cumberland Post Office to be further sorted.

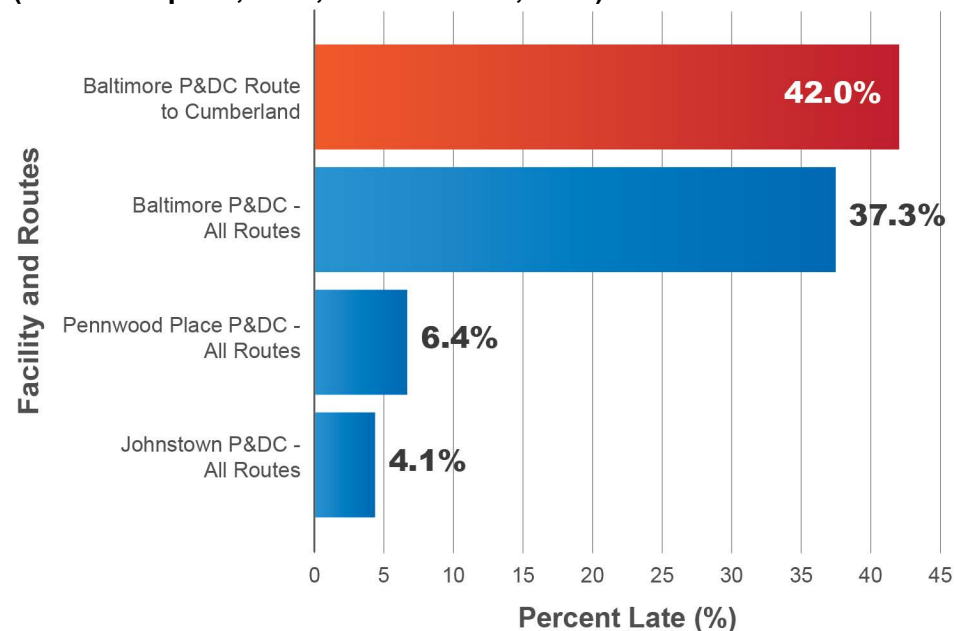
The Pennwood Place P&DC has the capacity and additional bins to sort more mail destined to Western Maryland by the [REDACTED]. The Pennwood Place P&DC has [REDACTED] of which have up to [REDACTED] than the Baltimore P&DC [REDACTED]. This additional capacity would allow the Pennwood Place P&DC to provide Western Maryland with fewer [REDACTED] sorted to a [REDACTED], reducing the amount of time delivery units must spend [REDACTED]

Late Trucks

The transportation route between the Baltimore P&DC and Cumberland Post Office uses a single contractor. Management at the Cumberland Post Office stated that the biggest issue they face with mail timeliness in Western Maryland is contractors being late. Between April 1, 2021, and March 31, 2022, outbound trips from the Baltimore P&DC were late arriving to their destination over eight times more often than trips out of the Johnstown P&DC, and over four times more

often than trips out of the Pennwood Place P&DC. The recurring route to the Cumberland Post Office is one of the worst performing routes out of the Baltimore P&DC, arriving late 42 percent of the time (see Figure 4).

Figure 4: Percentage of Late Trucks (Between April 1, 2021, and March 31, 2022)



Source: OIG analysis of data obtained from Surface Visibility (SV).

While on-site at the Cumberland Post Office, we witnessed numerous occurrences of trucks arriving late from the Baltimore P&DC, causing carriers to begin their routes late. Additionally, the contractor used a box truck to transport packages from the Cumberland Post Office to the Baltimore P&DC; however, the contract requires the use of a tractor trailer. The contractor stated that they did not have any tractor trailers to use at that time. Not providing the correct agreed upon equipment can put mail at risk.

⁸ A systematic plan used by processing facilities for mail destinating to their service area that identifies and plans operations for sorting mail to downstream facilities such as post offices.

If mail processing operations are moved from the Baltimore P&DC to the Johnstown and Pennwood Place P&DCs, the Cumberland Post Office would likely experience fewer late truck arrivals and management could eliminate the current unreliable transportation route.

Affect on Service to Western Maryland Customers

The Postal Service divides mail into different services called “classes”. Each class of mail is further divided into “products” with different features, service levels, and postage rates. Service standards specify timeliness standards for delivering mail after receiving it from a customer and are determined by the class of mail, where

“If mail were moved to the Johnstown and Pennwood Place P&DCs, Western Maryland could potentially experience an increase in service performance.”

it originates, and where it is going or destined. Generally, the farther the mail must travel, the more days for the service standard.

The Cumberland CSMPC consolidation, which was finalized in FY 2014, initially estimated that over 99.5 percent of service standards would be unaffected or upgraded. We did not determine if the decision to route mail out of the Baltimore

P&DC beginning in FY 2014 directly affected Western Maryland’s mail service at that time due to various limitations. Since FY 2014, the Postal Service has undergone organizational and operational changes that impacted nationwide service performance and service performance reporting. However, currently, mail that both originates and destines within and around the Western Maryland area gets a 2-day service standard for First-Class Mail and an overnight standard for Priority Mail. Western Maryland has received some of the lowest composite⁹ service performance compared to the remainder of the Chesapeake Division. Between April 1, 2021, and March 31, 2022, First-Class, Marketing, and Priority Mail underperformed the division, including mail within a 2-day and overnight service standard. See Table 3 for scores by mail product.

⁹ Composite service performance is the combined score of mail that is both originating and destinating.

Table 3: Composite Percentage On-Time Difference Between Western Maryland and the Chesapeake Division (Between April 1, 2021, and March 31, 2022)

Mail Class	Mail Product	Composite Percentage On-Time		
		Western Maryland	Chesapeake Division	Difference
First-Class Letters and Flats	2-Day Composite	84.3	88.2	-3.9
	All First-Class Mail	77.9	84.8	-6.9
Marketing Mail	All Marketing Mail	85.0	90.7	-5.7
First-Class Packages	2-Day Composite	[REDACTED]		
	All First-Class Packages			
Priority Mail	Priority Overnight			
	All Priority			

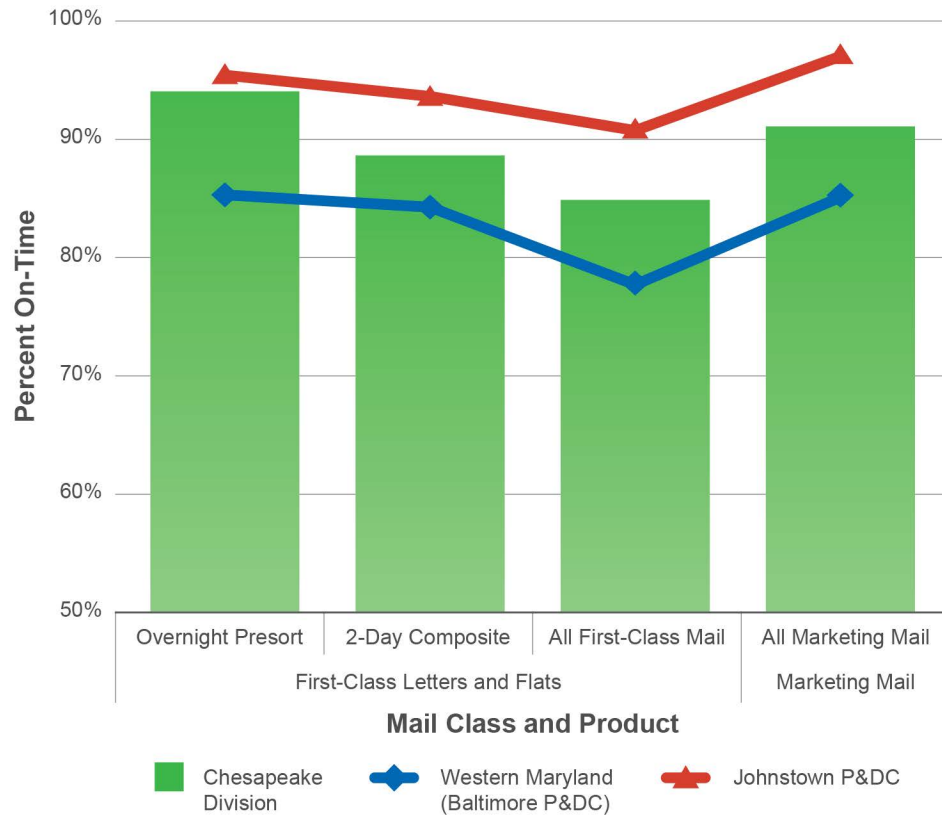
Source: OIG analysis of data obtained from Enterprise Data Warehouse (EDW) and Informed Visibility (IV).

The low service performance is in part due to the mail being processed at the Baltimore P&DC, which also receives some of the lowest service performance scores of the division. If mail were moved to the Johnstown and Pennwood Place P&DCs, Western Maryland could potentially experience an increase in service performance by as much as:

- 12.8 percent for First-Class Mail;
- 11.9 percent for Marketing Mail;
- [REDACTED]
- [REDACTED]

Both facilities significantly outperform Western Maryland’s current service performance and the division. See Figure 5 for market-dominant products and Figure 6 for competitive products.

Figure 5: Composite Market-Dominant On-Time Service Performance (Between April 1, 2021, and March 31, 2022)



Source: OIG analysis of data obtained from IV.

Figure 6: Composite Competitive On-Time Service Performance (Between April 1, 2021, and March 31, 2022)



Source: OIG analysis of data obtained from EDW and IV.

While use of the Pennwood Place P&DC would produce significantly better service performance scores, Western Maryland’s overnight priority service standards¹⁰ will be impacted¹¹ due to a change in priority mail zones.¹²

¹⁰ Priority mail receives an overnight standard for mail being delivered within 50 miles from the originating processing facility.

¹¹ Twenty two 3-digit ZIP Codes in MD will lose overnight priority service, and 18 3-digit ZIP Codes in PA will gain overnight priority service.

¹² Priority Mail zones account for where the mailpiece originates from, destinations to, and where it is processed.

Additional Work Conducted – Mail Test

We conducted a nonstatistical sample of 50 First-Class mailpieces destinating to Cumberland, MD, and originating from various postal facilities within Western Maryland. The purpose of this mail test was to identify if any problems existed with service in Western Maryland from a customer perspective. The sample included 25 letters, 15 flats, and 10 packages. On May 9, 2022, we mailed

“Higher levels of delayed mail could adversely affect Postal Service customers in Western Maryland, harm the brand, send mailers to competitors, or cause the Postal Service to lose revenue.”

the sample mailpieces from various collection boxes¹³ and post office retail counters in Western Maryland. The sample mailpieces were dropped off prior to the stated collection times and destined to a P.O. Box at a Western Maryland delivery unit.

While our mail test is not representative of the total population of mail in Western Maryland, we found that problems existed in Western Maryland with mail reaching its destination. In total, 18 percent of the mailpieces (or 9 of 50 mailpieces) were either never received or were not delivered within the service standard. Specifically:

- Nine mailpieces – consisting of eight flats and one letter – were not delivered within the service standard.
- Six of the nine were never received or returned to the sender, including five that did not receive any processing visibility despite having an Intelligent Mail barcode.¹⁴

Due to the issues noted above, if the Postal Service continues processing Western Maryland mail at the Baltimore P&DC, there is greater risk that it could be delayed. Higher levels of delayed mail could adversely affect Postal Service

customers in Western Maryland, harm the brand, send mailers to competitors, or cause the Postal Service to lose revenue.

Recommendation #1

We recommend the **Chief Processing and Distribution Officer and Executive Vice President**, conduct a study to determine if moving mail processing operations for 3-digit ZIP Codes beginning with 215 and 267 from the Baltimore Processing & Distribution Center to other processing facilities would be more efficient and effective, and provide better service performance.

Management’s Comments

Management generally agreed with the finding and agreed with recommendation 1. Management stated that while they do not disagree with the facts stated in the report, the finding disregards continued impacts of the pandemic and customer concerns of moving mail processing operations out of their state of residence. See [Appendix B](#) for management’s comments in their entirety.

Regarding recommendation 1, management stated that they will study 3-digit Zip Codes 215 and 267 as part of the Delivering for America Plan, or network modernization effort, which will address the recommendation in a standardized and holistic manner. The target implementation date is March 31, 2023.

Evaluation of Management’s Comments

The OIG considers management’s comments responsive to the recommendation and corrective action should resolve the issues identified in the report.

All recommendations require OIG concurrence before closure. The OIG requests written confirmation when corrective action is completed. Recommendation 1 should not be closed in the Postal Service’s follow-up tracking system until the OIG provides written confirmation that the recommendation can be closed.

¹³ A collection box is a free standing, blue-painted box used by the public to deposit letters, flats, and lightweight parcels.

¹⁴ A 65-bar Postal Service barcode used to sort and track letters and flats.

Appendices

Click on the appendix title below to navigate to the section content.

Appendix A: Additional Information	14
Scope and Methodology	14
Prior Audit Coverage	15
Appendix B: Management’s Comments	16

Appendix A: Additional Information

Scope and Methodology

The scope of our audit was to assess service performance and processing efficiency in the Western Maryland area between April 1, 2021, and March 31, 2022. We also reviewed and analyzed the Cumberland CSMPC AMP consolidation documentation between FYs 2012 and 2014.

To accomplish our objective we:

- Conducted site visits at the Cumberland Post Office and the Johnstown and Pennwood Place P&DCs.
- Conducted meetings with key personnel from Postal Service Headquarters and interviewed management (e.g., plant manager, maintenance manager, manager, in-plant support, postmaster, etc.) at the Cumberland Post Office and the Johnstown and Pennwood Place P&DCs.
- Reviewed and analyzed stated cost savings in the Cumberland CSMPC consolidation documentation.
- Analyzed service performance for First-Class Mail, Marketing Mail, and packages within the Chesapeake Division, including 3-digit ZIP Codes beginning with 215 and 267.

- Identified processing facilities near Western Maryland that are closer than the Baltimore P&DC and assessed their ability to absorb mail processing functions for Western Maryland.
- Identified processing operations and current transportation routes in the Chesapeake Division and assessed the cost effectiveness and efficiency of using the Baltimore P&DC over other processing center(s) closer to Western Maryland.

We conducted this audit from April through August 2022 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 finding and conclusions based on our audit objective. We discussed our observations and conclusions with management on August 9, 2022, and included their comments where appropriate.

We assessed the reliability of any computer-generated data used for the purpose of this report. Specifically, we assessed the reliability of IV, SV, WebEOR, EDW, MODS, TCSS, TOPS, and FDB. We determined that the data were sufficiently reliable for the purposes of this report.

Prior Audit Coverage

Report Title	Objective	Report Number	Final Report Date	Monetary Impact (in Millions)
<i>Improving Service Performance and Mail Processing Efficiencies at Historically Low Performing Facilities</i>	Evaluate service performance and processing efficiencies at 10 low performing mail processing facilities and determine potential areas for improvement.	21-243-R22	8/8/2022	\$82.4
<i>Efficiency of Operations at the Baltimore, MD Processing and Distribution Center</i>	Evaluate efficiency of plant operations at the Baltimore, MD P&DC.	21-237-R22	12/16/2021	None
<i>Embargoes and Redirections at U.S. Postal Service Processing Facilities</i>	Evaluate operational impacts the Postal Service experienced before and after embargoes and redirections at mail processing facilities during the FY 2021 peak mailing season.	21-112-R21	8/12/2021	None
<i>Area Mail Processing Consolidations</i>	Determine whether Postal Service AMP guidelines provide justification and sufficient transparency for consolidating AMP facilities.	NO-AR-15-007	6/5/2015	None

Appendix B: Management's Comments

MIKE L. BARBER
VICE PRESIDENT
PROCESSING AND MAINTENANCE OPERATIONS



August 22, 2022

JOHN CIHOTA
DIRECTOR, AUDIT SERVICES

SUBJECT: Management Response: Efficiency of Processing Operations and Service Performance in Western Maryland (Report Number 22-111-DRAFT)

Thank you for providing the Postal Service with an opportunity to review and comment on the finding and recommendation contained in the draft audit report, *Efficiency of Processing Operations and Service Performance in Western Maryland*.

Management does not disagree with the facts stated in Finding #1: Efficiency and Service Performance of Processing Operations, but the findings disregard the continued impact of the pandemic during the audit period from April 1, 2021 – March 31, 2022. The audit also fails to acknowledge customer concerns that typically arise if the processing of their mail is moved out of their state of residence.

Recommendation [1]:

We recommend **the Chief Processing and Distribution Officer and Executive Vice President**, conduct a study to determine if moving mail processing operations for 3-digit ZIP Codes beginning with 215 and 267 from the Baltimore Processing & Distribution Center to other processing facilities would be more efficient and effective, and provide better service performance.

Management Response/Action Plan:

Management agrees to study the 3-digit ZIP Codes as part of the Delivering for American Plan, specifically the network modernization effort, which will address the recommendation in a standardized and holistic manner. Non-standardized, isolated, and partial evaluations would be detrimental to the holistic network modernization effort and will not be conducted. Once the study has been conducted for 215 and 267, the results will be shared with the Office of Inspector General.

Target Implementation Date: 03/31/23

475 L'ENFANT PLAZA SW
WASHINGTON, DC 20260-0006
WWW.USPS.GOV

- 2 -

Responsible Official: Senior Director Strategic Planning & Implementation

A handwritten signature in blue ink, appearing to read "Mike L. Barber", is written over a horizontal line.

Mike L. Barber

cc: *Manager, Corporate Audit Response Management*

OFFICE OF
**INSPECTOR
GENERAL**
UNITED STATES POSTAL SERVICE

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