

Efficiency of Operations at the Philadelphia Processing and Distribution Center, Philadelphia, PA

AUDIT REPORT

Report Number 22-207-R23 | January 10, 2023



Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

January 10, 2023

MEMORANDUM FOR: DAVE WEBSTER
CHESAPEAKE DIVISION DIRECTOR, PROCESSING OPERATIONS

BRIAN KELSO
CHESAPEAKE DIVISION DIRECTOR, LOGISTICS OPERATIONS

A handwritten signature in black ink, reading "Joseph E. Wolski", is positioned below the memorandum recipients.

FROM: Joseph E. Wolski
Director, Field Operations

SUBJECT: Audit Report – Efficiency of Operations at the Philadelphia Processing
and Distribution Center, Philadelphia, PA (Report Number 22-207-R23)

This report presents the results of our audit of the Efficiency of Operations at the Philadelphia Processing and Distribution Center in Philadelphia, PA.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Jennifer Schneider, Operational 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
Logistics Vice President
Vice President, Eastern Region Processing Operations Vice President
Regional Director, Eastern Region Logistics
Corporate Audit Response Management

Results

Background

This report presents the results of our audit of efficiency of operations at the Philadelphia Processing and Distribution Center (P&DC) in Philadelphia, PA (Project Number 22-207). We conducted this audit to provide U.S. Postal Service management with timely information on operational risks at this P&DC. We selected the Philadelphia P&DC based on a Congressional request from Senator Robert P. Casey Jr. and Representative Dwight Evans. The Philadelphia P&DC is in the Chesapeake Division; and processes letters, flats, and parcels; and 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
189 – 191	2,962,329	51,807	3,014,136
194	488,310	20,324	508,634
Total	3,450,639	72,131	3,522,770

Source: Postal Service National Distribution Labeling List and Esri.

Objective, Scope, and Methodology

Our objective was to evaluate the efficiency of operations at the Philadelphia P&DC. To accomplish our objective, we focused on four audit areas: mail clearance times,² delayed mail, late and extra outbound trips, and load scans. Specifically, we analyzed the Philadelphia P&DC's Enterprise Data Warehouse (EDW)³ information for productivity, workhours, overtime, and load scans from fiscal year (FY) 2022. During our site visit the week of October 24, 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 units⁴ serviced by the Philadelphia P&DC. We will provide the results of those audits to Chesapeake Division management in separate reports. See [Appendix A](#) for additional information about our scope and methodology.

Results Summary

We identified deficiencies for three of the four areas we reviewed that affected the efficiency of operations at the Philadelphia P&DC (see Table 2).

Table 2. Summary of Results

Audit Area	Issues Identified	
	Yes	No
Clearance Times		X
Delayed Mail	X	
Late, Cancelled, and Extra Outbound Trips	X	
Load Scans	X	

Source: Results of OIG review conducted the week of October 24, 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.

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 the Germantown Station, Philadelphia, PA (Project Number 22-208-1); Logan Station, Philadelphia, PA (Project Number 22-208-2); and North Philadelphia Station, Philadelphia, PA (Project Number 22-208-3).

Finding #1: Delayed Mail

What We Found

Philadelphia P&DC management reported 41,631 delayed flats⁵ on October 25, 2022, and 57,868 delayed flats on October 26, 2022, due to the breakdown of an automated flat sorting machine.

Why Did it Occur

Incomplete preventative maintenance was a contributing factor to the automated flat sorting machine breaking down. We determined the Philadelphia P&DC did not complete preventative maintenance to meet the 95 percent goal from April 2 to September 30, 2022. During this time, the completion rate of scheduled preventative maintenance was 47.38 percent, which included a 69.37 percent completion rate for the automated flat sorting machine. Management attributed the incomplete preventative maintenance to vacant positions, inadequate training, and failure to adhere to the scheduled preventative maintenance window.

The Philadelphia P&DC had a total earned complement⁶ of 242 maintenance positions at the end of November 2022. Of the overall 242 maintenance positions, 118 (48.76 percent) were qualified to perform preventative maintenance on the machines. Of the 118 positions, 16 (13.56 percent) were vacant, which contributed to the bypassing of preventative maintenance.

Management projects daily machine run plans to maximize processing efficiency using the Run Plan Generator⁷ (RPG). During the week of October 24, machines were processing mail during the scheduled preventative maintenance window 21.75 percent of the time. This may not allow adequate time to complete the preventative maintenance.

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.⁸

Management should ensure that they maintain mail processing equipment and postal operating equipment to provide optimum performance, minimal down-time, and appropriate asset life, as well as to provide a safe, environmentally compliant, and energy efficient working environment.⁹ Further, management should be adhering to RPG run plans. A previous OIG report¹⁰ recommended, and management agreed to, ensuring that personnel are adequately trained to use the RPG to produce run plans and that operational managers and supervisors use the RPG. This will ensure that management can properly staff and schedule preventative maintenance.

Effect on the Postal Service and its Customer

When preventative maintenance is bypassed, there is an increased risk that processing equipment may break down causing delayed mail. It may also adversely affect its customers, harm the brand, send mailers to competitors, increase operating costs, and cause a loss of revenue.

Recommendation #1

We recommend the **Chesapeake Division Director, Processing Operations**, coordinate with the **Field Director Human Resources, Atlantic Area**, to identify and implement strategies to increase the number of maintenance employees, who can perform preventative maintenance, at the Philadelphia Processing and Distribution Center.

Recommendation #2

We recommend the **Chesapeake Division Director, Processing Operations**, train maintenance employees, who perform preventative maintenance, at the Philadelphia Processing and Distribution Center.

Recommendation #3

We recommend the **Chesapeake Division Director, Processing Operations**, update and adhere to the Run Plan Generator to allow for appropriate preventative maintenance windows.

5 Flat-shaped mail such as large envelopes, newspapers, catalogs, and magazines.

6 The number of maintenance positions based on workload.

7 Combines site-specific mail processing machines, sort programs, maintenance requirements, mail volume, and the rate at which machines process mail.

8 *Employee and Labor Relations Manual* (ELM), Section 321.1.

9 Maintenance Handbook MS-63, *Maintenance Operations*.

10 *Use of the Run Plan Generator* (Report Number NO-AR-17-004, dated January 26, 2017).

Finding #2: Late, Cancelled, and Extra Outbound Trips

What We Found

We determined that the Philadelphia P&DC had 45,399 outbound late trips, 22,690 outbound cancelled trips, and 5,423 outbound extra trips in FY 2022 (see Table 3).

Why Did it Occur

Vacant Postal Vehicle Service (PVS)¹¹ driver positions caused these late, cancelled, and extra trips. Although, the Philadelphia P&DC had 230 PVS drivers on the rolls, compared to the total earned complement¹² of 233 PVS drivers at the end of September 2022, they had an additional 16 drivers who were not reporting to work or were not on approved leave. Management stated that it was challenging to complete the process to remove employees from the rolls. When management does not remove inactive drivers from the employee rolls, the P&DC is unable to hire replacements. Furthermore, replacement PVS drivers would increase available employees to decrease late, cancelled, and extra trips. Additionally, management stated that there is an extended hiring process, which makes it difficult to fill vacant positions timely.

What Should Have Happened

Management should ensure that employees are in regular attendance and failure to be in regular attendance may result in disciplinary action, including removal from the Postal Service.¹³

Management must also 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.¹⁴ The OIG recently published a report on the truck driver shortage and its implications on the Postal Service.¹⁵ In the report, the OIG discussed the impact the truck driver shortage has had on PVS and Highway Contract Route¹⁶ operations and potential strategies to mitigate the effects of the shortage.

Effect on the Postal Service and its Customer

When the Postal Service has late, cancelled, 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 #4

We recommend the **Chesapeake Division Director, Logistics Operations**, coordinate with the **Field Director Human Resources, Atlantic Area**, to identify and implement strategies to increase the number of active Postal Vehicle Service drivers at the Philadelphia Processing and Distribution Center.

Table 3. Late, Cancelled, and Extra Outbound Trips

Transportation Metric	Number	Total Number of Trips	Percentage of Total Trips
Late Trips	45,399	154,388	29.41%
Cancelled Trips	22,690	154,388	14.70%
Extra Trips	5,423	154,388	3.51%

Source: Surface Visibility Web (SVWeb) which is a system that provides real time transportation updates and reports on the movement of trailers in the surface network.

¹¹ 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.
¹² The earned complement is based on the optimization of PVS trips and approved by Headquarters Surface Transportation Operations.
¹³ ELM, Section 665.41.
¹⁴ ELM, Section 321.1.
¹⁵ *The Truck Driver Shortage: Implications for the Postal Service* (Report Number RISC-WP-22-002, dated March 7, 2022).
¹⁶ 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 #3: Load Scan Compliance

What We Found

Philadelphia P&DC employees were not performing container load scans consistently before dispatching mail. Specifically, for FY 2022 scanning compliance for load scans¹⁷ was 83.71 percent and overall scan compliance was 88.23 percent as compared to the Postal Service scanning goal of 92 percent (see Figure 1).

According to the Mail Condition Visualization application,¹⁸ we determined that the Philadelphia P&DC had 48,713 containers of delayed dispatch, the 33rd highest (of 192) in the Eastern region from October 2021 to September 2022. Delayed dispatch provides a count of containers that do not meet 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 and these missed scans caused the high number of delayed dispatch containers at the Philadelphia P&DC. Management stated that they need to hold employees

accountable and increase discipline to help improve scanning performance.

What Should Have Happened

Postal Service policy¹⁹ states that employees are required to perform load scans to ensure 100 percent mail visibility. Management should ensure employees are scanning containers before loading them onto a trailer to ensure containers are not misshipped.

Effect on the Postal Service and its Customers

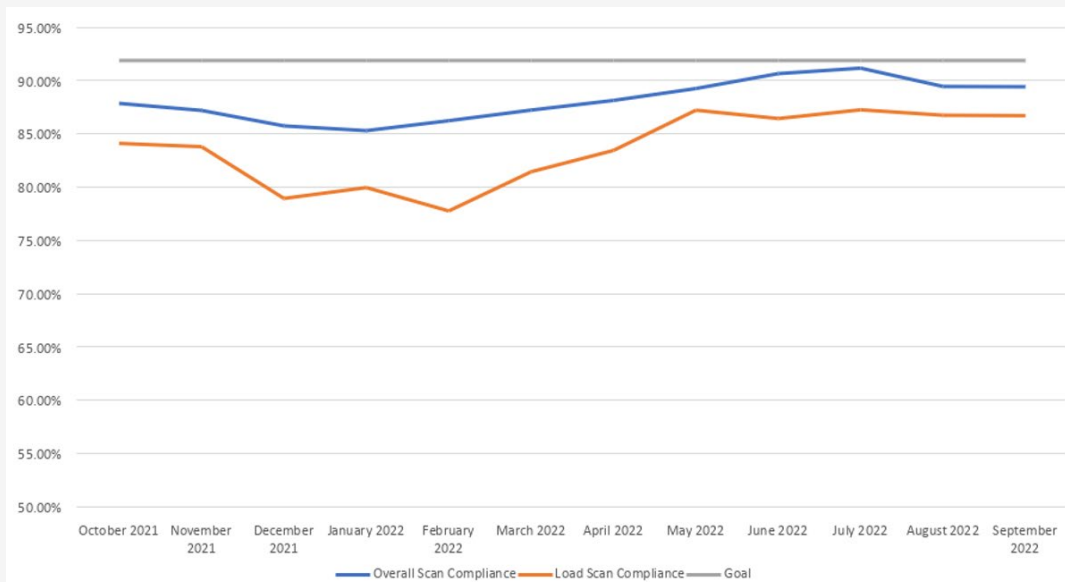
When load scans are missed, containers are counted as delayed dispatch in the Mail Condition Visualization application. Since the data did not reflect actual mail conditions at the Philadelphia P&DC, management was unable to accurately determine the actual amount of delayed dispatch containers and could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

Recommendation #5

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

Figure 1. Philadelphia P&DC Average Monthly Load Scan Performance for FY 2022

Source: SVWeb.



¹⁷ Performed when the container is loaded onto the trailer for dispatch.

¹⁸ 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.

¹⁹ Surface Visibility Program User booklet.

Management's Comments

Management agreed with all findings and recommendations in the report. Although management agreed with finding 2, they did not agree that all late, cancelled, and extra outbound trips are solely related to the availability of PVS drivers. Although management agreed with finding 3, they did not agree that management was not ensuring that employees were performing load scans consistently. See [Appendix B](#) for management's comments in their entirety.

Regarding recommendation 1, management stated they will continue to work with Headquarters Maintenance and Human Resources to implement strategies to increase the number of maintenance employees on the rolls. The target implementation date is June 30, 2023.

Regarding recommendation 2, management stated they will ensure maintenance employees receive the necessary training to perform preventative maintenance. Management will work to fill all reserved National Center for Employee Development training seats for the various courses. They also stated they will identify and implement strategies to reach the authorized complement of maintenance employees and ensure staffing reflects allowable staffing credits under postal policy. The target implementation date is June 30, 2023.

Regarding recommendation 3, management stated they will work to adhere to the Run Plan Generator; however, noted that deviations should be expected when operational and mechanical issues arise during day-to-day operations. They also stated they will work to adjust the Run Plan Generator so that allotted preventative maintenance windows are scheduled at ideal times. The target implementation date is March 1, 2023.

Regarding recommendation 4, management stated they will continue to work with Headquarters Logistics and Human Resources to implement strategies to increase the number of PVS drivers and continue to follow the national hiring strategy. Additionally, weekly management calls will be held to address personnel issues related to PVS drivers. The target implementation date is June 30, 2023.

Regarding recommendation 5, management stated they will continue to implement load scanning policies and procedures. Management also stated they will select individuals to champion the Surface Visibility process to ensure compliance to policies and procedures. The target implementation date is February 1, 2023.

Evaluation of Management's Comments

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

Management disagreed with the conclusion in finding 2 stating that all late, cancelled, and extra outbound trips are solely related to the availability of PVS drivers. While we agree this is not the only reason for late, cancelled, and extra trips, until the PVS driver complement matches the earned positions, management will have difficulty reducing late, cancelled, and extra trips.

Management disagreed with the conclusion in finding 3 stating that management was not ensuring that employees were performing load scans consistently and that other factors were contributing to the missed scans. While we agree there were other factors, management follow-up on the reasons for missed scans is necessary to demonstrate accurate load scan performance. Selecting individuals to champion the Surface Visibility process to ensure compliance will help provide management with corrections needed to increase load scan scores.

All recommendations require OIG concurrence before closure. Consequently, the OIG requests written confirmation when actions are completed and supporting documentation for those actions that have already been 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 October 2022 through January 2023, in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. We discussed our observations and conclusions with management on December 5, 2022, and included their comments where appropriate.

We relied on computer-generated data from the EDW and SVWeb 2.0. 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.

Appendix B: Management's Comments



December 27, 2022

John Cihota
Director, Audit Services

Subject: Management Response – Efficiency of Operations at the Philadelphia Processing and Distribution Center (Project Number 22-207-DRAFT)

Thank you for providing the Postal Service an opportunity to review and comment on the findings and recommendations contained in the draft audit report, *Efficiency of Operations at the Philadelphia Processing and Distribution Center*.

In response for Finding #1 related to maintenance personnel and preventative maintenance windows, management agrees with the findings and notes that there are nation-wide initiatives to address staffing irregularities across all organizational functions including Function 3. Additionally, for the Run Plan Generator, sites are required to adhere to Run Plan Generator but may need to deviate when an operational, mechanical, or transportation issue occurs during the course of normal operations to meet service and dispatch commitments.

In response for Finding #2 related to Late, Cancelled, and Extra Outbound Trips, management agrees with findings on ensuring the number of active Postal Vehicle Drivers available; however, disagrees with the conclusion that all late, cancelled, and extra outbound trips are solely related to the availability of Postal Vehicle Drivers. Increases in volume, traffic, weather conditions, schedule changes, and other various factors contribute to the total number of late, cancelled, and extra outbound trips. Additionally, Table 3 does not specify if the trip totals include all trip types, which would also incorporate Highway Contractor Routes (HCRs).

In response for Finding #3 related to Load Scan Compliance, management agrees with findings on ensure load scan performance; however, disagrees with the conclusion that management was not ensuring that employees were performing load scans consistently. MTEs that have been assigned and closed but not yet terminated will impact load scan percentage. Additionally, delays in data transmission and issues with Surface Visibility scanners will impact the accuracy of the data. Finally, local management reviews with the local team Surface Visibility performance data and continues to address scanning irregularities.

Following are management's comments to the five recommendations in the report:

Recommendation #1:

We recommend the Chesapeake Division Director, Processing Operations, coordinate with Field Director Human Resources, Atlantic Area, to identify and implement strategies to increase the number of maintenance employees, who can perform preventative maintenance, at the Philadelphia Processing and Distribution Center.

Management Response/Action Plan:

Management agrees with the recommendation. The Chesapeake Division will continue to work cross-functionally with HQ Maintenance and HQ Human Resources to implement strategies to increase the number of maintenance employees on the rolls.

Target Implementation Date:

June 30, 2023

Responsible Official:

Chesapeake Division Director, Processing Operations
Field Director Human Resources, Atlantic Area
Plant Manager, Philadelphia Processing and Distribution Center

Recommendation #2:

We recommend the Chesapeake Division Director, Processing Operations, train maintenance employees, who perform preventative maintenance, at the Philadelphia Processing and Distribution Center.

Management Response/Action Plan:

Management agrees with the recommendation. Local management will ensure those maintenance employees have the opportunity to receive the necessary training to perform preventative maintenance. Additionally, local management will work to fulfill all reserved NCED (National Center for Employee Development) training seats for the various maintenance training courses. Identify and implement strategies to reach the authorized complement of Maintenance employees. Further, Management agrees to ensure staffing reflects all equipment and inventory to ensure all allowable staffing credits under postal policy.

Target Implementation Date:

June 30, 2023

Responsible Official:

Chesapeake Division Director, Processing Operations
Plant Manager, Philadelphia Processing and Distribution Center
Maintenance Manager, Philadelphia Processing and Distribution Center

Recommendation #3:

We recommend the Chesapeake Division Director, Processing Operations, update and adhere to the Run Plan Generator to allow for appropriate preventative maintenance windows.

Management Response/Action Plan:

Management agrees with the recommendation. The Chesapeake Division will work with local management to adjust the Run Plan Generator so that allotted preventative maintenance windows are scheduled at ideal times. Local management will work to adhere to the Run Plan Generator; however, should be noted that deviations to the Run Plan Generator should be expected when operational and mechanical issues arise during day-to-day operations that require adjustments to meet service and dispatch commitments.

Target Implementation Date:
March 1, 2023

Responsible Official:
Chesapeake Division Director, Processing Operations
Plant Manager, Philadelphia Processing and Distribution Center

Recommendation #4:
We recommend the Chesapeake Division Director, Logistics Operations, coordinate with Field Director Human Resources, Atlantic Area, to identify and implement strategies to increase the number of active Postal Vehicle Service drivers at the Philadelphia Processing and Distribution Center.

Management Response/Action Plan:
Management agrees with the recommendation. The Chesapeake Division will continue to work cross-functionally with HQ Logistics and HQ Human Resources to implement strategies to increase the number of Postal Vehicle Service drivers. Additionally, the Chesapeake Division will hold weekly calls starting in January 2023 with local management to address personnel issues related to Postal Vehicle Service drivers. The Division is involved with, and will follow, the National PVS hiring strategy.

Target Implementation Date:
June 30, 2023

Responsible Official:
Chesapeake Division Director, Logistics
Logistics Manager, Philadelphia Processing and Distribution Center

Recommendation #5:
We recommend the Chesapeake Division Director, Processing Operations, and Chesapeake Division Director, Logistics Operations, develop a plan to increase load scan scores to meet or surpass the scanning goal.

Management Response/Action Plan:
Management agrees with this recommendation. Philadelphia Processing and Distribution Center will continue to work on load scanning policies and procedures. Additionally, Philadelphia Processing and Distribution Center will select individuals locally who will champion the Surface Visibility process to ensure compliance to policies and procedures.

Target Implementation Date:
February 1, 2023

Responsible Official:
Chesapeake Division Director, Processing Operations
Chesapeake Division Director, Logistics
Plant Manager, Philadelphia Processing and Distribution Center
Logistics Manager, Philadelphia Processing and Distribution Center

E-SIGNED by VERNAL D WEBSTER JR
on 2023-01-05 13:19:49 CST



David Webster
Senior Division Director, Mail Processing
Chesapeake Division

E-SIGNED by Brian.J Kelso
on 2023-01-05 13:14:57 CST



Brian Kelso
Senior Division Director, Logistics
Chesapeake Division

Cc: Corporate Audit and Response Management

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