

# Efficiency of Operations at San Juan Mail Processing Annexes in Carolina, PR

## AUDIT REPORT

Report Number 24-078-R24 | May 22, 2024



# Transmittal Letter



OFFICE OF INSPECTOR GENERAL  
UNITED STATES POSTAL SERVICE

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May 22, 2024

**MEMORANDUM FOR:** MARK DAHLSTROM  
GULF ATLANTIC DIVISION DIRECTOR, PROCESSING OPERATIONS  
  
WILLIAM RODRIGUEZ  
GULF ATLANTIC DIVISION DIRECTOR, LOGISTICS

A handwritten signature in black ink, reading "Sean Balduff", is positioned above the "FROM:" field.

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

**SUBJECT:** Audit Report – Efficiency of Operations at San Juan Mail Processing  
Annexes in Carolina, PR (Report Number 24-078-R24)

This report presents the results of our audit of the Efficiency of Operations at San Juan Mail Processing Annexes in Carolina, PR.

All recommendations require U.S. Postal Service Office of Inspector General's (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.

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 330 processing facilities and 31,100 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 San Juan Mail Processing Annexes (MPAs) 2 and 3 in Carolina, PR (Project Number 24-078). We judgmentally selected the San Juan, PR, MPAs based on a review of first and last mile failures;<sup>1</sup> workhours; scanning compliance;<sup>2</sup> and late, canceled, and extra trips. The San Juan MPAs are in the Gulf Atlantic Division, and they process letters, flats, and parcels. MPA 2 processes letters and flats and MPA 3 processes parcels. The San Juan MPAs service multiple 3-digit ZIP Codes in urban and rural communities<sup>3</sup> (see Table 1).

Table 1. Population Demographics

3-Digit ZIP Codes	Urban Population	Rural Population	Total Population
006	933,474	151,576	1,085,050
007	1,081,221	111,151	1,192,372
009	997,843	1,638	999,481

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 San Juan MPAs.

To accomplish our objective, we focused on five audit areas: mail clearance times;<sup>4</sup> delayed mail; late and extra outbound trips; dock scanning; and security of registry items. We reviewed Surface Visibility Web (SVWeb)<sup>5</sup> data for late, canceled, and extra trips, as well as scan compliance for the period from February 1, 2023, to January 31, 2024. Further, we identified mail clearance time goals for the San Juan MPAs and compared them with operations shown in the Run Plan Generator report.<sup>6</sup> During our site visit the week of March 18, 2024, we interviewed MPA management and observed mail processing and dock operations.

During this time, the OIG also audited three delivery units<sup>7</sup> serviced by the San Juan MPAs. We will provide the results of those audits to Puerto Rico District management in separate reports. See [Appendix A](#) for additional information about our scope and methodology.

1 First mile failures occur when a mailpiece is collected and does not receive a processing scan at the origin 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.

7 The three delivery units were Bayamon Post Office, Bayamon, PR (Project Number 24-079-1); Toa Baja Post Office, Toa Baja, PR (Project Number 24-079-2); and Guaynabo Post Office, Guaynabo, PR (Project Number 24-079-3).

Results Summary

We identified deficiencies for three of the five areas we reviewed that affected the efficiency of operations at the San Juan MPAs. We also identified other issues related to safety and security (see Table 2).

Table 2. Summary of Results

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

Source: Results of OIG data reviewed from fiscal years 2023 and 2024 and fieldwork conducted from March 18 to March 21, 2024.

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.
- Security of Registry Items – 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.



# Finding #1: Delayed Mail

## What We Found

During our observations on March 19, 2024, we identified 18 containers<sup>8</sup> of delayed oversized packages on the workroom floor at MPA 3 that were not reported in the Mail Condition Visualization (MCV)<sup>9</sup> system (see Figure 1). We did not identify any delayed mail at MPA 2. These containers were still present on the workroom floor during our observations on March 20, 2024. The containers were not placarded or notated as to when they arrived at the facility for employees to identify when the mail should be processed for final delivery. We asked several managers and personnel about this mail to verify when it came into the unit, but no one could tell us when it arrived.

## Why Did it Occur

The delayed mail we identified was primarily due to a lack of management oversight. Specifically, management did not ensure employees attached placards or labels to the containers to identify the mail arrival date and processing timeline. During our visit, management stated that they had two to three days to process these packages after arrival at the unit. However, without placarding or labeling, management could not determine when the mail arrived.

## What Should Have Happened

Postal Service policy<sup>10</sup> states that placards are to be affixed on each container and should be processed in a first in, first out (FIFO) order.<sup>11</sup> In addition, as part of Postal Service practice, a delayed mail count should be performed and accurately reported in the MCV system daily.

Figure 1. Containers of Delayed Mail Without Placards at MPA 3



Source: OIG photos taken March 19 and March 20, 2024.

<sup>8</sup> We estimated the containers had about 400 packages based on MCV Manual Line Item Entry Job Aid, *Piece Conversions*, October 26, 2020.

<sup>9</sup> 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.

<sup>10</sup> Handbook PO-413 - *Platform Operations*, section 8-11, December 2013.

<sup>11</sup> Stand-up Talk, *The FIFO Treatment*, January 15, 2022.

## Effect on the Postal Service and Its Customers

When mail is delayed, there is an increased risk of customer dissatisfaction, which may adversely affect the Postal Service brand. Also, 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.

### Recommendation #1

We recommend the **Gulf Atlantic Division Director, Processing Operations**, verify all mail arriving at the San Juan Mail Processing Annex 3 is marked or placarded with the date it arrived at the facility and when it should be processed.

### Recommendation #2

We recommend the **Gulf Atlantic Division Director, Processing Operations**, verify that delayed mail is properly reported in the Mail Condition Visualization system at the San Juan Mail Processing Annex 3.

### Postal Service Response

The Postal Service agreed with this finding and the associated recommendations. Management's target implementation date for both recommendations is June 30, 2024. See [Appendix B](#) for management's comments in their entirety.

### OIG Evaluation

The OIG considers management's comments responsive to the recommendations.

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

### What We Found

From February 1, 2023, to January 31, 2024, there were 29,946 outbound trips at MPA 2. Of these, 4,732 were late, 3,654 were canceled, and 1,876 were extra. These trips represented about 34 percent of all outbound trips at the facility (see Table 3).

**Table 3. MPA 2 Outbound Transportation Metrics**

Transportation Metric	Number	Percent of Total Trips
Late Trips	4,732	15.8%
Canceled Trips	3,654	12.2%
Extra Trips	1,876	6.3%

Source: SVWeb.

Additionally, there were 28,996 outbound trips during the same time period at MPA 3. Of these, 2,704 were late, 2,306 were canceled, and 1,146 were extra. These trips represented about 21 percent of all outbound trips at the facility (see Table 4).

**Table 4. MPA 3 Outbound Transportation Metrics**

Transportation Metric	Number	Percent of Total Trips
Late Trips	2,704	9.3%
Canceled Trips	2,306	8.0%
Extra Trips	1,146	4.0%

Source: SVWeb.

### Why Did it Occur

Late, canceled, and extra outbound trips were primarily caused by not having a full Postal Vehicle Service (PVS)<sup>12</sup> transportation schedule review since 2021. In late 2021, mail processing operations were relocated from the San Juan Processing and Distribution Center (P&DC) to the MPA 2 and MPA 3

facilities due to structural issues at the P&DC. This move caused dock congestion, which contributed to the late trips. The MPA 2 and MPA 3 buildings together only have 26 dock doors as compared to the 42 at the P&DC. Therefore, some mail must be transferred to the other building for dispatch to the delivery units. This mail must be loaded onto a truck, driven across the street, unloaded, sorted to staging lanes, and loaded onto another truck for delivery to the units. This process could cause trucks to be delayed if they are waiting for mail from the other building, and it adds to the amount of dock congestion.

In addition, management stated unexpected PVS driver absences cause many canceled and extra trips. When a PVS driver is absent, all trips associated with that driver must be canceled. Then extra trips are created by consolidating all the canceled trips into fewer trips for highway contract route (HCR)<sup>13</sup> drivers to complete. Logistics management provided the team with examples of the impacts of canceling trips. One example included 16 canceled PVS trips, which created three extra trips for HCR drivers. Management also stated some canceled trips are due to lower mail volumes, and they are actively working on removing and improving the transportation schedule.

### What Should Have Happened

Postal Service policy<sup>14</sup> requires the annual review of Postal Vehicle Service transportation schedules.

### Effect on the Postal Service and Its Customers

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 brand, send mailers to competitors, increase operating costs, and cause the Postal Service to lose revenue.

<sup>12</sup> A service Postal Service employees use to transport mail between mail processing facilities, post offices, post office branches, post office stations, detached mail units, various postal customers, and terminals.

<sup>13</sup> Routes serviced by suppliers carrying mail over highways between designated points.

<sup>14</sup> Handbook PO-701, dated March 1991.

### Recommendation #3

We recommend the **Gulf Atlantic Division Director, Logistics Operations**, complete a review of Postal Vehicle Service transportation schedules and verify related actions are implemented at the San Juan Mail Processing Annexes 2 and 3.

### Postal Service Response

The Postal Service agreed with this finding and the associated recommendation. Management's target implementation date is June 30, 2024.

### OIG Evaluation

The OIG considers management's comments responsive to the recommendation.



## Finding #3: Scan Compliance

### What We Found

The San Juan MPAs did not consistently meet scanning goals. From February 1, 2023, to January 31, 2024, the average compliance for load and unload scans at MPA 2 did not meet the Postal Service goal. In addition, load, close, and unload scans at MPA 3 did not meet the Postal Service's goal for the same time period. The Postal Service goal for load and unload scans was 92 percent in fiscal year (FY) 2023 and 93.25 percent in FY 2024 (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; unload scans are performed when a container is removed from a trailer; and close scans are performed when a container is ready for dispatch.

During our site visit the team observed employees scanning placards on equipment as it was being loaded on trucks. We analyzed scanning data for February and March 2024 and noted scanning compliance at the MPAs significantly improved (see Table 6).

**Table 5. Scanning Compliance at the San Juan MPAs From February 2023 to January 2024.**

Month	MPA 2		MPA 3		
	Load	Unload	Load	Close	Unload
January 2024	92.91%	92.08%	88.82%	93.62%	94.00%
December 2023	91.66%	89.18%	86.70%	90.24%	95.49%
November 2023	92.48%	92.78%	88.61%	93.68%	94.76%
October 2023	91.80%	92.65%	89.61%	93.05%	92.69%
September 2023	90.04%	91.37%	83.43%	90.37%	92.25%
August 2023	89.79%	93.43%	89.28%	92.82%	95.85%
July 2023	88.70%	91.37%	89.80%	90.52%	95.16%
June 2023	88.86%	92.37%	88.49%	91.60%	94.21%
May 2023	84.76%	91.81%	86.00%	90.96%	91.66%
April 2023	86.04%	93.28%	83.71%	88.93%	83.78%
March 2023	85.99%	84.88%	79.28%	89.63%	83.13%
February 2023	80.43%	82.66%	73.16%	92.61%	79.34%

Source: SVWeb.

Table 6. Scanning Compliance at the San Juan MPAs From February to March 2024.

Month	MPA 2		MPA 3		
	Load	Unload	Load	Close	Unload
March 2024	93.61%	94.77%	88.76%	94.83%	94.16%
February 2024	94.06%	95.24%	90.40%	96.33%	92.40%

Source: SVWeb.

Why Did it Occur

The facilities did not always meet scanning compliance due to a lack of management oversight, missing placards, and poor internet connection. Specifically, management did not verify that employees were scanning every mail equipment placard while loading trucks. Also, some mail containers were missing placards due to mail consolidation, so employees had nothing to scan. Management stated they are currently addressing these issues by having a team identify scanning compliance opportunities each week. Management also submitted tickets to fix the internet connection and stated during our audit that it recently improved.

What Should Have Happened

Postal Service policy<sup>15</sup> 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 **Gulf Atlantic Division Director, Logistics Operations**, in conjunction with the **Gulf Atlantic Division Director, Processing Operations**, verify mail containers all have assigned placards and employees are consistently scanning them at the San Juan Mail Processing Annexes 2 and 3.

Postal Service Response

The Postal Service agreed with this finding and the associated recommendation. Management’s target implementation date is June 30, 2024.

OIG Evaluation

The OIG considers management’s comments responsive to the recommendation.

15 Surface Visibility Program User booklet, updated October 5, 2023

## Finding #4: Safety and Security

### What We Found

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

- Drivers were not always securing trailer doors with locks when departing from the facility. Instead, they were only using seals (see Figure 2).
- Monthly fire extinguisher inspections were not up to date.

Figure 2. Unsecured Door on Trailer Departing San Juan MPA 2



Source: OIG photo taken March 19, 2024.

### Why Did it Occur

Management did not provide sufficient oversight to verify HCR drivers were using locks on their trucks. In addition, dock personnel were not aware of the requirement to use locks.

The fire extinguishers were not inspected due to a lack of oversight by the maintenance supervisors. In response to our observations of the outdated monthly fire extinguishers, management took immediate action to complete the inspections. Therefore, we are not making a recommendation regarding this issue.

### 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 policy<sup>16</sup> states that all doors to the cargo compartment must be equipped with locks and kept locked while en route. In addition, the Occupational Safety and Health Administration (OSHA) requires portable fire extinguishers to be visually inspected monthly.<sup>17</sup>

### 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 **Gulf Atlantic Division Director, Logistics**, verify all drivers are securing trailer cargo with locks at the San Juan Mail Processing Annexes 2 and 3.

#### Postal Service Response

The Postal Service agreed with this finding and the associated recommendation. Management's target implementation date is June 30, 2024.

#### OIG Evaluation

The OIG considers management's comments responsive to the recommendation.

<sup>16</sup> Postal Operations Manual Issue 9, *Sealing Program and Procedures*, Section 476.2, Item H, updated November 30, 2023, and Handbook PO-515, *Highway Contractor Safety*, Section 448.2, dated July 2010.

<sup>17</sup> Occupational Safety and Health Administration, *Fire Protection*, Section 1910.157(e)(2).

# Appendix A. Additional Information

We conducted this audit from March through May 2024, 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 May 1, 2024, 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 Web End of Run (WebEOR),<sup>18</sup> 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.

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<sup>18</sup> WebEOR is a Web-based application used in collecting operational data from automated and mechanized mail processing equipment.



# Appendix B: Management's Comments



May 8, 2024

JOHN CIHOTA  
DIRECTOR, AUDIT SERVICES

SUBJECT: Management Response: Efficiency of Operations at the San Juan Mail Processing Annexes, Carolina, PR. (Report Number 24-078-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 San Juan Mail Processing Annexes*.

Management agrees with the findings in the report.

Following are our comments on each of the five recommendations.

Recommendation 1: We recommend the **Gulf Atlantic Division Director, Processing Operations**, verify all mail arriving at the San Juan Mail Processing Annex 3 is marked or placarded with the date it arrived at the facility and when it should be processed.

Management Response/Action Plan: Management agrees with this recommendation.

A Stand-Up Talk (SUT) regarding proper container identification will be provided to employees at Annex 3. Management will also ensure proper placarding on all containers by monitoring for compliance.

Target Implementation Date: 06/30/2024

Responsible Official:  
Sr Dir Division Processing Ops

Recommendation 2: We recommend the **Gulf Atlantic Division Director, Processing Operations**, verify that delayed mail is properly reported in the Mail Condition Visualization system at the San Juan Mail Processing Annex 3.

Management Response/Action Plan: Management agrees with this recommendation.

A Stand-Up Talk was provided to all Processing Support employees on reporting delayed mail in MCV. Management will conduct reviews to monitor for compliance.

Target Implementation Date: 06/30/2024

Responsible Official:  
Sr Dir Division Processing Ops

Recommendation 3: We recommend the **Gulf Atlantic Division Director, Logistics Operations**, to complete a review of Postal Vehicle Service transportation schedules and verify related actions are implemented at the San Juan Mail Processing Annexes 2 and 3.

Management Response/Action Plan: Management agrees with this recommendation.

Logistics will review Postal Vehicle Service transportation schedules trips and make appropriate adjustments.

Target Implementation Date: 06/30/2024

Responsible Official:  
Logistics Manager

Recommendation 4: We recommend the **Gulf Atlantic Division Director, Logistics Operations**, in conjunction with **Gulf Atlantic Division Director, Processing Operations**, verify mail containers all have assigned placards and employees are consistently scanning them at the San Juan Mail Processing Annexes 2 and 3.

Processing Management Response/Action Plan: Management agrees with this recommendation.

Management from both Processing and Logistics will provide a service talk on proper placarding and scanning and monitor for compliance.

Target Implementation Date: 06/30/2024

Responsible Official:  
Sr Dir Division Processing Ops / Dir Division Logistics

Recommendation 5: We recommend the **Gulf Atlantic Division Director, Logistics**, verify all drivers are securing trailer cargo with locks at the San Juan Mail Processing Annexes 2 and 3.

Management Response/Action Plan: Management agrees with this recommendation.

Logistics will provide a stand-up talk on proper use of trailer locks and monitor for compliance.

Target Implementation Date: 06/30/2024

Responsible Official:  
Logistics Manager

E-SIGNED by MARK D DAHLSTROM  
on 2024-05-08 19:25:15 EDT

Mark Dahlstrom  
Gulf Atlantic Division Director, Processing

E-SIGNED by William A Rodriguez  
on 2024-05-08 15:11:09 EDT

William A. Rodriguez  
Gulf Atlantic Division Director, Logistics

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UNITED STATES POSTAL SERVICE



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