

Efficiency of Operations at the New Orleans Processing and Distribution Center, New Orleans, LA

AUDIT REPORT

Report Number 23-112-R23 | August 17, 2023



Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

August 17, 2023

MEMORANDUM FOR: SCOTT TOSCH
ACTING SOUTHWEST DIVISION DIRECTOR,
PROCESSING OPERATIONS

WILLIAM A. RODRIGUEZ
ACTING SOUTHWEST DIVISION DIRECTOR, LOGISTICS

A handwritten signature in black ink, reading "Joseph E. Wolski", is centered below the recipient information.

FROM: Joseph E. Wolski
Director, Field Operations

SUBJECT: Audit Report – Efficiency of Operations at the New Orleans Processing
and Distribution Center, New Orleans, LA (Report Number 23-112-R23)

This report presents the results of our audit of the Efficiency of Operations at the New Orleans 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, 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
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

This report presents the results of our self-initiated audit of the efficiency of operations at the New Orleans Processing and Distribution Center (P&DC) in New Orleans, LA, (Project Number 23-112). We judgmentally selected the New Orleans P&DC based on a review of first and last mile failures;¹ overtime; overall scanning performance; and late, canceled, and extra trips. The New Orleans P&DC is in the Southwest Processing Division and processes letters, flats, and parcels. The New Orleans P&DC services multiple 3-digit ZIP Codes in urban and rural communities² (see Table 1).

Table 1. Population Demographics

3-Digit ZIP Codes	Urban Population	Rural Population	Total Population
700-701	921,134	28,235	949,369
703-704	483,473	220,278	703,751

Source: Postal Service National Distribution Labeling List and Esri.

Objective, Scope, and Methodology

Our objective was to evaluate the efficiency of operations at the New Orleans P&DC. To accomplish our objective, we focused on four audit areas: mail clearance times;³ delayed mail; late, canceled, and extra outbound trips; and load scans. We reviewed Surface Visibility Web (SVWeb)⁴ data for late, canceled, and extra trips, as well as load scans for the period from May 1, 2022, to April 30, 2023. Further, we identified mail clearance time goals for the New Orleans P&DC and compared them with operations shown in the Run Plan Generator report.⁵ During our

site visit from June 12 to 15, 2023, we interviewed P&DC management and observed mail processing and dock operations.

During the week of June 12, 2023, the U.S. Postal Service Office of Inspector General (OIG) also audited five delivery units⁶ serviced by the New Orleans P&DC. We will provide the results of those audits to the Louisiana District 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 New Orleans P&DC. We also identified other issues related to safety (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	
Load Scans	X	
Other Issues	X	

Source: Results of OIG review conducted from June 12 to 15, 2023.

We did not identify any issues with clearance times. We analyzed mail processing schedules and data to verify the plant was meeting the scheduled clearance times.

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 We obtained ZIP Code information related to population and urban/rural classification from Esri, which is based on Census Bureau information.
³ The latest time committed mail can clear an operation for proper dispatch or delivery.
⁴ 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.
⁵ An application mail processing facilities use to plan machine utilization based on volume, clearance times, and other criteria.
⁶ The five delivery units were Bywater Station, New Orleans, LA, (project number 23-113-1); Carrollton Station, New Orleans, LA, (project number 23-113-2); Central Carrier Station, New Orleans, LA, (project number 23-113-3); Elmwood Branch, New Orleans, LA, (project number 23-113-4); and Lake Forest Station, New Orleans, LA, (23-113-5).

Finding #1: Delayed Mail

What We Found

On each day of our observations June 13 to 15, 2023, we found Priority Mail Express⁷ that did not get dispatched timely (see Figure 1). We reviewed the scan information of the mail found on June 14 and identified that 31 out of 35 pieces did not meet the guaranteed delivery date.

Figure 1. Delayed Priority Mail Express



Source: OIG photos taken on June 13 to June 15, 2023.

We identified mail in the manual letter and flat operations on June 13 and 14, 2023 (see Figures 2 and 3) that management stated included delayed mail. However, the containers were not labeled with dates so the amount of delayed mail could not be determined. Further, management did not report any manual delayed mail in Mail Condition Visualization (MCV)⁸ on either day.

Figure 2. Delayed Mail in the Manual Letter Operation



Source: OIG photos taken June 13 and June 14, 2023, in the manual letter operation.

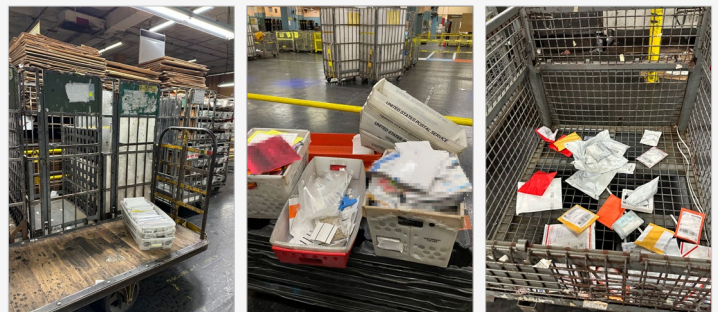
Figure 3. Delayed Mail in the Manual Flat Operation



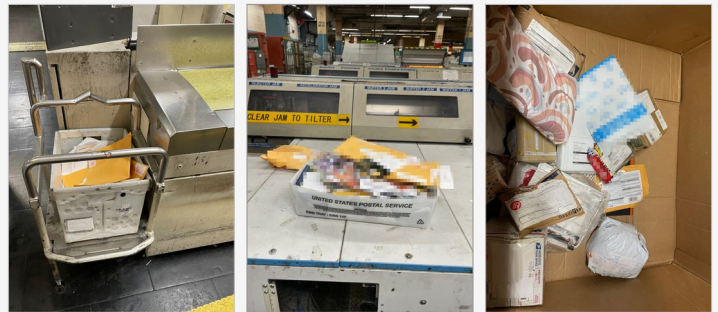
Source: OIG photos taken June 13 and 14, 2023, in the manual flat operation.

In addition, we observed multiple instances of mailpieces (letters, flats, and parcels) throughout the workroom floor and around various machines that were not being cleared once sorting was completed and moved to its proper area (see Figure 4).

Figure 4. Examples of Mail Found Throughout the Workroom Floor



Source: OIG photos taken June 13, 2023.



Source: OIG photos taken June 14, 2023.

⁷ An expedited service for shipping anyailable matter, subject to certain standards, such as size and weight limits and certain hazardous materials restrictions, with a money-back guarantee for next-day or second-day delivery in most cases.

⁸ Mail Condition Visualization (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.

Why Did It Occur

Management was not aware of the delayed Priority Mail Express and therefore did not communicate this ongoing issue to the delivery units through the Mail Arrival Quality/Plant Arrival Quality system.⁹ Management stated that the delay could be due to late arriving express mail from delivery units that centrally collect the Priority Mail Express from associate offices.¹⁰

The unreported delayed and uncleared mail was primarily due to lack of management oversight and processes not consistently being followed. Management stated employees who conduct the daily on-hand mail count do not identify mail as delayed on their count sheet, and verification of the count was not regularly performed. According to facility management, supervisors are inexperienced and require training on the operational procedures to count delayed mail, ensure proper flow of mail, and provide proper oversight.

What Should Have Happened

Postal Service policy¹¹ 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. Management should use the Mail Arrival Quality/Plant Arrival Quality system to communicate and resolve issues with late arriving mail from the delivery unit. As part of Postal Service practice, a delayed mail count should be performed and accurately reported in MCV 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 MCV 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 #1

We recommend the **Southwest Division Director, Processing Operations**, and **Southwest Division Director, Logistics**, document Priority Mail Express delays in the Mail Arrival Quality/Plant Arrival Quality system and coordinate with the Louisiana District Manager to resolve the Priority Mail Express issues.

Recommendation #2

We recommend the **Southwest Division Director, Processing Operations**, develop and implement a process to verify delayed mail count procedures are followed.

Recommendation #3

We recommend the **Southwest Division Director, Processing Operations**, coordinate with plant management to train clerks and supervisors at the New Orleans Processing and Distribution Center on proper mail flow procedures in processing operations and verify these procedures are followed.

⁹ The Mail Arrival Quality/Plant Arrival Quality system facilitates communication and resolution of issues with the movement of mail, including collection mail, between postal facilities.

¹⁰ A post office that reports to a larger post office or that is within the service area of a sectional center facility (SCF). It usually receives and dispatches all mail classes and products from and to the SCF or a processing and distribution center.

¹¹ Handbook PO-413, *Platform Operations*, Section 2-1.1.

Finding #2: Late, Canceled, and Extra Trips

What We Found

From May 1, 2022, through April 30, 2023, there were 11,910 outbound late trips, 6,953 outbound canceled trips, and 580 outbound extra trips at the New Orleans P&DC, which represents approximately 37 percent of all trips (see Table 3).

Why Did It Occur

Based on discussions with management, late trips are mainly attributable to dock congestion and contract failures with one specific contractor. There is limited space outside the docks for trucks arriving at the same time and limited space on the docks to move the mail in a timely manner. We are not making a recommendation on issues related to space constraints. Regarding the contractor failures, management stated that they will be starting the corrective action process.¹²

Further, management stated that canceled trips could be attributable to lower mail volume where the dispatch of value¹³ trips were not needed as the goal is for the mail to make the earliest trip possible. On June 13 and 14, OIG observed several canceled dispatch of value trips due to low volume. Additionally, management stated that in January 2023, there were recurring canceled trips to the airport due to network transportation changes.

What Should Have Happened

According to Postal Service policy,¹⁴ key elements to effective dispatch and routing include evaluating transportation performance to planned schedules and making sure planned dispatches are compatible with an effective mail arrival profile at the destination. These two elements can minimize the receipt of larger volumes at or near critical entry time.

Effect on the Postal Service and Its Customers

Mail arriving late to a facility could be an indication that there are transportation and/or mail processing issues, such as schedule alignment and staffing. 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.

Recommendation #4

We recommend the **Southwest Division Director, Logistics**, initiate the corrective action process with contractors not meeting their delivery schedules, as required by the Postal Operations Manual.

Table 3. Late, Canceled, and Extra Trips

Transportation Metric	Outbound Trips	Total Number of Trips	Percentage of Late, Canceled/Extra Trips
Late Trips	11,910	52,624	22.63%
Canceled Trips	6,953	52,624	13.21%
Extra Trips	580	52,624	1.10%

Source: OIG analysis of backend data from Enterprise Data Warehouse (EDW), which is a repository intended for all 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.

¹² The corrective action process is a 5-step process described in *Postal Operations Manual*, POM Issue 9 dated July 2002, Section 534 Irregularities Reporting.

¹³ Dispatch of Value is the day's final outgoing dispatch or dispatch that makes a transportation schedule that meets service standards.

¹⁴ Handbook M-22, *Dispatch and Routing Policies*, dated July 2013.

Finding #3: Load Scanning

What We Found

The New Orleans P&DC did not consistently meet load scan goals. From May 1, 2022, through April 30, 2023, the average scanning compliance for load scans¹⁵ at the New Orleans P&DC was 88.05 percent, which did not meet the current Postal Service’s National Performance Assessment goal of 92 percent (see Figure 5).

Why Did It Occur

Load scans were not being performed consistently due to a lack of management oversight at the New Orleans P&DC. Facility management stated they are aware of the low load scan performance and attributed it to multiple factors. There has been a lack of availability of expeditors to perform scans, and there have been issues with expeditors not reporting to work. Management stated that they are addressing this by conducting investigative interviews with employees who have been consistently absent. Additionally, mail handlers did not scan containers preloaded into the trailers.

What Should Have Happened

Postal Service policy¹⁶ states that management should ensure employees are scanning containers before loading them onto a trailer.

Effect on the Postal Service and Its Customers

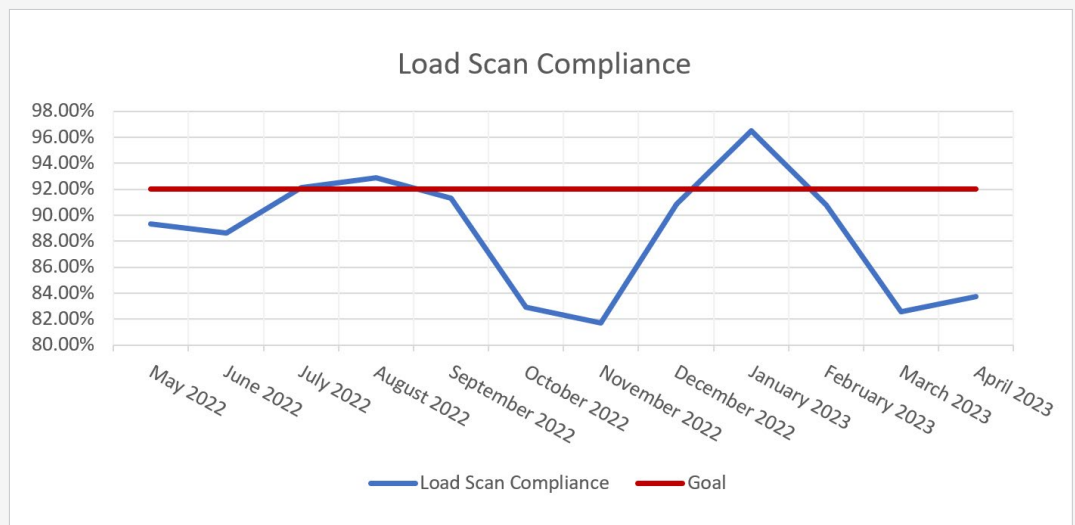
Low load scans contribute to inaccurate utilization data. Specifically, when containers do not receive a load scan, management is unable to determine trailer utilization and mail visibility for customers, and operational decisions by management could be hindered.

Recommendation #5

We recommend the **Southwest Division Director, Processing Operations** and **Southwest Division Director, Logistics**, coordinate to develop and implement a plan to verify load scanning at the New Orleans Processing and Distribution Center is consistently completed in accordance with policy.

Figure 5. New Orleans P&DC Average Monthly Load Scan Performance From May 2022 – April 2023

Source: OIG analysis of SVWeb



¹⁵ Performed when the container is loaded onto the trailer for dispatch.

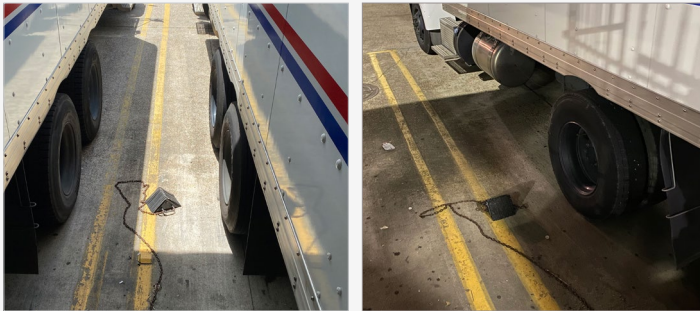
¹⁶ Surface Visibility Program User booklet.

Finding #4: Safety

What We Found

We observed trucks and trailers parked at the dock without wheel chocks placed next to the tire to prevent them from rolling away (see Figure 6).

Figure 6. Truck and Trailer Without Use of Wheel Chocks at the New Orleans P&DC



Source: OIG photos taken June 12 and 13, 2023.

Why Did It Occur

The inconsistent use of wheel chocks was due to a lack of management oversight. In response to our observations, facility management conducted stand-up talks with drivers regarding the required use of wheel chocks. As a result, on June 14 and 15, we observed trucks and trailers parked at the dock were appropriately chocked.

What Should Have Happened

Postal Service policy¹⁷ states that Postal Vehicle Service drivers must prevent trailers from rolling away from docks by using wheel chocks. In addition, the Occupational Safety and Health Administration requires employers to provide a safe and healthy workplace free of recognized hazards.¹⁸

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.

Recommendation #6

We recommend the **Southwest Division Director, Logistics**, verify all drivers are using wheel chocks at the New Orleans Processing and Distribution Center.

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 that they have begun consistently utilizing the Mail Arrival Quality/Plan Arrival Quality (MAQ/PAQ) system to report and resolve Priority Mail Express delays in the New Orleans P&DC. The P&DC also engages in daily discussions with Retail and Delivery to discuss Priority Mail Express delays, if applicable. The target implementation date is October 31, 2023.

Regarding recommendation 2, management stated that they created a sign-off sheet to document delayed mail, and it is accurately reported in MCV daily. The manager of in-plant support will validate sign-off sheets for compliance. The target implementation date is October 31, 2023.

Regarding recommendation 3, management stated that they conducted a service talk with clerks and supervisors on the proper mail flow procedures and the importance of ensuring compliance. Mail flow placards have been created and are in use directing all employees on where mail flows within the plant. The target implementation date is October 31, 2023.

Regarding recommendation 4, management stated they will continue to monitor performance of all contractors to ensure compliance with established standards. When irregularities are observed, management will follow the corrective action process. The target implementation date is January 31, 2024.

¹⁷ Handbook EL-803, *Maintenance Employee's Guide to Safety*, Section 1-C dated July 2020.

¹⁸ Operational Safety and Health Administration Act of 1970.

Regarding recommendation 5, management stated they have implemented a plan to verify load scans are properly performed. Additional supervisory dock personnel will carry SV scanners to validate proper scans are being accomplished. When available, additional resources will be placed on the dock during high dispatch times to assist expeditors in the scanning of the loads. The target implementation date is April 30, 2024.

Regarding recommendation 6, management stated that they are performing observations of driving practices and work practices to validate wheels are chocked daily. In addition, all drivers have been issued a safety talk on the importance of using chock blocks. The target implementation date is October 31, 2023.

Evaluation of Management's Comments

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

Regarding recommendation 3, management stated that they conducted a service talk with clerks and supervisors on the proper mail flow procedures, and mail flow placards have been created and are in use directing all employees on where mail flows within the plant. In order to close this recommendation, management will need to also provide evidence that they are verifying the mail flow process is followed by employees.

Regarding recommendation 4, management stated they will continue to monitor performance of all contractors to ensure compliance with established standards. When irregularities are observed, management will follow the corrective action process. In order to close this recommendation, management will need to also provide evidence that corrective action is taken with contractors that are not meeting their delivery schedules.

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 June through August 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 August 2, 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 did identify internal control deficiencies that were significant within the context of our objectives. Our recommendations, if implemented, should correct the weaknesses we identified.

We assessed the reliability of EDW 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.

Appendix B: Management's Comments



August 8, 2023

JOHN CIHOTA
DIRECTOR, AUDIT SERVICES

SUBJECT: Management Response: Efficiency of Operations at the New Orleans Processing and Distribution Center, New Orleans, LA (23-112-DRAFT)

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

Management agrees with the four findings in the report related to: Delayed Mail; Late, Canceled, and Extra Outbound Trips; Load Scanning; and Safety.

Management has begun addressing the six recommendations and provides the following responses:

Recommendation [1]:

We recommend the **Southwest Division Director, Processing Operations, and Southwest Division Director, Logistics**, document Priority Mail Express delays in the Mail Arrival Quality/Plant Arrival Quality system and coordinate with the Louisiana District Manager to resolve the Priority Mail Express mail issues.

Management Response/Action Plan:

Management agrees with this recommendation. Management has begun consistently utilizing Mail Arrival Quality/Plant Arrival Quality (MAQ/PAQ) system to report and resolve Priority Mail Express delays in the New Orleans PDC. The Plant also engages in daily discussions with Retail and Delivery to discuss PME delays, if applicable.

Target Implementation Date: 10/31/2023

Responsible Official: Plant Manager

Recommendation [2]:

We recommend the **Southwest Division Director, Processing Operations**, develop and implement a process to verify delayed mail count procedures are followed.

Management Response/Action Plan:

Management agrees with this recommendation. Management created a sign-off sheet to document delayed mail is accurately reported in MCV daily. The Manager, In-Plant Support will validate sign-off sheets for compliance.

Target Implementation Date: 10/31/2023

Responsible Official: Plant Manager

Recommendation [3]:

We recommend the **Southwest Division Director, Processing Operations, coordinate with plant management** to train clerks and supervisors at the New Orleans Processing and Distribution Center on proper mail flow procedures in processing operations and verify these procedures are followed.

Management Response/Action Plan:

Management agrees with this recommendation. Management conducted a service talk with clerks and supervisors on the proper mail flows procedures and the importance of ensuring compliance. Mail flow placards have been created and are in use directing all employees on where mail flows within the plant.

Target Implementation Date: 10/31/2023

Responsible Official: Plant Manager

Recommendation [4]:

We recommend the **Southwest Division Director, Logistics**, initiate the corrective action process with contractors not meeting their delivery schedules, as required by the Postal Operations Manual.

Management Response/Action Plan:

Management agrees with this recommendation. Management will continue to monitor performance of all contractors to ensure compliance with established standards. When irregularities are observed, management will follow the corrective action process.

Target Implementation Date: 01/31/24

Responsible Official: Logistics Manager

Recommendation [5]:

We recommend the **Southwest Division Director, Processing Operations and Southwest Division Director, Logistics**, coordinate to develop and implement a plan to verify load scanning at the New Orleans Processing and Distribution Center is consistently completed in accordance with policy.

Management Response/Action Plan:

Management agrees with the recommendation. Management has implemented a plan to verify load scans are properly performed. Additional supervisory dock personnel will carry SV scanners to validate proper scans are being accomplished.

When available, additional resources will be placed on the dock during high dispatch times to assist expeditors in the scanning of the loads.

Target Implementation Date: 04/30/2024

Responsible Official: Plant Manager and Logistics Manager

Recommendation [6]:

We recommend the **Southwest Division Director, Logistics**, verify all drivers are using wheel chocks at the New Orleans Processing and Distribution Center.

Management Response/Action Plan:

Management agrees with the recommendation. Management is performing observations of driving practices and work practices to validate wheels are chocked daily. In addition, all drivers have been issued a safety talk on the importance of utilizing chock blocks.

Target Implementation Date: 10/31/23

Responsible Official: Logistics Manager

E-SIGNED by Scott.D Tosch
on 2023-08-09 07:32:52 CDT

Scott D. Tosch
Acting Senior Division Director, Southwest Processing

E-SIGNED by William.A Rodriguez
on 2023-08-09 07:35:12 CDT

William A. Rodriguez
Acting Division Director, Logistics

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

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