

Efficiency of Operations at the North Houston Processing and Distribution Center, Houston, TX

AUDIT REPORT

Report Number 23-150-R24 | November 28, 2023



Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

November 28, 2023

MEMORANDUM FOR: LARRY R. WAGENER
SOUTHWEST DIVISION DIRECTOR, PROCESSING OPERATIONS

GI GI L. GRIFFIN-EARNEST
SOUTHWEST DIVISION DIRECTOR, LOGISTICS

A handwritten signature in black ink, reading "Sean Balduff", is centered below the memorandum text.

FROM: Sean Balduff
Director, Field Operations, Central and Southern

SUBJECT: Audit Report – Efficiency of Operations at the North Houston Processing and Distribution Center, Houston, TX (Report Number 23-150-R24)

This report presents the results of our audit of the Efficiency of Operations at the North Houston 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 Jennifer Schneider, Audit 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
Vice President, Processing and Maintenance Operations
Vice President, Logistics
Vice President, Eastern Regional Processing Operations
Southern Regional Director, Logistics
Corporate Audit Response Management

Results

Background

The U.S. Postal Service needs effective and productive operations to fulfill its mission of providing prompt, reliable, and affordable mail service to the American public. It has a vast transportation network that moves mail and equipment among about 280 processing facilities and 35,000 post offices, stations, and branches. The Postal Service is transforming its processing and logistics networks to become scalable, reliable, visible, efficient, automated, and digitally integrated. This includes modernizing operating plans and aligning the workforce; leveraging emerging technologies to provide world-class visibility and tracking of mail packages in near real-time; and optimizing the surface and air transportation network. The U.S. Postal Service Office of Inspector General (OIG) reviews the efficiency of mail processing operations at facilities across the country and provides management with timely feedback to further the Postal Service's mission.

This report presents the results of our self-initiated audit of the efficiency of operations at the North Houston Processing and Distribution Center (P&DC) in Houston, TX (Project Number 23-150). We judgmentally selected the North Houston P&DC based on a review of first and last mile failures;¹ workhours; scan compliance;² and late, canceled, and extra trips. The North Houston P&DC is in the Southwest Division and processes letters, flats, and parcels. The North Houston P&DC services multiple 3-digit ZIP Codes in urban and rural communities³ (see Table 1).

Table 1. Population Demographics

3-Digit ZIP Codes	Urban Population	Rural Population	Total Population
770	3,189,203	2,814	3,192,017
772	5,699	0	5,699
773	1,110,752	296,989	1,407,741
774	1,231,955	189,699	1,421,654
775	1,181,725	146,409	1,328,134
776	191,760	89,415	281,175
777	121,738	19,704	141,442
778	230,990	111,624	342,614

Source: Postal Service National Distribution Labeling List and 2020 Census Bureau data.

Objective, Scope, and Methodology

Our objective was to evaluate the efficiency of operations at the North Houston P&DC. To accomplish our objective, we focused on five audit areas: mail clearance times;⁴ late, canceled, and extra outbound trips; delayed mail; scan compliance; and security of registry items. We reviewed Surface Visibility Web (SVWeb)⁵ data for late, canceled, and extra trips, as well as scan compliance for the period from August 1, 2022, to October 31, 2023. Further, we identified mail clearance time goals for the North Houston P&DC and compared them with operations shown in the Run Plan Generator report.⁶ During our site visit the week of September 11, 2023, we interviewed P&DC management and observed mail processing and dock operations.

¹ First mile failures occur when a mailpiece is collected and does not receive a processing scan at a processing facility on the day that it was intended. Last mile failures occur after the mailpiece has been processed at a processing facility on a final processing operation and is not delivered to the customer on the day it was intended.

² Scans include load, depart, unload, close, assign, and arrive.

³ We obtained ZIP Code information related to population and urban/rural classification from 2020 Census Bureau information.

⁴ The latest time committed mail can clear an operation for proper dispatch or delivery.

⁵ A website dedicated to the Surface Visibility program, which provides real-time transportation updates and reports 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.

⁶ An application mail processing facilities use to plan machine utilization based on volume, clearance times, and other criteria.

During this time, the OIG also audited three delivery units⁷ serviced by the North Houston P&DC. We will provide the results of those audits to Texas 2 District management in separate reports. See [Appendix A](#) for additional information about our scope and methodology.

Results Summary

We identified deficiencies for four of the five areas we reviewed that affected the efficiency of operations at the North Houston P&DC. We also identified issues related to security and safety (see Table 2).

Table 2. Summary of Results

Audit Area	Issues Identified	
	Yes	No
Clearance Times	X	
Late, Canceled, and Extra Outbound Trips	X	
Delayed Mail	X	
Scan Compliance	X	
Registry Cage		X
Other Issues	X	

Source: Results of OIG review conducted from September 11 to 14, 2023.

We observed registry cage conditions and interviewed personnel to determine if procedures over the handling and security of registered mail were being followed. We did not find any systemic issues.

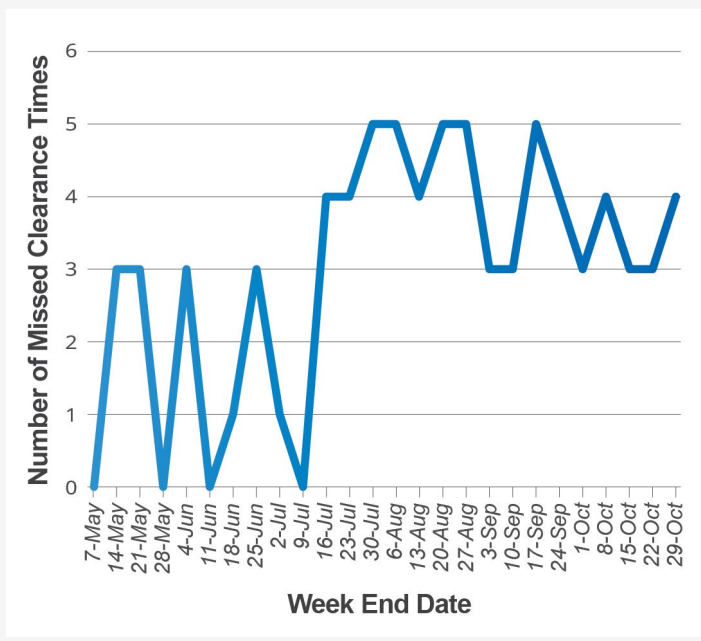
⁷ The three delivery units were Fairbanks Station, Houston, TX (project number 23-151-1); Oak Forest Station, Houston, TX (project number 23-151-2); and Conroe Post Office, Conroe, TX (project number 23-151-3).

Finding #1: Clearance Times and Late, Canceled, and Extra Trips

What We Found

From May 1 through July 8, 2023, the North Houston P&DC met their Priority Mail clearance time goal 55 out of 69 days (80 percent). From July 9 through October 29, 2023, the P&DC met their Priority Mail clearance time goal 49 out of 113 days (43 percent) (see Figure 1).

Figure 1. Priority Mail Clearance Times By Week - May 1 Through October 29, 2023



Source: WebEOR.

In addition, from August 1, 2022 through October 31, 2023, there were 45,245 outbound late trips, 29,884 outbound canceled trips, and

Table 3. Outbound Transportation Metrics

Transportation Metric	Number	Total Number of Trips	Percentage of Total Trips
Late Trips	45,245	218,270	20.7%
Canceled Trips	29,884	218,270	13.7%
Extra Trips	7,292	218,270	3.3%

Source: SVWeb.

7,292 outbound extra trips at the North Houston P&DC. These trips represent about 38 percent of all trips at the facility (see Table 3). We also found 1,381 of the canceled trips were canceled five or more days after the trip was scheduled to depart.

Why Did It Occur

According to management, the North Houston P&DC has been dealing with capacity constraints and significant parcel growth in recent years, which contributed to the missed clearance times. In addition, in July 2023, the Postal Service made significant changes to its parcel processing operations. Specifically, delivery and retail units changed the way they separated parcels to facilitate the introduction of its new Ground Advantage⁸ service. Due to this change, the processing employees had to run packages an extra time on the machines to separate them for air and ground transportation. This extra run contributed to a delayed start of processing incoming mail and missed clearance times.

The missed clearance times contributed to the high number of late outbound trips. In addition, management stated there was not enough dock space and sometimes trucks had to wait. Management did not monitor canceled trips to identify the reason for occurrence and ways to reduce them. Management stated that some trips were being canceled if the truck depart scans were not completed.

⁸ An affordable and reliable way to send parcels inside the U.S. Parcels under 70 pounds arrive in 2-5 business days.

What Should Have Happened

The Postal Service has established service standards⁹ for measuring service performance. Management should ensure the mail is processed timely to meet clearance times and the established service standards.

Further, according to Postal Service policy,¹⁰ key elements to effective dispatching and routing include evaluating transportation performance to planned schedules and ensuring that planned dispatches are compatible with an effective mail arrival profile at the destination.

Effect on the Postal Service and Its Customers

These missed clearance times resulted in delayed parcels. Specifically, on each day of our observations from September 12 to 14, 2023, we identified delayed parcels on the workroom floor and dock that did not get dispatched timely (see Figure 2).

Management reported 46,836 delayed parcels in the Mail Condition Visualization (MCV)¹¹ system during our visit (see Table 4):

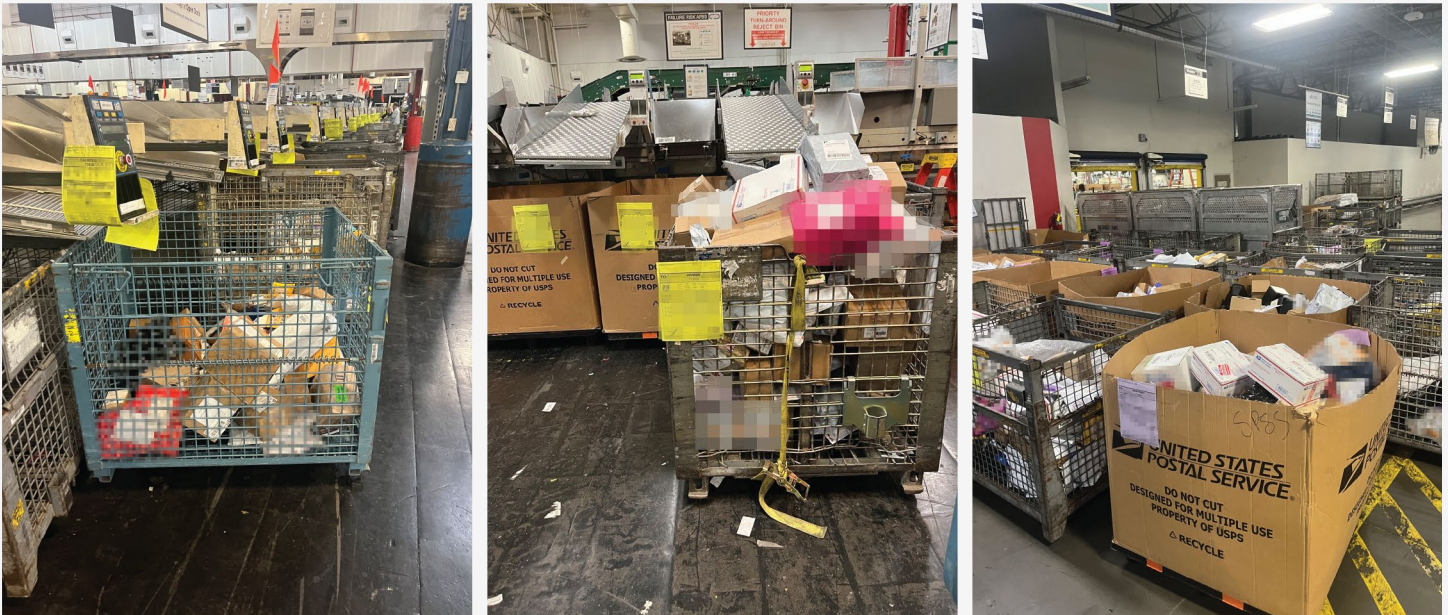
Table 4. Delayed Parcels

Date	Delayed Parcels Reported in MCV
September 12	28,000
September 13	9,957
September 14	8,879
Total	46,836

Source: MCV system.

In addition, when there are late, canceled, and extra trips, there is an increased risk the mail will not be delivered on time, which can adversely affect Postal Service customers, harm the Postal Service brand, send mailers to competitors, increase operating costs, and cause the Postal Service to lose revenue.

Figure 2. Delayed Parcels on the Workroom Floor and Dock



Source: OIG photos taken on September 12 and 13, 2023.

⁹ A stated goal for service achievement for each mail class.

¹⁰ Handbook M-22, *Dispatch and Routing Policies*, dated July 2013.

¹¹ MCV 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.

Management Actions

During our audit, management stated they developed and began implementing a plan to adjust package processing operations at the North Houston P&DC. This plan includes adjusting sort plans, installing new machines, and enforcing machine start times and throughputs. Management stated they will continue to review and adjust package processing operations as the plan is implemented.

Recommendation #1

We recommend the **Southwest Division Director, Processing Operations**, analyze current sort plans and adjust package processing operations to meet clearance times at the North Houston Processing and Distribution Center.

Recommendation #2

We recommend the **Southwest Division Director, Logistics Operations**, analyze current transportation schedules at the North Houston Processing and Distribution Center and implement appropriate changes to reduce dock congestion, minimize late trips, and reduce canceled trips.

Finding #2: Delayed Mail

What We Found

We identified potentially delayed mail in the manual letter operation unit on September 12 and 13, 2023 (see Figure 3). However, this mail was not labeled, so we could not determine how much was delayed. We observed mail dated September 5, 2023. Further, management did not report any manual delayed mail in the MCV system on either day.

Figure 3. Mail in the Manual Letter Operation Unit



Source: OIG photos taken on September 12 and 13, 2023.

Why Did It Occur

The unreported delayed mail in the manual letter operation unit was primarily due to ineffective management oversight. While the supervisor in the manual unit is responsible for reporting delayed mail, she stated that the mail was missent, and therefore not delayed. Upper management acknowledged that the mail in the manual letter operation unit was not properly labeled and comingled, so they could not determine how much mail was delayed.

What Should Have Happened

Postal Service policy¹² states that management should continually gauge how well they are managing the flow of mail and have managerial control over the workload, personnel, and equipment needed for a well-run operation. As part of Postal Service practice, a delayed mail count should be performed and accurately reported in the MCV system daily.

Effect on the Postal Service and Its Customers

When mail is not processed in accordance with proper procedures, there is an increased likelihood that mail will not be taken to the dock in time for dispatch to delivery units, which can result in delays and service failures. Inaccurate reporting of delayed mail in the MCV system provides management at the local, district, area, and headquarters levels with an inaccurate status of mail delays and can result in improper actions taken to address issues. When mail is delayed, there is an increased risk of customer dissatisfaction, which may adversely affect the Postal Service brand.

Recommendation #3

We recommend the **Southwest Division Director, Processing Operations**, enforce the existing process to properly identify mail in the manual letter operation unit and report any delayed mail in the Mail Condition Visualization system.

¹² Handbook PO-413, *Platform Operations*, Section 2-1.1, dated December 2013.

Finding #3: Scanning

What We Found

The North Houston P&DC did not consistently meet scanning goals. From August 1, 2022, through July 31, 2023, the average compliance for load, depart, arrive, and unload scans did not meet the Postal Service's current goal of 92 percent (see Table 5). These scans help the Postal Service track mail as it flows through the network. Load scans are performed when a container is loaded onto a trailer for dispatch; depart scans are performed when a trailer is ready for dispatch; arrive scans are performed when a trailer arrives at a facility; and unload scans are performed when a container is removed from a trailer.

Table 5. Scanning Compliance at the North Houston P&DC From August 2022 - July 2023

Month	Scan Type			
	Arrive	Depart	Load	Unload
August 2022	90.43	91.33	83.15	89.57
September 2022	86.77	89.7	86.31	91.55
October 2022	78.13	81.66	86.95	92.3
November 2022	79.11	82.94	84.78	88.15
December 2022	68.82	71.18	79.03	79.49
January 2023	73.35	74.67	81.6	82.56
February 2023	86.33	87.92	85.54	82.83
March 2023	92.43	93.77	87.61	83.16
April 2023	96.62	97.73	88.08	86.1
May 2023	95.23	96.6	88.27	88.51
June 2023	97.37	97.59	88.77	88.45
July 2023	96.35	96.69	87.32	85.91
Average	86.75	88.48	85.62	86.55

Source: SVWeb.

Why Did It Occur

Scans were not being performed consistently due to a lack of management oversight. Management stated that it is difficult for them to properly monitor and enforce scanning procedures due to the large area they have to cover. Management also stated that they have a shortage of scanners and have ordered new scanners, but they are on back order. Management did not provide support for the order of new scanners when requested.

What Should Have Happened

Postal Service policy¹³ states that employees are required to perform outbound and inbound scans of containers and trailers to ensure 100 percent mail visibility.

Effect on the Postal Service and Its Customers

Low scanning compliance contributes to inaccurate utilization data, missent mail, and operational inefficiencies. Management uses scanning data to streamline outbound container operations, enhance dispatch quality, and increase efficiency in the use of transportation containers and trailers. When scans are not made, management may not have the information needed to make accurate operational decisions.

Recommendation #4

We recommend the **Southwest Division Director, Processing Operations** coordinate with the **Southwest Division Director, Logistics Operations** to develop and implement a plan to verify scanning at the North Houston Processing and Distribution Center is consistently completed in accordance with policy and there are enough scanners for employees to complete all required scans.

¹³ Surface Visibility Program User booklet, updated January 10, 2023.

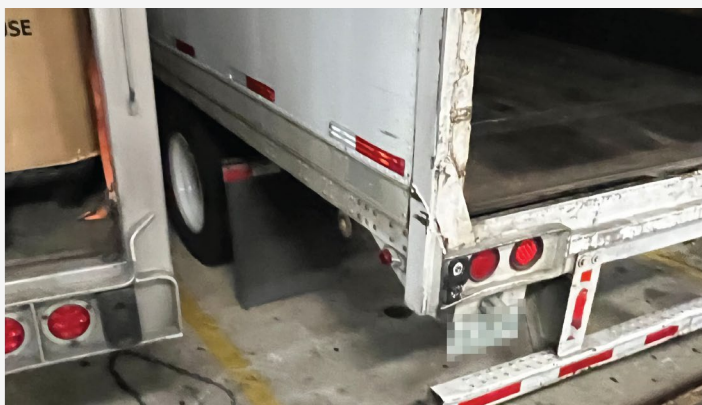
Finding #4: Safety and Security

What We Found

During our site observations, we noted several safety and security issues. Specifically, we observed the following:

- Trucks and trailers were parked at the docks without wheel chocks placed next to the tire to prevent them from rolling away (see Figure 4).
- Drivers were not always securing trailer doors when departing from the facility.
- Drivers were not always placing seals on Highway Contract Route (HCR)¹⁴ trailers or vehicles departing from the facility.

Figure 4. Trailers Without Wheel Chocks at the North Houston P&DC



Source: OIG photos taken on September 12 and 13, 2023.

Why Did It Occur

The inconsistent use of wheel chocks was due to a lack of management oversight. We observed supervisors were not verifying that drivers were using wheel chocks. In addition, the facility did not have enough available wheel chocks. Management stated they ordered replacement wheel chocks, but they are on back order. Management did not provide support for the order of new wheel chocks when requested.

Further, employees were unaware of the proper procedures for using locks and seals. Drivers and supervisors thought vehicles only needed to be locked when going to the airfield and HCR vehicles only need to be sealed for long haul trips.

What Should Have Happened

The Postal Service must preserve the security of the mail and ensure drivers comply with security policies regarding the transportation of mail in trailers. Postal Service policy¹⁵ states that all doors to the cargo compartment must be equipped with locks and kept locked while in route. Additionally, Postal Service policy¹⁶ states that drivers must prevent trailers from rolling away from docks by using wheel chocks.

Effect on the Postal Service and Its Customers

When employees do not observe safe working practices and safety rules, there is an increased risk of employee accidents and injuries. Also, when the Postal Service does not preserve and protect the security of the mail in its custody, there is an increased risk of unauthorized opening, inspection, reading, tampering, delaying, or committing other unauthorized acts.

Recommendation #5

We recommend the **Southwest Division Director, Logistics**, develop and implement a plan to verify all drivers are securing trailer cargo and are using wheel chocks at the North Houston Processing and Distribution Center.

¹⁴ HCRs are routes serviced by suppliers carrying mail over highways between designated points.

¹⁵ Postal Operations Manual Issue 9, *Sealing Program and Procedures*, Sections 476.1 and 476.2, Item H, updated January 31, 2021, and Handbook PO-515, *Highway Contractor Safety*, Section 448.2, dated July 2010.

¹⁶ Handbook EL-803, *Maintenance Employee's Guide to Safety*, Section 1.C, dated July 2020 and Handbook PO-515, *Highway Contractor Safety*, section 32, Item i, dated July 2010.

Recommendation #6

We recommend the **Southwest Division Director, Logistics**, reiterate policy regarding the use of locks and seals on trailer doors at the North Houston Processing and Distribution Center.

Management's Comments

Management agreed with the findings related to scanning and the safety and security of the facility; disagreed with the finding related to clearance times and late, canceled, and extra trips; and partially disagreed with the finding related to delayed mail. Management agreed with all recommendations. See [Appendix B](#) for management's comments in their entirety.

Regarding the clearance times and late, canceled, and extra trips finding, management stated that the implementation of its Ground Advantage service in early July 2023 had no direct impact to the late clearance times. They stated that the facility has been dealing with capacity constraints and significant growth in package volume throughout the pandemic.

Management also stated that the data captured from July 9 through October 29, 2023, does not indicate that the facility's largest package sorters, the Automated Package Processing System (APPS), were involved with engineering upgrades. Each machine was down at different intervals for twelve days from August 8 through September 1, 2023.

Regarding the delayed mail finding, management asserts that the mail found on the ledges was not delayed but in fact working volume. Mail from the Postal Automated Redirection System and missent volumes that are returned from the stations are processed in the facility. Management stated that using the postal indicia is not reliable to determine if volumes are delayed.

Regarding recommendations 1, 3, and 4, management agreed, and the target implementation date for corrective action is February 29, 2024.

Regarding recommendation 2, management agreed, and the target implementation date for corrective action is January 31, 2024.

Regarding recommendations 5 and 6, management agreed, and the target implementation date for corrective action is February 16, 2024.

Evaluation of Management's Comments

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

Regarding management's statement that the implementation of its Ground Advantage service in early July 2023 had no direct impact to the late clearance times, we disagree. The data show a significant decrease in the number of times the facility met its Priority Mail clearance time goals from July 9 through October 29, 2023, compared to May 1 through July 8, 2023. In addition, we acknowledged in our report that the facility has been dealing with capacity constraints and significant parcel growth in recent years, which contributed to the missed clearance times. However, the data clearly indicate that changes to its parcel processing operations in early July had an impact on the facility meeting Priority Mail clearance times.

Management stated that the data captured from July 9 through October 29, 2023, do not indicate that both APPS were involved with engineering upgrades and were down at different intervals for twelve days from August 8 through September 1, 2023. We were not given this information during our site visit the week of September 11, 2023. We were informed about a month after our fieldwork that there was an APPS upgrade, which management states impacted clearance times.

Regarding finding #2 on delayed mail, management asserts that the mail found on the ledges was not delayed but in fact working volume. We agree that some of the mail was working mail, however we did observe some mail that appeared to be delayed. To convey this information in the report, we referred to the mail as "potentially" delayed, and we did not include a piece count of potentially delayed mail, as we could not determine which mail was delayed.

All recommendations require OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. All 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 September through November 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 November 1, 2023, and included their comments where appropriate.

In planning and conducting the audit, we obtained an understanding of the mail processing operations internal control structure to help determine the nature, timing, and extent of our audit procedures. We reviewed the management controls for overseeing the program and mitigating associated risks. Additionally, we assessed the internal control components and underlying principles, and we

determined that the following three components were significant to our audit objective:

- Control Activities
- Information and Communication
- Monitoring

We developed audit work to ensure that we assessed these controls. Based on the work performed, we identified internal control deficiencies related to control activities, information and communication, and monitoring that were significant within the context of our objectives. Our recommendations, if implemented, should correct the weaknesses we identified.

We assessed the reliability of WebEOR, MCV, and SVWeb data by reviewing existing information, comparing data from other sources, observing operations, and interviewing Postal Service officials knowledgeable about the data. 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
<i>Delayed Mail at the North Houston, TX, Processing and Distribution Center</i>	To determine the cause of delayed mail at the North Houston, TX, P&DC.	21-074-R21	April 13, 2021	None

Appendix B: Management's Comments



November 20, 2023

JOHN CIHOTA
DIRECTOR, AUDIT SERVICES

SUBJECT: Management Response: Efficiency of Operations at the North Houston Processing and Distribution Center, Houston, TX (Report Number 23-150-DRAFT)

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

Management disagrees with finding # 1 on Clearance Times & Late, Canceled, and Extra Trips. We partially agree with finding #2 on Delayed Mail and agree with finding #3 on Scanning and finding #4 on Safety and Security.

Finding #1: Clearance Times & Late, Canceled, and Extra Trips.

Management disagrees with this finding.

Implementation of Ground Advantage service in early July 2023 had no direct impact to the late clearance times. N. Houston transportation issues did not just happen after Ground Advantage activation. The facility has been dealing with capacity constraints and significant growth in package volume throughout the pandemic. Space has become one of the major concerns in package processing in this facility. Prior to Ground Advantage activation, each site had to process Priority and FC Parcels on two different operations which caused inefficiencies and partially filled containers. The Ground Advantage sorting logic allows them to be processed together and reduce number of containers and ground transportation cost.

Finally, I must point out that data captured in Finding #1 demonstrated from July 9 through October 29, 2023 does not indicate that the facilities largest package sorters, the APPS, were involved with HQ Engineering APPS upgrades on both APPS machines. Each machine was down at different intervals for 12 days beginning August 8 through September 1, 2023. Not disclosing this information would not be inclusive of the main contributors for incurring the delayed volumes.

Finding #2: Delayed Mail

Management partially disagrees with this.

The mail found on the ledges was not delayed but in fact working volume. PARS and Missent volumes that are returned from the stations are processed in the unit and utilizing the postal indicia is fallible to determine if volumes are delayed. Often, volumes are returned from DU's with old dates for a multitude of reasons and is the primary reason why we do not base recording volumes as delayed on indicia alone.

Following are our comments on each of the six recommendations.

Recommendation 1: We recommend the **Southwest Division Director, Processing Operations**, analyze current sort plans and adjust package processing operations to meet clearance times at the North Houston Processing and Distribution Center.

Management Response/Action Plan:

Management agrees with this recommendation. Management continually conducts density analysis to provide insights into the package separation with the most recent sort plan optimization of separations completed in October. To address capacity constraints, management has added four new SIPS machines.

Target Implementation Date: 02/29/2024

Responsible Official: Senior Division Director, Southwest Division

Recommendation 2: We recommend the **Southwest Division Director, Logistics Operations**, analyze current transportation schedules at the North Houston Processing and Distribution Center and implement appropriate changes to reduce dock congestion, minimize late trips, and reduce canceled trips.

Management Response/Action Plan:

Management agrees with the recommendation. Management has reviewed and analyzed planned v. actual schedules to reduce dock congestion and minimize late trips at the North Houston Processing Distribution Center. Management has modified the trips in the Vehicle Information Transportation Analysis and Logistics (VITAL) tool to assist with reducing cancelled trips.

Target Implementation Date: 01/31/2024

Responsible Official: Southwest Division Director, Logistics Operations

Recommendation 3: We recommend the **Southwest Division Director, Processing Operations**, enforce the existing process to properly identify mail in the manual letter operation unit and report any delayed mail in the Mail Condition Visualization system.

Management Response/Action Plan:

Management agrees with this recommendation. Management will reiterate the policy on proper identification of mail volume and reporting in MCV and monitor for compliance.

Target Implementation Date: 02/29/2024

Responsible Official: Southwest Division Director, Processing Operations

Recommendation 4: We recommend the **Southwest Division Director, Processing Operations coordinate with the Southwest Division Director, Logistics Operations** to develop and implement a plan to verify scanning at the North Houston Processing and Distribution Center is consistently completed in accordance with policy and there are enough scanners for employees to complete all required scans.

Management Response/Action Plan:

Management agrees with this recommendation. Daily reviews of scanning compliance are discussed on the Southwest Division morning review telecom to explore opportunities and standardize practices across the entire Division. In addition, a subject matter expert has been working directly with North Houston management in scanning performance improvements. Damaged or lost scanners have been ordered.

Target Implementation Date: 02/29/2024

Responsible Official: Southwest Division Director, Processing Operations; Southwest Division Director, Logistics Operations

Recommendation 5: We recommend the **Southwest Division Director, Logistics**, develop and implement a plan to verify all drivers are securing trailer cargo and are using wheel chocks at the North Houston Processing and Distribution Center.

Management Response/Action Plan:

Management **agrees** with this recommendation. Management conducts daily yard checks to address issues in real-time on yard safety and security and using wheel chocks. Management received and installed rubber chocks with an eye loop to be chained to the building. Management also received straps for every 53-foot trailer to tie down and secure the load.

Target Implementation Date: 02/16/2024

Responsible Official: Southwest Division Director, Logistics

Recommendation 6: We recommend the **Southwest Division Director, Logistics**, reiterate policy regarding the use of locks and seals on trailer doors at the North Houston Processing and Distribution Center.

Management Response/Action Plan:

Management agrees with this recommendation. Management provided a stand-up talk to reiterate the policy regarding use of locks and seals on trailer doors. Policies include:

- Dock and Yard Safety Guide for Logistics Employees.
- POM Issue 9 Section 476 – 2002 Seal Program and Procedures Rev 8.31.23

Target Implementation Date: 02/16/2024

Responsible Official: Southwest Division Director, Logistics

E-SIGNED by Larry.R Wagener
on 2023-11-20 18:57:18 EST

Larry R. Wagener
Senior Division Director, Southwest Processing Operations

E-SIGNED by Gi G.L. GRIFFIN-EARNEST
on 2023-11-20 19:23:15 EST

GiGi L. Griffin-Earrest
Southwest Division Director, Logistics

cc: Vice President, Regional Processing Operations (Western)
Corporate Audit Response Management

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