

Efficiency of Operations at the Dominick V. Daniels Processing and Distribution Center, Kearny, NJ

AUDIT REPORT

Report Number 22-169-R23 | October 19, 2022



Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

October 19, 2022

MEMORANDUM FOR: STEPHEN J. HUMIN
NEW YORK METRO DIVISION DIRECTOR, PROCESSING
OPERATIONS

CHRISTOPHER E. JOHNSON
NEW YORK METRO DIVISION DIRECTOR, LOGISTICS OPERATIONS

A handwritten signature in black ink that reads "Joseph E. Wolski".

FROM: Joseph E. Wolski
Director, Field Operations

SUBJECT: Audit Report – Efficiency of Operations at the Dominick V.
Daniels Processing and Distribution Center, Kearny, NJ
(Report Number 22-169-R23)

This report presents the results of our audit of the Efficiency of Operations at the Dominick V. Daniels Processing and Distribution Center in Kearny, NJ.

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

Attachment

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

Results

Background

This report presents the results of our self-initiated audit of efficiency of operations at the Dominick V. Daniels Processing and Distribution Center (DV Daniels P&DC), in Kearny, NJ (Project Number 22-169). We conducted this audit to provide U.S. Postal Service management with timely information on operational risks at this P&DC. We judgmentally selected the DV Daniels P&DC based on a review of operational and service metrics. The DV Daniels P&DC is in the New York Metro Division and processes letters, flats, and parcels. The DV Daniels P&DC services multiple 3-digit ZIP Codes in urban and rural communities¹ (see Table 1).

Table 1. Population Demographics

| 3-Digit ZIP Codes | Urban Population | Rural Population | Total Population |
|-----------------------|------------------|------------------|------------------|
| 070-073, 079, 088-089 | 8,324,129 | 467,774 | 8,791,903 |

Source: Postal Service National Distribution Labeling List and Esri.

Objective, Scope, and Methodology

Our objective was to evaluate the efficiency of operations at the DV Daniels P&DC. To accomplish our objective, we focused on four audit areas: mail clearance times;² delayed mail; late, canceled, and extra outbound trips; and load scans. Specifically, we analyzed the DV Daniels P&DC’s Enterprise Data Warehouse (EDW)³ information for productivity, workhours, overtime, and load scans from October 2021 to July 2022. During our site visit the week of August 15, 2022, we interviewed P&DC management and observed mail processing and dock operations.

During the same week, the U.S. Postal Service Office of Inspector General (OIG) also audited

three delivery units serviced by the DV Daniels P&DC. We will provide the results of those audits to New Jersey District management in separate reports.⁴ See [Appendix A](#) for additional information about our scope and methodology.

Results Summary

We identified deficiencies for two of the four areas we reviewed that affected the efficiency of operations at the DV Daniels P&DC (see Table 2). We also identified another issue related to preventative maintenance.

Table 2. Summary of Results

| Audit Area | Issues Identified | |
|--|-------------------|----|
| | Yes | No |
| Clearance Times | | X |
| Delayed Mail | | X |
| Late, Canceled, and Extra Outbound Trips | X | |
| Load Scans | X | |
| Other Issue | X | |

Source: Results of OIG review conducted during the week of August 15, 2022.

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

- Clearance Times – We analyzed mail processing schedules and data to verify the plant was meeting the scheduled clearance times. During our visit, we also observed the timely processing of mail.
- Delayed Mail – During our observations, we did not identify delayed mail/systemic issues related to delayed mail. We reviewed the morning mail counts provided by plant personnel, which confirmed these observations.

¹ We obtained ZIP Code information related to population and urban/rural classification from Esri, which is based on 2010 Census Bureau information.

² The latest time committed mail can clear an operation for proper dispatch or delivery.

³ A repository intended for data and the central source for information on retail, financial, and operational performance. Mission-critical information comes to EDW from transactions that occur across the mail delivery system, points-of-sale, and other sources.

⁴ The three delivery units were Kearny Post Office, Kearny, NJ (Project Number 22-170-2); Belleville Annex, Belleville, NJ (Project Number 22-170-1); Union Post Office, Union, NJ (Project Number 22-170-3).

Finding #1: Late, Canceled, and Extra Outbound Trips

Table 3. Late, Canceled, and Extra Outbound Trips

| Transportation Metric | Number | Total Number of Trips | Percentage of Total Trips |
|-----------------------|--------|-----------------------|---------------------------|
| Late Trips | 25,143 | 145,423 | 17.29% |
| Canceled Trips | 26,349 | 145,423 | 18.12% |
| Extra Trips | 4,807 | 145,423 | 3.31% |

Source: EDW.

What We Found

We determined the DV Daniels P&DC had 25,143 outbound late trips, 26,349 outbound canceled trips, and 4,807 outbound extra trips from October 1, 2021, through July 31, 2022 (see Table 3).

Why Did It Occur

Vacant Postal Vehicle Service (PVS)⁵ driver positions caused these late, canceled, and extra trips. Specifically, the DV Daniels P&DC only had 123 drivers on the rolls but had a total earned complement⁶ of 155 PVS drivers at the end of July 2022. Management stated that the driver shortage caused them to cancel and combine trips and shuffle PVS drivers around to transport the mail daily. From October 2021, through July 2022, the number of drivers on the rolls at the DV Daniels P&DC decreased by 14 (see Figure 1).

DV Daniels P&DC management stated they have had challenges with hiring and retaining employees. This occurred because the competitive labor market has prevented local management from filling the vacancies.

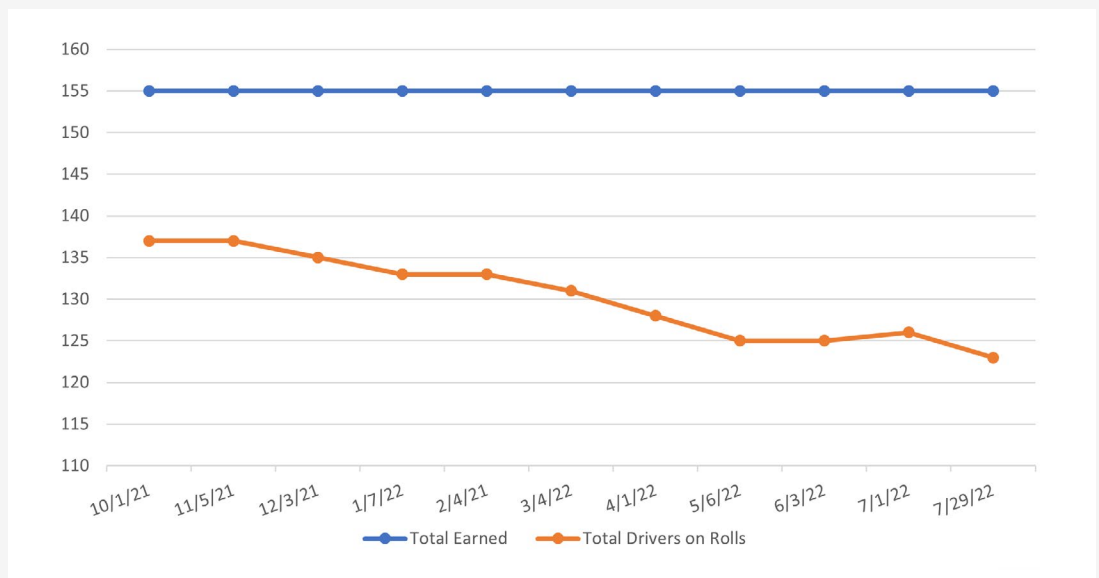
To address the PVS vacancy issue, management actively tried to fill vacancies at the DV Daniels P&DC. For example, management used recruitment tools such as participating in job fairs and advertising using banners in front of the building. Despite these initiatives, management was unable to fill the vacancies.

What Should Have Happened

Management must anticipate recruitment needs in time to ensure that qualified persons are available for appointment. When using competitive recruitment, management determines whether they need

Figure 1. PVS Drivers Earned and on Rolls

Source: eWorkforce.



5 A service operated by employees to transport mail between mail processing facilities, post offices, post office branches, post office stations, detached mail units, various postal customers, and terminals.

6 The earned complement is based on the optimization of PVS trips and approved by Headquarters Surface Transportation Operations.

additional recruitment efforts to yield a diverse pool of qualified persons for potential Postal Service employment.⁷ The OIG recently published a report on the truck driver shortage and its implications on the Postal Service.⁸ In the report, the OIG discussed the impact the truck driver shortage has had on PVS and Highway Contract Route⁹ operations and potential strategies to mitigate the effects of the shortage.

Effect on the Postal Service and Its Customers

When the Postal Service has late and extra trips, there is an increased risk that the mail will not be delivered on time and may adversely affect its customers, harm the brand, send customers to competitors, increase operating costs, and cause a loss of revenue.

Recommendation #1

We recommend the **New York Metro Division Director, Logistics Operations**, coordinate with **Headquarters Logistics and Human Resources** to identify and implement additional, local strategies to increase the number of Postal Vehicle Service drivers at the Dominick V. Daniels Processing and Distribution Center.

⁷ *Employee and Labor Relations Manual*, Section 321.1.

⁸ *The Truck Driver Shortage: Implications for the Postal Service* (Report Number RISC-WP-22-002, dated March 7, 2022).

⁹ A route of travel served by a postal contractor to carry mail in bulk over highways between designated points. Highway contract routes make up the largest single group of transportation services used by USPS and range from long-haul tractor trailers to box delivery routes.

Finding #2: Load Scans

What We Found

DV Daniels P&DC employees were not performing container load scans consistently before dispatching mail. Specifically, from October 1, 2021, through July 31, 2022, scanning compliance for load scans¹⁰ was 88.21 percent, as compared to the scanning goal of 92 percent (see Figure 2).

According to the Mail Condition Visualization application,¹¹ we determined the DV Daniels P&DC had 45,877 containers of delayed dispatch, the 26th highest (out of 189) in the Eastern Region from October 1, 2021, to July 31, 2022. Delayed dispatch provides a count of containers that does not make the transportation schedule necessary to meet service standards. When load scans are missed, containers are counted as delayed dispatch in the Mail Condition Visualization application.

Why Did It Occur

Management was not ensuring that employees were performing load scans consistently. The high number of delayed dispatch containers at the DV Daniels P&DC were caused by these missed load scans. We observed four trucks being loaded and one

instance of an employee who did not perform the load scans. Management stated that load scanning continues to be an opportunity for improvement.

What Should Have Happened

Postal Service policy¹² states that employees are required to perform load scans to ensure 100 percent mail visibility and that management should ensure employees are scanning containers before loading them onto a trailer.

Effect on the Postal Service and Its Customers

When load scans are missed, containers are counted as delayed dispatch in the Mail Condition Visualization application. Since the data did not reflect actual mail conditions at the DV Daniels P&DC, management was unable to accurately determine the actual amount of delayed dispatch containers and could not rely on the Mail Condition Visualization data to make operational decisions.

Recommendation #2

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

Figure 2. DV Daniels P&DC Average Monthly Load Scan Performance from October 2021 – July 2022

Source: EDW.



¹⁰ Performed when the container is loaded onto the trailer for dispatch.

¹¹ Provides near real-time visibility of a facility's on-hand volume, delayed processing volume, delayed dispatch volume, and oldest mail date by mail category and processing operation and stores historical trailer information.

¹² *Surface Visibility Program User booklet.*

Finding #3: Preventative Maintenance Completion Rate

What We Found

We determined the DV Daniels P&DC did not complete sufficient preventative maintenance on three machines¹³ to meet the 95 percent goal. Specifically, from February 5 to August 5, 2022, the completion rates of these machines scheduled preventative maintenance were 94.85, 94.14, and 88.86 percent, respectively.

Why Did It Occur

Vacant maintenance positions caused bypassed preventative maintenance on some machines. The DV Daniels P&DC had a total earned complement¹⁴ of 186 maintenance positions at the end of July 2022 but only had 163 maintenance employees on the rolls. Of the overall 186 maintenance positions, 106 positions were qualified to perform preventative maintenance on the machines. As of August 19, 2022, 16 of the 106 were vacant, which contributed to the bypassing of preventive maintenance.

DV Daniels P&DC management stated they have had challenges with hiring and retaining employees. This occurred because the competitive labor market has prevented local management from filling the vacancies.

To address the maintenance vacancy issue, management actively tried to fill vacancies at the DV Daniels P&DC. For example, management used recruitment tools such as job fairs, banners in front of the building, and flyers. Despite these initiatives, management was unable to fill the vacancies.

What Should Have Happened

Management must anticipate recruitment needs in time to ensure that qualified persons are available for appointment. When using competitive recruitment, management determines whether they need additional recruitment efforts to yield a diverse pool of qualified persons for potential Postal Service employment.

Effect on the Postal Service and Its Customers

When an equipment preventative maintenance route is not completed, those systems are at risk of not operating safely, efficiently, and effectively. In addition, the equipment is at risk of reducing its life expectancy, voiding the manufacturer's warranty, and/or incurring additional repair costs.

Recommendation #3

We recommend the **New York Metro Division Director, Processing Operations**, coordinate with **Headquarters Processing and Human Resources** to identify and implement additional, local strategies to increase the number of preventative maintenance employees at the Dominick V. Daniels Processing and Distribution Center.

¹³ Automated Parcel and Bundel Sorter, Delivery Bar Code Sorter, and Delivery Bar Code Sorter Input/Output Subsystem

¹⁴ The number of maintenance positions based on workload.

Management's Comments

Management agreed with the findings and recommendations in the report. See [Appendix B](#) for management's comments in their entirety.

Regarding recommendation 1, management stated the Human Resource Shared Service Center currently posts positions nationally for one-week intervals. Viable candidates are pushed to the local Transportation and Network Specialists for interviews. Additionally, the Human Resource Shared Service Center and Headquarters Logistics are working with marketing and recruitment to ensure continued marketing strategies align with these national job postings. The target implementation date is August 13, 2023.

Regarding recommendation 2, management stated that a daily cadence is conducted with all New York Metro facilities to address SV scanning. Additionally, a new weekly huddle by the Division Manager Implementation and Strategy has been executed to share scanning opportunities and to give and receive feedback. The target implementation date is February 14, 2023.

Regarding recommendation 3, management stated that the New York Metro Division Director will coordinate with Headquarters Maintenance and Human Resources to identify and implement local strategies to improve hiring to authorized levels. The target implementation date is March 31, 2023.

Evaluation of Management's Comments

The U.S. Postal Service OIG considers management's comments responsive to the recommendations in the report.

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. Additional Information

We conducted this audit from August through October 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 findings and conclusions based on our audit objective. We discussed our observations and conclusions with management on October 3, 2022, and included their comments where appropriate.

We relied on computer-generated data from the EDW, eWorkforce, National Electronic Maintenance Activity Reporting System,¹⁵ and Surface Visibility Web 2.0.¹⁶ Although we did not test the validity of controls over these systems, we assessed the accuracy of the data by reviewing existing information, comparing data from other sources, observing operations, and interviewing Postal Service officials knowledgeable about the data. Therefore, we determined the data were sufficiently reliable for the purposes of this report.

¹⁵ The national reporting tool for the most common reporting items queried from eMARS data and information. eMARS is a Computerized Maintenance Management System that provides tools to manage maintenance operations using the power and flexibility of the World Wide Web. Modules in eMARS that support maintenance operations include Work Orders, Equipment Records, Preventive Maintenance, Inventory, Workload Scheduling, Reactive Maintenance, Completed Actions, Personnel, and Safety Compliance items.

¹⁶ A website dedicated to the Surface Visibility program. Provides real time transportation updates and reporting on the movement of trailers in the surface network. The data captured to identify early, on time, late or canceled trips is also used to evaluate and improve transportation schedules.

Appendix B: Management's Comments



October 11, 2022

JOHN CIHOTA
DIRECTOR, AUDIT SERVICES

SUBJECT: Management Response: Efficiency of Operations at the Dominick V. Processing and Distribution Center, Kearny, NJ (Report Number 2-169-DRAFT)

Thank you for providing the Postal Service with an opportunity to review and comment on the findings and recommendations contained in the draft audit report, Efficiency of Operations at the Dominick V. Daniels Processing and Distribution Center in Kearny, NJ.

Finding #1& #3

The collective group agreed with the overall findings and addressed that there are currently national initiatives in place, specifically to address the hiring deficiencies in Function 3a and 3b.

Finding #2:

Management agrees with the findings and sees no factual inaccuracies.

Recommendation [1]:

We recommend the **New York Metro Division Director, Logistics Operations**, coordinate with **Headquarters Logistics and Human Resources** to identify and implement additional, local strategies to increase the number of Postal Vehicle Service drivers at the Dominick V. Daniels Processing and Distribution Center.

Management Response/Action Plan:

Logistics Management agrees with this recommendation. MVS hiring is conducted at a HQ National level for all MVS sites. This consist of HRSSC posting positions nationally on USPS.com/eCareer to the site level. Postings are up for one-week intervals and viable candidates within said posting are then pushed to the local TANS or designee to conduct the interview. All hiring is tracked by HRSSC. In addition to the above, HRSSC and HQ Logistics is working with Brand Marketing and Recruitment to ensure continued marketing strategies align with national job postings. Logistics ongoing review with HQ/HR.

Target Implementation Date: 8/13/2023

Responsible Official:

**New York Metro Division Director, Logistics Operations
Manager, Field Human Resources
Director, Division Logistics**

Recommendation [2]:

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

Management Response/Action Plan:

While load scanning performance did not fall under the oversight of Fn1 mail processing for all the sampled period, Management agrees with this recommendation. A daily cadence is conducted with all NY Metro facilities, addressing Surface Visibility scanning. Additionally, a new weekly huddle, conducted by the Division Manager Implementation and Strategy (DMIS) has been implemented. The purpose is to share scanning opportunities with the employees performing the work, as well as to give and receive feedback.

Target Implementation Date: 2/14/2023

Responsible Official:

**New York Metro Division Director, Processing Operations
New York Metro Division Manager, Implementation and Strategy
New York Metro Division Manager, Operations Support
Plant Manager, DVD P&DC
Senior Mgr. Distribution Operations
Mgr. In-Plant Support.**

Recommendation [3]:

We recommend the **New York Metro Division Director, Processing Operations**, coordinate with **Headquarters Processing and Human Resources** to identify and implement additional, local strategies to increase the number of preventative maintenance employees at the Dominick V. Daniels Processing and Distribution Center.

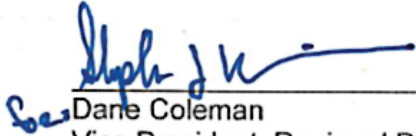
Management Response/Action Plan:

Management agrees with the recommendation. The New York Metro Division Director, Processing Operations will coordinate with HQ Executive Mgr. Maintenance Implementation and the Sr. Director, Maintenance Operations, and HQ Human Resources to identify and implement local strategies to improve hiring to authorized levels.

Target Implementation Date: 3/31/2023

Responsible Official:

**New York Metro Division Director, Processing Operations
Executive Mgr. Maint Implementation
Sr. Director, Maintenance Operations
Manager, Field Human Resources**



Dane Coleman
Vice President, Regional Processing Operations

cc: Manager, Corporate Audit Response Management
Vice President, Logistics
Vice President, Processing and Maintenance Operations

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