



August 25, 2008

DAVID M. PATTERSON
MANAGER, OPERATIONS SUPPORT, SOUTHEAST AREA

SUBJECT: Audit Report – Contract Oversight of Highway Transportation Contracts in the Southeast Area (Report Number CA-AR-08-009)

This report presents the results of our audit of the Postal Service's contract oversight of highway transportation contracts in the Southeast Area (Project Numbers 07YG071CA000 and 07YG071CA001). Our objective was to determine whether Southeast Area Postal Service officials effectively monitor highway contract performance to control costs. Specifically, we determined whether officials were properly monitoring and documenting contractor performance, and effectively monitoring and controlling costs of canceled and extra highway transportation trips. Click [here](#) to go to Appendix A for additional information about this audit.

Conclusion

Southeast Area Postal Service officials could improve the monitoring of highway contract performance to control costs. Specifically, officials did not always properly monitor and document contractor performance. Officials could also improve monitoring and controlling costs of canceled segments of highway transportation trips and extra highway transportation trips.

We calculated \$9,531,082¹ of unsupported questioned costs due to officials not properly authorizing extra trip costs. Click [here](#) to go to Appendix B for a detailed analysis of these issues.

Documenting Late Trips

Southeast Area Postal Service officials were not always properly documenting and monitoring contractor performance. Officials did not consistently issue a PS Form 5500, Contract Irregularity Report,² for trips over 30 minutes late. A combination of inadequate and inconsistent training and route logistics affected the administrative officials' (AOs) ability to oversee contractor performance. As a result, the Postal

¹ Unsupported questioned costs of \$9.5 million [REDACTED]

[REDACTED]. We question these costs because of missing or incomplete documentation, or because required procedures were not followed. These costs are included in the questioned cost total, but are also identified separately.

² An employee of the facility where an irregularity occurred should complete PS Form 5500, to document the contractor's late performance.

Service could be paying for mail shipments that arrive late for processing, which may affect Postal Service operations.

We recommend the Manager, Operations Support, Southeast Area, instruct the Manager, Southeast Area Distribution Networks, to:

1. Provide training on monitoring contract performance to administrative officials.
2. Reiterate to employees the requirement to issue Postal Service Form 5500, Contract Irregularities Report, and the circumstances in which it must be issued.

Management's Comments

Management agreed with our finding and recommendations and has scheduled four comprehensive AO training sessions to be completed by September 4, 2008. Management stated the training sessions will cover many of the items found during this audit, such as reiterating to employees the requirement to issue PS Form 5500, and the findings from our previous report, *Renewal Process for Highway Transportation Contracts in the Southeast Area* (Report Number CA-AR-08-008, issued July 17, 2008). Management's comments, in their entirety, are included in [Appendix D](#).

Evaluation of Management's Comments

The U.S. Postal Service Office of Inspector General (OIG) considers management's comments responsive to the recommendations, and the corrective actions should resolve the issue identified in the report.

Canceled Trips

Southeast Area Postal Service officials could improve monitoring and controlling costs of canceled highway transportation trips. Postal Service employees stated they were not requiring drivers to make all scheduled stops according to the contract because there was no mail volume for contractors to pick up. They classified these trips only as "bypassed" in the Transportation Information Management Evaluation System (TIMES-Web), rather than providing a full explanation as to why the trip was bypassed.³ As a result, AOs were unable to consistently review requirements to determine whether management should make changes to the contract because of lack of mail volume. Management could make contract route adjustments if they monitored bypassed trip frequency. Furthermore, incorrect information in the TIMES-Web hinders management's ability to determine if costs could be reduced by adjusting route schedules or continuing trips.

³ TIMES-Web allows employees to collect data about the arrival and departure of mail trucks and to communicate that information to other Postal Service processing facilities.

We recommend the Manager, Operations Support, Southeast Area, instruct the Manager, Southeast Area Distribution Networks, to:

3. Reiterate to employees that they should adhere to highway contract route schedules as outlined in the contract (not allow drivers to bypass stops) and to document canceled trips with adequate information to determine the cause of cancellation.
4. Direct administrative officials to conduct surveys for routes with frequent bypassed trips to determine if management can eliminate stops from a trip or change its frequency.

Management's Comments

Management agreed with our finding and recommendations and stated that adherence to highway contract schedules, and documenting canceled trips with adequate information to determine the cause, will be included the training package scheduled to be completed by September 4, 2008.

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.

Monitoring Extra Trips

Postal Service officials could improve monitoring and controlling costs of extra highway transportation trips. Officials paid approximately \$1.7 million for over 10,000 extra trips that were documented but not properly authorized on PS Forms 5397.⁴ This occurred because it was common practice for craft employees (such as expeditors, clerks, group leaders and mail handlers)⁵ to sign PS Forms 5397 authorizing the extra trips. Postal Service policy requires a supervisor to authorize extra trips.

In addition, Network Transportation Specialists both prepared and certified PS Forms 5429, Certification of Exceptional Contract Service Performed,⁶ and submitted them for payment. This occurred because it is a common practice for the plant management to delegate this duty to a staff member. To ensure there is no conflict of interest or duplication of expenses, separate Postal Service officials should perform the preparation and certification processes.

⁴ A PS Form 5397 is issued to the contractor to request extra highway transportation services.

⁵ These are nonsupervisory employees who record the arrival and departure of mail trucks.

⁶ A PS Form 5429, is used to certify that the contractor performed the requested extra service and should receive an additional payment.

During our briefings with plant management on the results of our audit, a majority of managers stated they have begun to implement corrective actions to reiterate the importance of obtaining a supervisor's signature on PS Forms 5397 and separation of duties in preparing and certifying PS Forms 5429. In addition, the Manager, Southeast Area Distribution Networks, issued a memorandum to plant managers to provide refresher training on form completion and proper authorization of extra trips. Because officials did not follow the required authorization procedure, the Postal Service incurred \$9,531,082⁷ of unsupported questioned costs. Click [here](#) to go to Appendix C for additional information.

We recommend the Manager, Operations Support, Southeast Area, instruct the Southeast Area District Managers to direct plant managers to:

5. Reiterate to Postal Service supervisors they must sign Postal Service Forms 5397, Contract Route Extra Trip Authorization, and prepare and review management reports to track the progress of extra trip costs.
6. Implement appropriate separation of duties by ensuring the appropriate manager certifies Postal Service Forms 5429, Certification of Exceptional Service Performed.

Management's Comments

Management agreed with the finding and our recommendations and issued a letter dated June 16, 2008, directing plant managers to ensure that dock personnel and all EAS personnel receive appropriate refresher training on the completion of PS Form 5397.

Management did not agree with the amount of unsupported questioned costs. Management recognized and agreed that the authorization block on Postal Service Form 5397 reads *Title and Name of Postal Supervisor*. However, they stated the lack of authorization does not indicate that the extra trips were not needed. In addition, they stated that the audit report did not give any data indicating whether scheduled trips before or after the extra trips were examined for utilization of the vehicle.

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.

With regard to management's disagreement with our unsupported questioned costs, we questioned these costs because Postal Service employees did not follow the required authorization procedures. The expeditor, who is responsible for identifying the need for

⁷ We projected our audit results of \$1.7 million to a sample universe of \$13.1 million. The point estimate of the value of the sample universe is \$9,531,082 million, at a 95 percent confidence level, with a precision of 14.64 percent; this value is in the interval of \$8.1 million to \$10.7 million.

extra trips, is not a Postal Service supervisor and is not authorized to sign PS Forms 5397; therefore, when he signs the form, this, by definition, creates an unauthorized commitment. In addition, the expeditor's authorization of the trip is a separation-of-duties issue, which creates a risk of unnecessary costs for the Postal Service.

We attempted to retrieve a sample of trip transactions from TIMES; however, there were concerns with data inaccuracy for the trips in question. In addition, PS Forms 5397 were not completed with appropriate data to confirm trip occurrence and utilization. Some of these trips may have been proper, but we cannot determine their propriety using the information available; consequently, it would appear that management, as well, cannot determine their propriety. An unsupported questioned cost is defined as a cost incurred as a result of a technical failure to comply with Postal Service policies and procedures, which includes these transactions.

The OIG considers management's comments responsive to the recommendations in the report. The OIG considers recommendations 5 and 6 significant. Based on management's corrective actions, we will close these recommendations in the follow-up tracking system. We will report \$9,531,082 in unsupported questioned costs in our *Semiannual Report to Congress*.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Judy Leonhardt, Director, Supply Management, or me at (703) 248-2100.

E-Signed by Darrell E. Benjamin, Jr. 
VERIFY authenticity with ApproveIt

Darrell E. Benjamin, Jr.
Deputy Assistant Inspector General
for Support Operations

Attachments

cc: Anthony Pajunas
Terry Wilson
Susan Brownell
Dwight Young
Karen Pompanella
David McClelland
Susan Witt
Delores Gentry
Katherine S. Banks

APPENDIX A: ADDITIONAL INFORMATION

BACKGROUND

Highway contract routes (HCRs)⁸ provide for the transportation of mail between post offices or other designated points where mail is received or dispatched. Highway transportation contracts for HCRs provide service between Postal Service facilities, mailers' plants, and similar facilities.

The contracting officers (COs) at the nine area Distribution Network Offices (DNOs)⁹ and two DNO branch offices are responsible for monitoring performance to ensure that these contractors provide all the services and equipment required under the terms of the agreements. To monitor supplier performances, the CO appoints an AO to record contract performance on a day-to-day basis. The AO is generally the postmaster or manager of the facility where the HCR originates.

At Postal Service facilities, dock personnel document any unsatisfactory service or irregularities (such as late or missed trips and vehicle issues) with a PS Form 5500. Dock personnel forward the form to the AO responsible for the HCR. For repeat occurrences, the AO initiates the corrective actions and elevates instances that cannot be resolved to the CO. By properly tracking supplier performance and maintaining accurate and complete documentation, the CO can, if needed, justly terminate the contract of a poor performing supplier.

Canceled trips occur when the Postal Service cancels or annuls a trip for various reasons. In general, 50 percent of a trip's rate may be deducted from the supplier's compensation for canceled trips. However, this percentage rate may be negotiated, by contract, at a different amount. An extra trip is an additional trip of service operated on an infrequent basis over the same route or as normally provided under the terms of the contract. No office may request or schedule extra HCR trips unless it is necessary to prevent serious delay of "preferential mail" or justified because of mail volume.

OBJECTIVE, SCOPE, AND METHODOLOGY

Our objective was to determine whether Southeast Area Postal Service officials effectively monitor highway contract performance to control costs. Specifically, we determined if officials were (1) properly monitoring and documenting contractor performance and (2) effectively monitoring and controlling costs of canceled and extra highway transportation trips.

To accomplish our audit objective, we statistically sampled canceled trips with "bypass" as the reason for the cancellation during FY 2007 and exceptional service payments made on highway transportation contracts from May 1, 2006, to September 30, 2007,

⁸ HCRs also include box delivery, collection service, and other mail services. We did not include these in our review.

⁹ Each DNO coordinates Postal Service transportation operations within a geographic area.

within the Southeast Area. We judgmentally sampled late trips for the Tennessee District HCRs where the number of late trips (over 30 minutes late) were greater than 100 per facility during fiscal year (FY) 2007. We interviewed officials and/or reviewed contract files at facilities in Alabama, Florida, and Tennessee. In addition, we interviewed the CO and AOs assigned to the contracts in our sample.

We conducted this performance audit from February through August 2008 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 obtained computer-generated data directly from Postal Service systems.¹⁰ To support our reliance on the data, we performed a limited review of data integrity by reconciling contract records reviewed to our samples. We discussed our observations and conclusions with management officials on July 7, 2008, and included their comments where appropriate.

¹⁰ The Postal Service systems were the TIMES-Web, Accounts Payable, and Transportation Contract Support System.

PRIOR AUDIT COVERAGE

We identified three OIG reports issued within the past 5 years related to this subject.

Report Title	Report Number	Final Report Date	Monetary Impact	Report Results
<i>Highway Network Scheduling – Southeast Area</i>	TD-AR-03-014	9/26/2003	\$11.3 million	<ul style="list-style-type: none"> • The Postal Service could cancel 101 unnecessary trips over a 1- to 3-year period. Management could terminate the trips if mail volume is low and consolidate mail on other trips without negatively affecting service. • Management concurred with the intent of the findings and recommendations.
<i>Surface Transportation – Bulk Mail Center Highway Transportation Routes – Southeast Area</i>	NL-AR-05-005	3/18/2005	\$6.6 million	<ul style="list-style-type: none"> • The Postal Service could cancel, not renew, or modify 52 trips over the term of existing Southeast Area highway transportation contracts. Management could eliminate or modified trips without negatively affecting service. The audit disclosed that mail volume was low and mail could be consolidated on other trips. • Management agreed with the findings and recommendations.
<i>Renewal Process for Highway Transportation Contracts in the Southeast Area</i>	CA-AR-08-DRAFT	6/16/2008	\$935,000	<ul style="list-style-type: none"> • The Postal Service AOs did not consistently assess contract requirements and performance.

APPENDIX B: DETAILED ANALYSIS

Documenting Late Trips

Postal Service officials were not always properly documenting and monitoring contract performance. There were 164,476 occurrences of late trips (over 30 minutes late) in the Southeast Area during FY 2007. Officials at the five facilities that we visited in the Tennessee District did not issue a PS Form 5500 for 183 of 220 applicable trips. Officials at two facilities stated they were monitoring contractor performance on a monthly basis with an efficiency report. However, the efficiency report is based on inputting PS Forms 5500 into TIMES-Web. Therefore, if officials are not consistently recording PS Forms 5500, the efficiency reports cannot properly serve as an effective management tool.

A combination of inadequate and inconsistent training and route logistics affected the AOs' ability to oversee contractor performance. Some AOs did not receive formal training and the majority of the AOs interviewed learned on-the-job. In addition, the AO responsible for the contract route does not monitor whether a PS Form 5500 is completed when the irregularity occurs at a facility different from the one where the AO works.

Postal Service officials cannot properly monitor and address unsatisfactory contractor behavior without having all the necessary information. As a result, the Postal Service could be paying for mail shipments that arrive late for processing, which may affect Postal Service operations.

Canceled Trips

Postal Service officials could improve monitoring and controlling costs of canceled highway transportation trips. Postal Service employees were not requiring drivers to make all scheduled stops according to the contract. They classified these trips as bypassed in TIMES-Web. Of the 300 canceled trips reviewed:

- Forty-six occurred when the driver was allowed to bypass the facility.
- AOs could not offer an explanation other than "bypass" for why trucks did not stop when inputting the information for 144 trips in TIMES-Web.
- Employees used the canceled trip function in TIMES-Web to close out 38 trips that were not properly scanned.
- The remaining 72 trips were justifiable canceled trips for contract route adjustments.

According to 11 AOs, of the 46 trips where drivers were allowed to bypass the facilities, 43 occurred because there was no mail volume for the contractors to pick up. In several of the 43 instances, the contract driver called the facility to see if there was mail to be picked up. If there was no mail or mail transport equipment to be picked up, the driver was allowed to bypass the facility and head to the next scheduled stop. However,

the AOs are not reviewing bypassed trips to determine whether to make changes to the contract. Management could make contract route adjustments if it monitored bypassed trip frequency.

Employees could not explain why they classified 144 trips as bypass because they did not maintain proper supporting documentation. Thus, the TIMES-Web information is not completely accurate and detailed and would not enable management to determine if costs could be reduced by adjusting route schedules or continuing trips. In addition, employees incorrectly used the canceled trip function in TIMES-Web to close out 38 trips that were not properly scanned and, according to several AOs, personnel constraints and the large volume of trucks that come to a facility hampered employees' availability to scan every truck. Typically if this occurs, the expeditor would cancel the trip in TIMES-Web so that it does not show as an unrecorded trip.

Monitoring Extra Trips

Postal Service officials could improve monitoring and controlling costs of extra highway transportation trips. Officials paid approximately \$1.7 million for over 10,000 extra trips that were documented on PS Forms 5397 but not properly authorized. Craft employees (such as expeditors, clerks, group leaders, and mail handlers) signed 8,082 of these forms. An additional 2,095 forms were illegible, not signed (left blank), pre-printed and not signed, labeled "No Supervisor," or labeled "Networks" with no signature.

This occurred because it was a common practice for expeditors and other dock personnel to sign the PS Form 5397. However, the form requires the title and signature of a Postal Service supervisor. In addition, the *Southeast Area Transportation Information Manual*, Section 10 (dated 1999) indicates the PS Form 5397 will be completed and signed by the responsible official. Some AOs stated there were few supervisors or managers on duty at the time of the trip, they had verbal management approval, or they did not want dock personnel to delay the trips to obtain a supervisor's signature.

The Postal Service may be incurring costs for trips that are unnecessary because these trips were not properly authorized. Due to employees not following required procedures for obtaining a supervisor's signature authorizing for extra trip costs, the Postal Service incurred \$9,531,082¹¹ of unsupported costs. In addition, management does not have information readily available to determine whether AOs should modify contracts based on extra trip usage and contract performance. Reviewing the performance report and preparing the expense variance analysis regularly would enable management to detect anomalies and trends.

In addition, the network transportation specialist prepared and certified 513 of the 607 PS Forms 5429 reviewed (84 percent) and submitted them for payment. This

¹¹ We projected our audit results of \$1.7 million to a sample universe of \$13.1 million. The point estimate of the value of the sample universe is \$9,531,082, at a 95 percent confidence level, with a precision of 14.64 percent; this value is in the interval of \$8.1 million to \$10.7 million.

occurred because it is a common practice throughout the Southeast Area for plant and/or Transportation management to delegate this duty to a staff member.

To ensure there is no conflict of interest or duplication of expenses, different Postal Service officials should prepare and certify these documents (a separation of duties). Without an adequate separate of duties, the risk of fraud and errors is increased.

APPENDIX C: CALCULATION OF UNSUPPORTED QUESTIONED COSTS

We performed a two-tiered random sample of 10 Postal Service facilities (607 PS Forms 5429) from a universe of 24 facilities, valued at \$13.1 million. Each PS Form 5429 was supported with PS Forms 5397. Postal Service officials paid approximately \$1.7 million out of \$2.6 million (or 65 percent) for over 10,000 PS Forms 5397 not properly authorized by a Postal Service supervisor.

The point estimate of the value of the noncompliant forms for the \$13.1 million sample universe is \$9,531,082, at a 95 percent confidence level. We classify the \$9,531,082 as unsupported questioned costs, due to employees not following the required procedure for a supervisor to sign the authorization forms for extra trip costs,

First Sampling Stage by Facility		
	Included in First Stage Sample	Included in Universe
Number of Facilities	10	24
Value of Extra Trip Payments	\$5,796,757	\$13,117,391

Second Sampling Stage by PS Forms 5429		
	Included in Second Stage Sample	Included in Universe
Number of PS Forms 5429	607 ¹²	1, 803
Value of Extra Trip Payments	\$2,608,719	\$5,796,757

¹² Three of the 10 facilities selected had generated less than 70 PS Form 5429s.

APPENDIX D: MANAGEMENT'S COMMENTS

OPERATIONS SUPPORT
SOUTHEAST AREA



August 6, 2008

LUCINE M. WILLIS
DIRECTOR, AUDIT OPERATIONS
OFFICE OF INSPECTOR GENERAL

SUBJECT: Draft Audit Report – Contract Oversight of Highway Transportation Contracts
in the Southeast Area (Report Number CA-AR-08-Draft-July 28, 2008)

As requested, this is the Southeast Area's response to the findings and recommendations referenced in the Draft Audit Report for Contract Oversight of Highway Transportation contracts in the Southeast Area (Report number CA-AR-08-Draft) dated July 28, 2008.

Findings: *The Southeast Area Postal Service officials could improve the monitoring of highway contract performance to control costs. Specifically, officials did not properly monitor and document contractor performance. Officials could also improve monitoring and controlling costs of canceled segment of highway transportation trips and extra highway transportation trips.*

OIG Calculated \$9,531,082 of unsupported questioned costs due to officials not properly authorizing extra trip costs.

The Southeast Area strongly disagrees with the amount of unsupported questioned costs. While we recognize and agree that the authorization block on PS Form 5397 reads *Title and Signature of Postal Supervisor*, the lack of that authorization does not necessarily indicate that extra service trips were not needed. We have included the official duties and responsibilities of a General Expediter, Level 6 (see attached). Number 9 specifically identifies the Expediter as the qualified higher level employee with the responsibility for identifying the necessity of extra highway transportation service.

In addition, the audit does not provide any data to indicate whether the scheduled trip prior to, or after the extra trip was examined for utilization. Verification of full or nearly full loads would clearly indicate the necessity to call an extra trip.

The implication that the identified 10,000 extra trips are suspect or unnecessary due to non EAS signatures in the authorization block is therefore the foundation of our argument.

Recommendation Number 1: *Provide training on monitoring contract performance to administrative officials.*

Please reference recent correspondence (attached) which was sent to all Districts concerning training for all administrative Officials. This is a comprehensive 4 hour session covering many of the items listed in this audit, as well as items from another recent audit – Renewal Process for Highway Transportation Contracts in the Southeast Area (also numbered CA-AR-08-Draft).

225 N HUMPHREYS BOULEVARD
MEMPHIS TN 38166-0860
TEL: 901-747-7400
FAX: 901-747-7491

We concur with this recommendation and training is being provided to all administrative officials. Training will be completed by September 4, 2008.

Recommendation Number 2: *Reiterate to employees the requirement to issue Postal Service Form 5500, Contract Irregularities Report, and the circumstances in which it must be issued.*

We concur, this is part of the training package to be completed by September 4, 2008.

Recommendation Number 3: *Reiterate to employees that they should adhere to highway contract route schedules as outlined in the contract (not allow drivers to bypass stops) and to document canceled trips with adequate information to determine the cause of cancellation.*

We concur, this is part of the training package to be provided.

Recommendation Number 4: *Direct administrative officials to conduct surveys for routes with frequent bypassed trips to determine if management can eliminate stops from a trip or change its frequency.*

We concur.

Recommendation 5: *Reiterate to Postal Service supervisors they must sign PS Form 5397, Contract Route Extra Trip Authorization, and prepare and review management reports to track the progress of extra trip costs.*

We concur with the recommendation to have supervisors sign PS Form 5397.

Please reference attached letter dated June 16, 2008 regarding extra trip authorization and certification.

Of note, the supervisors in most cases will not be the ones to review management reports to track the progress of extra trip costs. This responsibility falls to the administrative official and/or the transportation staffs at the plant level.

Recommendation 6: *Implement appropriate separation of duties by ensuring the appropriate manager certifies PS Forms 5429, Certification of Exceptional Service Performed.*

We concur. Please reference attached letter dated June 16, 2008 regarding extra trip authorization and certification.

We do not believe that the report or our responses are subject to exemptions from disclosure under the FOIA. We understand that your office conducts a thorough review for FOIA compliance prior to release of the final report.

Thank you for the opportunity to comment on the draft report.


David M. Patterson
Manager, Operations Support

Attachments: General Expediter – Level 6
Memorandum: Administrative Official Training
Memorandum: HCR Extra Trip Authorization and Certification

cc: Terry J. Wilson, Vice President, Area Operations
David J. McClelland, Manager, Distribution Networks

Chapter C

SP 2-25

General Expediter—Level 6

KP Ref: No. 15

Occupation Code 2315-11XX

Basic Function

Responsible for a combination of the tasks identified herein which may require the knowledge of incoming and/or outgoing schemes, transportation schedules, and receipt and dispatch information in performing mail distribution. Arranges for the proper transfer for mail between star routes, mail messengers and truck routes, and other mail units; and the separating, loading, and unloading of railway storage cars, flexi-vans, piggy-back trailers, etc., by contractors and postal employees to ensure proper and expeditious handling.

Organizational Relationship

Reports to a designated supervisor.

Duties and Responsibilities

1. Expedites the distribution and dispatch of all mails processed in the assigned work areas.
2. Coordinates the dispatch of mail from cases, registry section, and/or other areas by giving timely notice of regular and emergency dispatches to ensure most expeditious handling of mail. Coordinates the movement of mails from the platform (or related receipt point) to processing areas or from cases to pouches, and pouches to dispatch points or platform.
3. Recommends changes in pouch and sack racks, pouch authorization, and work assignments as changes in distribution and dispatch schedules dictate.
4. Assists supervisor in carrying out special assignments, such as, mail volume counts, information for surveys, observes handling of selected mail matter, and other duties in this general area. May maintain records of mail volumes, work hours, and other record keeping; assists with on-the-job training.
5. Responsible for proper labeling, timely closing, routing and dispatch of all pouches and sacks within the assigned work area; arranges for equipment.
6. Keeps informed on contract provisions for routes serving the facility as to loading agreements, correct sized vehicles, proper protection of the mail and other special conditions. Periodically inspects contract vehicles and reports deficiencies or irregularities to supervisor.
7. Keeps informed of all scheduled arrivals and departures at the duty station, and has knowledge of the most expeditious dispatches to ensure an alternative rerouting of preferential mails due to unusual circumstances; determines whether mail should be held for alternate connections.
8. Examines outgoing and incoming vehicles to determine degree of utilization and adherence to highway safety regulations and reports irregularities to supervisor.
9. Recommends arrangements for extra trips of service when necessitated by volume or unusual circumstances.
10. Oversees the loading and unloading of storage cars, flexi-vans, piggy-back trailers, or other mail containers intended for transportation by rail when such activities are performed at the facility.

(continued on page 2)

USPS Standard Position Description
P-1, L-80-2, 10-31-80

Craft: Clerk

SP 2-25 (p. 2)

Chapter C

Duties and Responsibilities (continued)

11. Maintains close contact with supervisor in the distribution and vehicle service units to assure close coordination of all mail handling operations.
 12. Performs manual distribution of all classes of mail.
 13. Performs other job related tasks in support of primary duties.
-

USPS Standard Position Description
P-1, TL-80-2, 10-31-80

MANAGER, DISTRIBUTION NETWORKS
SOUTHEAST AREA



August 6, 2008

SOUTHEAST AREA DISTRICT MANAGERS

SUBJECT: Administrative Official Training

The Southeast Area Distribution Networks Office is planning to conduct Administrative Official (AO) training for Highway Contract Routes (HCRs) during the months of August and September.

This is a comprehensive training session covering all aspects of administration and/or oversight of HCRs.

The training will be held as a MeetingPlace, and will be available on the following dates to those who have AO duties. We highly encourage the attendance of all AOs, as well as anyone else on your staff that may have any associated duties concerning highway contracts.

August 12, 2008	1200-1600 CST
August 21, 2008	0700-1100 CST
August 28, 2008	1200-1600 CST
September 4, 2008	0700-1100 CST

Our intention is to provide this training to everyone with AO duties. Those individuals who supervise HCRs may also be good candidates to attend this training.

Reservations for the MeetingPlace must be made in advance of the session. Please call [REDACTED] to arrange for the training.

Please note that on-site training may be available on an as-needed basis.

A handwritten signature in cursive script, appearing to read "David J. McClelland".

David J. McClelland

cc: Bobby Mays, Manager, Transportation Contracts, Southeast Area

225 N. HUMPHREYS BLVD., STE. 4132A
MEMPHIS, TN 38166-7070
901-747-7332
FAX: 901-747-7484

MANAGER, DISTRIBUTION NETWORKS
SOUTHEAST AREA



June 16, 2008

PLANT MANAGERS, SOUTHEAST AREA

SUBJECT: HCR Extra Trip Authorization and Certification

Recent findings from an audit of our Contract Route Extra Trip Authorization (PS Form 5397) and Certification of Exceptional Contract Service Performed (PS Form 5429) reveal non-compliance to acceptable Postal Service instruction.

While each of the forms comes with thorough, detailed instructions for completion, the audit revealed the following:

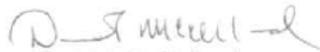
- Incomplete forms, with many required boxes left blank
- Craft/Non-EAS authorizing extra service
- Illegible authorization signatures, which management was unable to identify
- Network Specialist's name hand-printed or pre-printed in signature block
- No signature in signature block
- Signature block contained information other than an authorized signature

Findings included management allowing craft employees to authorize extra service, as well as a failure to review 5397s for accuracy.

PS Form 5429, Certification of Exceptional Contract Service Performed (payment), revealed a lack of proper authorization signature.

The aforementioned forms are attached for your reference, along with instructions for each.

Please ensure all dock personnel - and all EAS personnel (authorizing) - are made aware of this letter, and that they receive appropriate refresher training on form completion.


David J. McClelland

Attachments

cc: SE Area TANS Managers
SE Area DN staff

225 N. HUMPHREYS BLVD., STE. 4132A
MEMPHIS, TN 38166-7070
901-747-7332
FAX: 901-747-7484

U.S. Postal Service

Contract Route Extra Trip Authorization

INSTRUCTIONS

FOR ONE-WAY TRIPS:

Office of Origin — Complete Blocks 1-9, 14, and 30, and obtain signature of driver in Block 31. Retain Copy No. 4 for your files. Give other 3 copies to driver to accompany mail.

Office of Destination — Complete Blocks 10-13, 16-17, and 26. Retain Copy No. 3 for your files. Give Copy No. 2 to driver for contractor's records. Forward Copy No. 1 to Administrative Official, as shown.

FOR ROUND TRIPS:

Office of Origin — Complete Blocks 1-9, 14, and 30, and obtain signature of driver in Block 31. Retain Copy No. 4 for your files. Give other 3 copies to driver to accompany mail.

Office of Destination — Complete Blocks 10-13, 15-21, and 27. Retain Copy No. 3 for your files. Give Copies Nos. 1 and 2 to driver to accompany mail to office of origin.

Office of Origin — Complete Blocks 22-25 and 28. Give Copy No. 2 to driver for contractor's records. Complete information on your file copy No. 4, and forward Copy No. 1 to Administrative Official, as shown.

1. Contract Route No.		2. Contractor			3. Extra Trips Authorized (Check one) <input type="checkbox"/> One Way <input type="checkbox"/> Round Trip (_____ miles) (_____ miles)				
4. Point of Origin (City and State)		5. Date & Time of Departure		6. Cont. or Pcs.	7. % Load	8. Trailer-Truck No.			
9. Destination (Outer terminal)		10. Date & Time of Arrival		11. Cont. or Pcs.	12. % Load	13. Trailer-Truck No.			
14. Outbound Trip No.				15. Inbound Trip No.					
VIA	Arr.	Dept.	% Unloaded	% Loaded	VIA	Arr.	Dept.	% Unloaded	% Loaded
16. Destination (Outer terminal)		17. Date & Time of Departure		18. Cont. or Pcs.	19. % Load	20. Trailer-Truck No.			
21. Point of Origin		22. Date & Time of Return		23. Cont. or Pcs.	24. % Load	25. Trailer-Truck No.			
26. Name of Receiving Employee at Destination		27. Name of Dispatching Employee at Point of Destination (Return trip)			28. Name of Receiving Employee at Point of Origin (Return trip)				
29. Remarks									

30. Authorized By (Title and Signature of Postal Supervisor)



31. Driver's Signature



Instructions for Completing PS Form 5429

1. Check appropriate box ONLY if PS Form 5429 for the same pay month was previously submitted to the Accounting Service Center (ASC). For example, the month of May was previously submitted to the ASC. Additional service for May was received for certification after the month of May was certified and submitted to the ASC. Check Supplemental Form to certify additional or increase in units for a pay month that has already been certified and submitted to the ASC. Check Correction to Original Form to certify a mistake in the original form submitted to the ASC for the same pay month. For example, 200 miles were certified for pay month May instead of 20. Checking this box will always result in a decrease to the amount previously certified.
2. Enter Highway Contract ID - A contract number consists of 5 characters, either all numeric (23098) or a combination of alpha/numeric (230BX).
3. Enter supplier name - See PS Form 5443, *Contract Log*, for official name, address and contract information.
4. Service Codes:
 - A Additional - Service that operates in addition to the service defined in the Statement of Work.
 - C Christmas - Additional service performed for Christmas.
 - D Detour - Extra mileage caused due to change in line of travel, for example, an obstruction of roads
 - E Emergency - Service performed to meet unexpected urgent needs.
 - L Late Slips - Extra hours/minutes for postal caused delays. Do not send PS Form 5466, *Late Slip* to the ASC. (All Late Slip hours) are certified in the month that they are received. (Do not separate the months).
 - N Natural Disaster - Exceptional service performed due to a natural catastrophe.
 - O Other - Use only if no other service code applies (explain in Column G).
 - P Plant Load - Service performed to a mailer.
 - T Terrorism - Intentional man-made disaster.
 - X Automation - Automation processing that could not meet regular scheduled transportation.
5. Enter the name of the calendar month that service was performed (Do not enter a number).
6. Enter the fiscal year. The fiscal year starts October 1 and ends September 30.
7.
 - a. Service Code - Choose from the list on the form in item 4;
 - b. Cost Segment - Enter the cost segment (A, B, C, etc). Only one cost segment may be certified per line. Use the contract schedule to determine the correct cost segment.
 - c. Units of Service - Select only one unit type per line, per cost segment.
 - d. RPM (rate per mile) or other Unit Rate - Enter the rate. Rate can be found on latest PS Form 5443.
 - e. Amount - Multiply the Units of Service times the unit rate.
 - f. Hours/Units Rate - Determine from the Late Slip (Driver Block) if operated by the hired driver or supplier.
 - g. Comments - Enter any additional comments to explain the payment.
8. Enter additional remarks for the ASC or Supplier.
9. Distribution - (1) ASC; (2) Supplier; (3) Manager, Transportation Contracts; (4) District/Plant Manager; (5) Administrative Official File Copy
10. Contact Name - Print name of person to contact for questions
11. Contact area code & telephone number.
12. Enter official name of Post Office.
13. Enter the city where the Post Office is located (13a), State (13b), and ZIP+4 (13c).
14. Administrative Official - The ASC must receive PS Form 5429 with the original signature.
15. Date Submitted is the date the form is sent to the ASC.