



August 13, 2009

DOUGLAS A. TULINO  
VICE PRESIDENT, LABOR RELATIONS

DAVID E. WILLIAMS  
ACTING VICE PRESIDENT, ENGINEERING

AREA VICE PRESIDENTS

SUBJECT: Audit Report – Custodial Maintenance: Nationwide  
(Report Number DA-AR-09-011(R))

This report presents the results of our audit of custodial maintenance operations nationwide (Project Number 09YG021DA000). The U.S. Postal Service Office of Inspector General (OIG) initiated this audit to expand upon a similar audit of the New York District.<sup>1</sup> In the New York District report, we noted excessive costs along with redundancies in cleaning at the sites selected for review. The focus of this audit was to identify whether similar opportunities exist to reduce cleaning costs nationwide. See [Appendix A](#) for additional information about this audit.

### **Postal Service Can Significantly Reduce Custodial Maintenance Hours**

In fiscal year (FY) 2008, the Postal Service used 3.4 million cleaning hours more than necessary for the 436 sites reviewed. The Postal Service used about 28 million total hours in 2008 to clean facilities, scheduling tasks as many as 6.8 days a week in some areas, requiring maximum staffing. The use of additional hours was prevalent for a variety of processing, customer service, and support facilities under our review because:

- The arbitrated custodial maintenance standard<sup>2</sup> differed from benchmark custodial practices. For example, cleaning at benchmark sites was limited to one time per day while Postal Service standards, at times, call for cleaning on each tour.
- Many scheduled cleaning tasks overlap a lighter form of cleaning called policing, and the two are largely duplicative.

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<sup>1</sup> *Custodial Maintenance: New York District* (Report Number DA-AR-09-007, dated April 7, 2009).

<sup>2</sup> The Postal Service custodial maintenance standard, Handbook MS-47, *Housekeeping Postal Facilities*, June 1983, allows for a frequency range of 2 to 7 days a week for cleaning its facilities nationwide.

- Sites visited could not validate whether management updated their staffing packages<sup>3</sup> annually as required by Postal Service policy.

If management reduced cleaning frequencies and eliminated the duplication of cleaning and policing activities, these sites could save \$848 million<sup>4</sup> over 10 years, while maintaining an acceptable standard of cleanliness and safety.

We recommend Area Vice Presidents direct maintenance managers to:

1. Update staffing packages to eliminate duplication in cleaning operations, including an adjustment of cleaning frequencies as determined by local conditions.

In addition, we recommend the Acting Vice President, Engineering, in coordination with the Vice President, Labor Relations:

2. Conduct a Lean Six Sigma process improvement initiative in conjunction with the American Postal Workers Union to identify non-value tasks in the current custodial standard and negotiate revisions.

### **The Postal Service Can Reduce Custodial Maintenance Labor Costs**

Larger Postal Service facilities incur increased costs for custodial services because:

- Hourly rates for full-time Postal Service custodial employees nationwide are \$21 higher than current contractual custodian rates.
- The collective bargaining agreement<sup>5</sup> between the Postal Service and the American Postal Workers Union (APWU) restricts the use of contract cleaning services to smaller Postal Service facilities.

By continuing to restrict contracted custodial services to small facilities, the Postal Service will incur an additional \$148 million in costs over the next 10 years for cleaning services. We previously reported<sup>6</sup> that the Postal Service has an opportunity to negotiate removal of this restriction in the new collective bargaining agreement. Savings would be realized as positions become available through attrition. We acknowledge that the Postal Service needs the cooperation and agreement of the APWU to achieve these savings.

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<sup>3</sup> Staffing packages consist of Postal Service (PS) Form 4869, Building Inventory; PS Form 4839, Custodial Scheduling Worksheet, and PS Form 4852, Workload Analysis and Summary.

<sup>4</sup> NY Metro Area sites were excluded from our monetary calculation because of our earlier reporting of savings.

<sup>5</sup> The duration of the agreement is November 21, 2006, through November 2010. Small Postal Service facilities are defined by a formula that incorporates both interior and exterior square footage. This formula is part of the Collective Bargaining Agreement.

<sup>6</sup> *Custodial Maintenance: New York District* (Report Number DA-AR-09-007, dated April 7, 2009).

In comparison, the U.S. General Services Administration (GSA) — which owns 1,523 federal properties — contracts custodial services for 95 percent of them. GSA also contractually requires lessors to perform custodial services for its 7,100 leased properties. Additionally, the private sector companies we benchmarked also relied on either contract services or non-custodial employee participation to clean their surrounding areas.

Because we previously addressed expanding contract services in the New York District audit report, we make no additional recommendations for this finding. We note the Vice President, Labor Relations, agreed to review the benefits of extending contract eligibility to larger facilities in the next collective bargaining agreement negotiations.

We received comments from the APWU in this matter. The President of the APWU expressed concerns that the OIG inappropriately interfered with the collective bargaining agreement covering custodial services. While we respect differences in opinion, the OIG has a mandate<sup>7</sup> to promote economy and efficiency in the Postal Service. Thus, recommendations made to management to lower the cost of custodial services remains within our statutory responsibilities. See [Appendix B](#) for our detailed analysis of these topics.

### Management's Comments

The Acting Vice President, Engineering, and Area Vice Presidents<sup>8</sup> agreed with recommendation 1 to update staffing packages. The Maintenance Policies and Programs office will continue to advise field maintenance managers to revisit custodian staffing packages to ensure accuracy of custodian work requirements, and use processes to achieve objectives of optimum productivity, minimum cost, and acceptable levels of cleaning. Management stated ongoing efforts since FY 2007 through projected end of FY 2009 would result in the reduction of 1,840,865 workhours. Management plans on reducing custodial workhours by another 1,800,000 hours in FY 2010. Additionally, management recently added a system module for the certification of site custodial staffing packages.

The Acting Vice President, Engineering also agreed with recommendation 2 to initiate a Lean Six Sigma improvement process. The Maintenance Policies and Programs office will coordinate with Labor Relations to work with the APWU to initiate such an improvement project. The Vice President, Labor Relations, commented that such an initiative requires negotiation with the APWU and cannot be implemented unilaterally. Consequently, a review will be made during negotiation preparations to determine if this initiative fits into the Postal Service's overall maintenance negotiations strategy.

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<sup>7</sup> ASM § 241, ASM § 242, 39 C.F.R. § 221.3 and 5 U.S.C. app. 3.

<sup>8</sup> We received written responses from the Southeast, Western, Capital Metro, and Pacific Area Vice Presidents. The Great Lakes, Northeast, Southwest, New York, and Eastern Area Vice Presidents provided email correspondence stating their agreement with the recommendation.

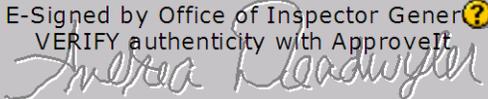
In response to the monetary impact presented, management conveyed the amount might be overstated as not all sites staff cleaned close to 7 days a week. In addition, a weighted hourly cost for contractor cleaning across all areas would reduce distortions by extreme values. However, these differences would be relatively minor. See [Appendix E](#) for management's, in their entirety.

### Evaluation of Management's Comments

The OIG considers management's comments responsive to the recommendations and corrective actions should resolve the issues identified in the report. In respect to monetary impact presented, our calculations included only those sites that had the potential to reduce frequencies and recognized that not all sites clean at the same weekly frequency. For contract rates used in our calculation, we considered information provided by the Western Services Category Management Center. Their hourly rates averaged \$14.08 for 184 contracts throughout the nation. The rate we used (\$15) provides for a conservative calculation.

The OIG considers both recommendations significant and, therefore, requires OIG concurrence before closure. Consequently, the OIG requests written confirmation when management completes corrective actions. These 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 Miguel Castillo, Director, Engineering, or me at (703) 248-2100.

E-Signed by Office of Inspector General  
VERIFY authenticity with ApproveIt  


Andrea Deadwyler  
Acting Deputy Assistant Inspector General  
for Support Operations

### Attachments

cc: Patrick Donahoe  
Steven J. Forte  
Edward L. Gamache  
Bill Harris

## APPENDIX A: ADDITIONAL INFORMATION

### BACKGROUND

The Postal Service tracks financial and workhour data for custodial maintenance under labor distribution code 38 (LDC 38). A summary of this data showed that custodial salaries and benefits for FY 2008 totaled approximately \$1 billion nationally.

Handbook MS-47, *Housekeeping Postal Facilities*, establishes the specific criteria for cleaning and maintaining Postal Service facilities and the method for determining appropriate staffing levels. The handbook enumerates a three-step procedure for determining custodial maintenance staffing. Specifically, each site must:

1. Prepare PS Form 4869, which lists the internal and external square footage of the facility.
2. Develop requirements for the frequency of performance using PS Form 4839.
3. Calculate cleaning staff requirements for the building by completing PS Form 4852.

The Postal Service should review and recalculate the three-step procedure at least annually so it can implement required staffing adjustments.

### OBJECTIVE, SCOPE, AND METHODOLOGY

The OIG issued an audit report of custodial maintenance in the New York District and noted redundancies in cleaning at the sites selected for review. The focus of this audit is to identify whether similar opportunities exist to reduce cleaning costs nationwide. To accomplish our objective, we reviewed and analyzed Postal Service data on staffing levels, workload scheduling, attrition rates, and outsourcing practices. We also benchmarked custodial standards against federal and private sector practices. As depicted in Table 1, the 436 sites selected for review included mail processing facilities, customer service facilities, and support facilities. These sites used over 18 million workhours to perform custodial maintenance during FY 2008, which was 65.8 percent of the total cleaning workhours the Postal Service used in the LDC 38 category.

**Table 1 – Classification of 436 Sites Reviewed and Analyzed**

| <i>Facility Use Description</i>                        | <i>Count</i> | <i>Percent of Count</i> |
|--|--------------|-------------------------|
| Mail Processing Facilities                             | 183          | 42                      |
| Customer Service Facilities                            | 155          | 36                      |
| Support Facilities Serviced by Major Facility Office   | 62           | 14                      |
| Support Facilities Serviced by Facility Service Office | 8            | 2                       |
| Description Not Recorded in Management System          | 28           | 6                       |
| <b>Total</b>   | <b>436</b>   | <b>100</b>              |

We conducted visits to 11 sites that were comprised of bulk mail centers (BMCs) and processing and distribution centers (P&DCs) in the Pacific, Southwest, and Capital Metro Areas. These included some sites we considered benchmarks based on the level of scheduled cleaning. We also created an Internet forum and invited 511 managers via email to participate. We extracted workhour data from the eFlash and payroll systems and schedule information from the Electronic Maintenance Activity Reporting and Scheduling System (eMARS). The data in these systems was sufficiently reliable to answer our objective.

We conducted this performance audit from February through August 2009 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 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 officials on June 25, 2009, and included their comments where appropriate.

**PRIOR AUDIT COVERAGE**

| Report Title   | Report Number | Final Report Date | Monetary Impact                    | Report Results   |
|--|---------------|-------------------|------------------------------------|--|
| <i>Custodial Maintenance: New York District</i>                                    | DA-AR-09-007  | April 7, 2009     | \$48.2 million over 10 year period | <p>The report determined the Postal Service incurred higher costs due to both excessive labor hours and higher labor rates. We made two recommendations. The first recommendation was to update staffing packages to eliminate duplications in cleaning operations, including an adjustment in cleaning frequencies as determined by local conditions. New York District management agreed to this recommendation and reviewed staffing packages, eliminating 54 custodial positions. They are further evaluating positions at the Morgan P&amp;DC.</p> <p>The second recommendation was to review the benefits of extending contract eligibility to larger Postal Service facilities in the next collective bargaining agreement beginning in November 2010 and subsequently fill custodial positions lost through attrition. In response to this recommendation, the Vice President, Labor Relations, agreed to review the benefits of extending contract eligibility to larger postal facilities in the next collective bargaining agreement negotiation.</p> |
| <i>U.S. Postal Service: Data Needed to Assess the Effectiveness of Outsourcing</i> | GAO-08-787    | July 24, 2008     | None                               | <p>The GAO reported that, although the Postal Service had difficulty measuring outsourcing success, it viewed outsourcing as an important strategy for achieving the cost savings. The GAO recommended the Postmaster General establish a process to track the results of outsourcing activities that are subject to collective bargaining and report those results to Congress. The Postal Service agreed with the findings and recommendations, but not with providing Congress with outsourcing results.</p>  |

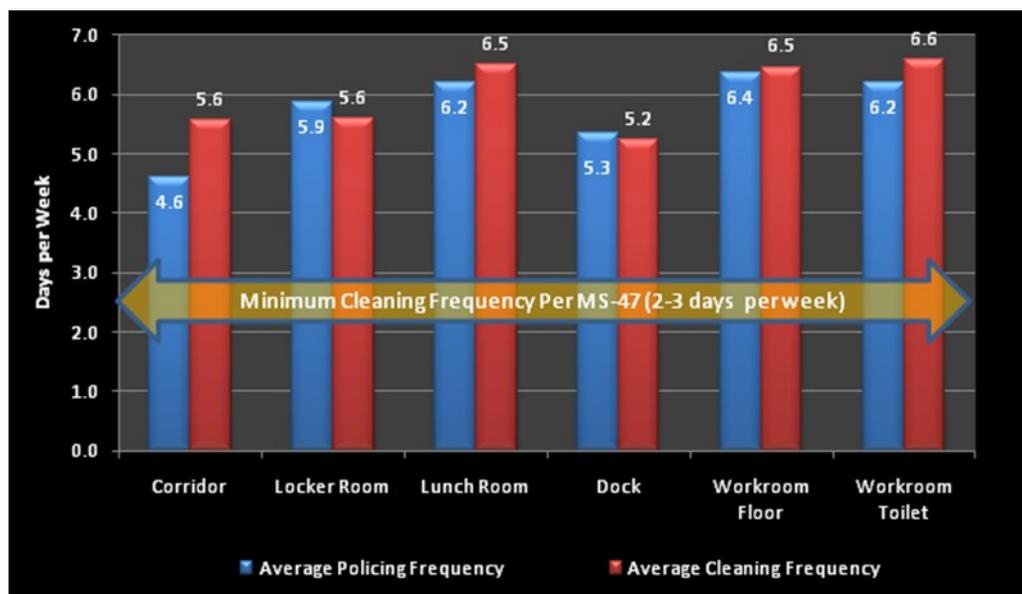
## APPENDIX B: DETAILED ANALYSIS

### Frequency of Custodial Maintenance Cleaning

Our analysis of 436 sites and their cleaning frequencies indicated the Postal Service could be more efficient in its cleaning operation. As shown in Chart 1, this condition is prevalent for six cleaning tasks defined in Handbook MS-47. Custodial schedules showed three areas — lunchroom, workroom floor and workroom toilet — had both cleaning and policing (lighter cleaning) tasks scheduled over 6 days a week.

[Appendix D](#) provides a further breakdown of these scheduled tasks by area office.

Chart 1 – Average Cleaning and Policing Frequencies for 436 sites



Source: eMARS, February 10, 2009

Postal Service policy allows managers to schedule these cleaning tasks from 2 to 7 days a week. Managers have less discretion in scheduling policing tasks, as the policy generally calls for once per tour per day in facilities with two or more tours. Smaller facilities can perform policing on an as-needed basis.

To determine causes for cleaning at maximum frequencies, we conducted an Internet forum. In summary, 62 percent of managers who participated suggested revising custodial standards to support a reduction in cleaning hours. As such, we benchmarked the policies in Handbook MS-47 against federal and private sector entities. This analysis showed that Postal Service cleaning standards differ from other federal and private sector practices, specifically in these entities:

- Employees conducted one form of cleaning no more than once per day. The Postal Service also “cleans” once per day, but at times “polices” (a lighter form of cleaning) on each tour.

- Management emphasized the outcome of cleaning more so than the frequency. For example, a benchmark standard included an outcome measure that “all porcelain surfaces of washbasins, toilets, and urinals will be free of dust, dirt, spots, and stains” while the postal service standard only specified task, material, and frequency range.
- Management valued automation like ride on sweepers over manually sweeping open workroom areas with a treated dry mop.
- Management emphasized each employee’s personal accountability for keeping surrounding areas clean while the Postal Service employs dedicated custodians.

Secondly, although Postal Service managers have some discretion for scheduling cleanings, they adhere to Postal Service policy<sup>9</sup> in which many cleaning tasks overlap policing tasks and are duplicative. In some cases, tasks were no longer relevant. For example, we noted redundancies in each of the following:

- Toilets – There are several redundancies between cleaning and policing tasks, including sweeping floors, toilet cleanliness, and trash removal. Policing includes checking plumbing and flushing toilets and urinals, a task that is contrary to water conservation.
- Locker Rooms – Cleaning and policing tasks for trash removal and mopping are redundant.
- Corridors – Cleaning and policing tasks for emptying trash receptacles and cleaning cigarette urns are redundant. The latter is not applicable since smoking is prohibited in buildings.
- Lunch Rooms – Cleaning and policing tasks for damp wiping tables and removing trash are redundant.
- Docks – Cleaning and policing tasks for sweeping and trash removal are redundant.
- Workrooms – Cleaning and policing tasks for sweeping and trash removal are redundant.

Lastly, our analysis of site staffing packages could not confirm that management had updated the packages annually. While Postal Service officials were able to provide us with current summaries, they could not validate previous submissions. Periodically reviewing staffing packages allows the Postal Service to adjust custodial staffing requirements locally.

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<sup>9</sup> Handbook MS-47, Chapter 4.

We noted some significant changes that impact custodial requirements including:

- Yearly declines in occupancy and mail volume should call for reduced cleaning of less used areas.
- The recent compression of processing tours should prompt a realignment of policing tasks described above from being performed on three tours at processing facilities.

By over-allocating staff resources for a cleaning schedule that exceeded the minimum frequency, the Postal Service incurred unnecessary workhours and costs. If local conditions permit, reducing the cleaning category frequencies from 7 to 4 days (still higher than the minimum requirement) would allow a reduction in labor hours in excess of 3.4 million hours at the 436 sites reviewed. This equals a reduction in complement of approximately 1,952 positions and a savings of approximately \$848 million over 10 years. Because this expense is avoidable, we will report this amount in our *Semiannual Report to Congress* as funds put to better use. See [Appendix C](#) for our detailed calculations.

### **Custodial Maintenance Compared to Contractor Costs**

Postal Service guidelines restrict eligibility for cleaning service contracts to small Postal Service facilities. Larger Postal Service facilities incur increased costs for custodial services because the hourly rates for custodial full-time employees in the nation are \$21 higher than current contractor rates. However, the current labor agreement inhibits the Postal Service from fully realizing this cost savings. Specifically, Section 131 of MS-47, states that “Cleaning service contracts are governed by the Administrative Support Manual, and must be in accordance with the current National Agreements,” which, in this case is the collective bargaining agreement between the Postal Service and the APWU. These guidelines specify that management can only use contract cleaning services when a vacancy is the result of an employee’s voluntary attrition and must limit contracts to facilities that meet a union-imposed size restriction. Facilities that exceed these parameters are restricted from using contract cleaning services and must use existing custodial labor.

For comparison purposes, we reviewed cleaning contracts for facilities in some area offices. These contracts provided custodial services in the offices that met the labor requirements above. The average hourly rate for these contracts is \$15, including supervision costs. In comparison, the fully loaded rate for Postal Service custodians nationally is \$36 per hour.

Although the Postal Service is bound by the current collective bargaining agreement through November 20, 2010, there is an opportunity to extend cleaning contracts to larger Postal Service facilities in the next agreement. More use of contract cleaning services when vacancies occur through attrition in large Postal Service facilities would allow savings of approximately \$148 million over the next 10 years. However, we

acknowledge that management needs the cooperation and agreement of the APWU to achieve these savings. Because these costs are avoidable, we will report this amount in our *Semiannual Report to Congress* as funds put to better use. See [Appendix C](#) for our detailed calculations.

For comparison purposes, we benchmarked custodial contract use against federal and private sector entities. We noted:

- The GSA, which owns 1,523 federal properties, contracts custodial services for 95 percent of those facilities. The GSA makes an effort to contract to organizations that employ handicapped and disabled personnel. This is in contrast to the Postal Service, whose employees clean 95 percent of owned properties.
- The GSA contractually requires lessors to perform custodial services for the 7,100 properties it leases. The Postal Service dedicates employees to clean leased properties.
- The private sector companies benchmarked also relied on either contract services and/or non-custodial employee participation to clean their surrounding areas. The Postal Service dedicates employees to custodial services.

**APPENDIX C: MONETARY IMPACT CALCULATIONS AND ASSUMPTIONS**

| <b>FY</b>  | <b>2009</b>          | <b>2010</b>  | <b>2011</b>  | <b>2012</b>  | <b>2013</b>   | <b>2014</b>   | <b>2015</b>   | <b>2016</b>   | <b>2017</b>   | <b>2018</b>   | <b>2019</b>   |
|--|----------------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Project Year</b>  | <b>0</b>             | <b>1</b>     | <b>2</b>     | <b>3</b>     | <b>4</b>      | <b>5</b>      | <b>6</b>      | <b>7</b>      | <b>8</b>      | <b>9</b>      | <b>10</b>     |
| <b>Reduce workload</b>                                     |                      |              |              |              |               |               |               |               |               |               |               |
| Remove 3,411,431 hrs through normal attrition over 5 years |                      | \$14,131,243 | \$42,944,848 | \$72,505,218 | \$102,826,900 | \$133,562,816 | \$135,299,132 | \$137,058,021 | \$138,839,775 | \$140,644,693 | \$142,473,074 |
| Discounted labor reduction savings                         |                      | 13,653,375   | 40,089,475   | 65,395,552   | 89,607,703    | 112,456,307   | 110,065,931   | 107,726,366   | 105,436,530   | 103,195,367   | 101,001,842   |
| NPV (Position reductions)                                  | <b>\$848,628,448</b> |              |              |              |               |               |               |               |               |               |               |
| <b>Convert USPS labor to contract labor</b>                |                      |              |              |              |               |               |               |               |               |               |               |
| Saved cost at USPS fully-loaded labor rates                |                      | 0            | \$0          | \$0          | \$0           | \$2,200       | \$15,440,549  | \$46,181,136  | \$77,718,368  | \$110,067,764 | \$143,245,110 |
| Expended at contract labor costs                           |                      | 0            | \$0          | \$0          | \$0           | -\$1,039      | -\$7,364,463  | -\$22,243,808 | -\$37,803,707 | -\$54,067,595 | -\$71,059,623 |
| Net savings  |                      | 0            | \$0          | \$0          | \$0           | \$1,161       | \$8,076,086   | \$23,937,328  | \$39,914,661  | \$56,000,170  | \$72,185,488  |
| Discounted contracting savings                             |                      | 0            | 0            | 0            | 0             | 978           | 6,569,901     | 18,814,523    | 30,311,655    | 41,089,059    | 51,173,650    |
| NPV (Contracting)  | <b>\$147,959,767</b> |              |              |              |               |               |               |               |               |               |               |
| NPV(Position Reductions) + NPV(Contracting)                | <b>\$996,588,215</b> |              |              |              |               |               |               |               |               |               |               |

**APPENDIX C: MONETARY IMPACT CALCULATIONS  
AND ASSUMPTIONS (Continued)**

We based the above calculation of monetary impact on facts, as well as some high-probability assumptions derived from the data. These facts and assumptions are as follows:

| <i><b>Assumption</b></i>                                     | <i><b>Factor</b></i> |
|--|----------------------|
| Fully loaded rate, LDC 38, FY 2008                           | \$36.23              |
| Contract custodial labor rate, FY 2009                       | \$15.00              |
| Postal Service labor escalation rate                         | 1.80%                |
| Contract labor escalation rate                               | 2.80%                |
| Postal Service cost of borrowing                             | 3.50%                |
| Estimated annual LDC 38 attrition hours                      | 760,150              |
| Estimated annual LDC 38 attrition hours in 436 subject sites | 18,529,631           |
| Beginning total annual workhours                             | 28,166,316           |
| Annual hours saved due to workload reduction, year 1         | 3,411,431            |

**APPENDIX D: AVERAGE FREQUENCY BY FIELD AREA OFFICES**

| <i>Custodial Task MS-47</i> | <i>Area Office</i>   |                |                    |                 |                  |                |                  |                  |                | <i>Averages</i> |
|-----------------------------|----------------------|----------------|--------------------|-----------------|------------------|----------------|------------------|------------------|----------------|-----------------|
|                             | <i>Capital Metro</i> | <i>Eastern</i> | <i>Great Lakes</i> | <i>NY Metro</i> | <i>Northeast</i> | <i>Pacific</i> | <i>Southeast</i> | <i>Southwest</i> | <i>Western</i> |                 |
| Corridor Clean              | 5.8                  | 6.1            | 5.8                | 6.2             | 5.5              | 5.1            | 5.2              | 5.5              | 5.3            | 5.6             |
| Corridor Police             | 5.8                  | 4.9            | 3.9                | 4.9             | 5.1              | 3.9            | 4.3              | 4.6              | 4.6            | 4.7             |
| Locker Room Clean           | 5.6                  | 6.1            | 5.9                | 6.6             | 6.0              | 5.0            | 5.3              | 5.9              | 4.9            | 5.7             |
| Locker Room Police          | 6.1                  | 6.4            | 6.2                | 6.2             | 5.2              | 5.0            | 5.5              | 5.7              | 6.1            | 5.8             |
| Lunch Room Clean            | 6.5                  | 6.6            | 6.6                | 6.6             | 6.4              | 6.5            | 6.4              | 6.5              | 6.4            | 6.5             |
| Lunch Room Police           | 6.2                  | 6.5            | 6.4                | 6.7             | 6.4              | 5.1            | 6.1              | 6.1              | 6.3            | 6.2             |
| Dock Clean                  | 4.9                  | 5.3            | 5.1                | 5.8             | 5.3              | 5.3            | 5.6              | 5.5              | 4.9            | 5.3             |
| Dock Police                 | 5.5                  | 5.4            | 5.5                | 5.4             | 5.4              | 4.5            | 5.5              | 5.6              | 5.4            | 5.3             |
| Workroom Clean              | 6.6                  | 6.7            | 6.3                | 6.8             | 6.4              | 6.5            | 6.7              | 6.6              | 6.0            | 6.5             |
| Workroom Police             | 6.7                  | 6.2            | 6.4                | 6.5             | 6.6              | 5.7            | 6.4              | 6.3              | 6.6            | 6.4             |
| Workroom Toilet Clean       | 6.6                  | 6.7            | 6.4                | 6.8             | 6.6              | 6.7            | 6.8              | 6.5              | 6.4            | 6.6             |
| Workroom Toilet Police      | 6.5                  | 6.2            | 6.4                | 6.4             | 6.4              | 5.6            | 6.1              | 6.0              | 6.3            | 6.2             |

## APPENDIX E: MANAGEMENT'S COMMENTS

ENGINEERING



July 29, 2009

LUCINE M. WILLIS  
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1735 NORTH LYNN STREET  
ARLINGTON, VA 22209-2020

SUBJECT: Draft Audit Report – Custodial Maintenance: Nationwide  
(Report Number DA-AR-09-DRAFT)

We appreciate the opportunity to review and comment on the subject draft audit report. Generally, we are in concurrence with the report's recommendations and specific responses to each recommendation are below.

We agree that there are monetary findings; however, we believe that the monetary impact may be overstated for the following reasons:

1. Savings for cleaning schedules that exceed minimum frequency are calculated using a reduction of cleaning frequencies from 7 to 4 days at all sites. Not all sites currently staff to a maximum frequency of 7 times per week as illustrated by Appendix D, Average Frequency by Field Area Offices.
2. Savings for converting postal custodial maintenance to contractor cleaning are based on an average hourly rate for contracts for some area offices. A weighted median hourly contract rate across all areas would better represent the potential costs associated with contract cleaning and would be relatively free from the tendency of an average to be distorted by extreme values.

While the differences between these calculations may be relatively minor, these considerations will allow us to more accurately pursue the savings based on the audits recommendations.

### Recommendation 1:

Area Vice Presidents direct maintenance managers to update staffing packages to eliminate duplication in cleaning operations, including an adjustment of cleaning frequencies as determined by local conditions.

### Response:

HQ Engineering agrees with this recommendation. Maintenance Policies and Programs has and will continue to recommend through the Area Managers Maintenance Operations – who are the senior Maintenance Managers in the field – that field maintenance managers revisit custodian staffing packages to ensure they accurately define custodian work requirements in accordance with MS-47, Housekeeping Postal Facilities. In order to achieve the objectives of optimum productivity, minimum cost, and acceptable levels of cleaning this process requires:

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1. The use of the most cost effective methods, including mechanized equipment, for the performance of all custodial functions;
2. The selection of the frequency for a specific task be within the specified and be dependent upon local conditions;
3. The use of policing only on tours when cleaning is not performed (except for Service/Box Lobbies); in order to achieve the objectives of optimum productivity, minimum cost, and acceptable levels of cleaning.

Since the start of FY07 through the projected end of FY09 these efforts have resulted in a reduction of 1,840,865 custodial workhours. Target savings for FY 10 are another 1,800,000 workhours.

Additionally, Maintenance Policies and Programs has recently added a feature in the MS-47 custodian staffing module of eMARS for the annual certification of site custodial staffing packages.

Recommendation 2:

The Vice President, Engineering, in coordination with the Vice President, Labor Relations conduct a Lean Six Sigma process improvement initiative in conjunction with the American Postal Workers Union (APWU) to identify non-value tasks in the current custodial standard and negotiate revisions.

Response:

HQ Engineering agrees with this recommendation. Maintenance Policies and Programs will coordinate with Labor Relations to develop/implement methods to work with the APWU on initiation of a Lean Six Sigma custodial improvement project.

We do not believe this report contains any proprietary or business information that should not be publicly disclosed and do not believe there are any required exemptions under the Freedom of Information Act (FOIA). If you have questions, Michael Rogers of Maintenance Policies and Programs will monitor implementation of report recommendations and can be reached at 703-280-7078.



David E. Williams  
Acting Vice President

cc: Mr. Galligan  
Mr. Gamache  
Ms. Banks  
Mr. Tulino  
Area Vice Presidents

DOUG A. TULINO  
VICE PRESIDENT ENGINEERING



July 31, 2009

LUCINE M. WILLIS  
DIRECTOR, AUDIT OPERATIONS

SUBJECT: OIG Custodial Maintenance Audit – DR-AR-09-DRAFT

Thank you for the opportunity to review and comment on the subject draft audit report.

Recommendation 2:

The Vice President Engineering in coordination with the Vice President Labor Relations conduct a Lean Six Sigma process improvement initiative in conjunction with the American Postal Workers Union (APWU) to identify non-value tasks in the current custodial standard and negotiate revisions.

Response:

Such an initiative requires negotiation with the APWU and can not be implemented unilaterally. A review will be made during negotiation preparations to determine if this initiative fits into the Postal Service's overall maintenance negotiations strategy.

A handwritten signature in black ink, appearing to read "Doug A. Tulino".

Doug A. Tulino

TERRY J. WILSON  
VICE PRESIDENT, AREA OPERATIONS  
SOUTHEAST AREA



July 31, 2009

LUCINE WILLIS  
DIRECTOR, AUDIT OPERATIONS

SUBJECT: *Draft Audit Report – Custodial Maintenance: Nationwide (Report Number DA-AR-09-DRAFT)*

Thank you for the opportunity to review and comment on the subject draft audit report.

**Recommendation #1 to the Area Vice President and Maintenance Managers:**  
Update staffing packages to eliminate duplication in cleaning operations, including an adjustment of cleaning frequencies as determined by local conditions.

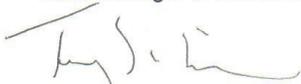
**Management Response:**

The Southeast Area agrees with the recommendation to update the staffing packages by eliminating duplications in the cleaning operations including adjustment of cleaning frequencies. Attached is the subject letter, "Custodial Maintenance Staffing Review", which was sent to the District Managers and Lead Plant Managers on July 23, 2009. Each District Maintenance Manager has been given a schedule for completing and submitting a staffing package for the Area to review and validate. After the review and validation we will update the staffing packages, eliminating duplications and adjusting the cleaning frequencies.

**Freedom of Information Act (FOIA)**

The Southeast Area does not believe this report contains any proprietary or business information which may not be disclosed pursuant to the Freedom of Information Act.

If you have any questions, or need additional information, please contact Ray Darragh, Area Manager of Maintenance Operations, at 901-747-7320.



Terry J. Wilson

Attachment

cc: Katherine Banks, Manager, Corporate Audit and Response Management  
Jim Nemeck, Manager, Operations Support (Area)  
Ray Darragh, Manager, Maintenance (Area)  
Gwen Green, Manager, Finance (Area)

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OPERATIONS SUPPORT  
SOUTHEAST AREA



July 23, 2009

DISTRICT MANAGERS  
LEAD PLANT MANAGERS

SUBJECT: Custodial Maintenance Staffing Review

The Postal Service used 28 million work hours in 2008 to clean facilities. The OIG has provided data that shows that 436 Plants and Customer Service facilities that were audited used 3.4 million **more** hours for custodial cleaning than were necessary due to duplication of cleaning operations.

Handbook MS-47, Housekeeping Postal Facilities, establishes the specific criteria for cleaning and maintaining Postal Service facilities and the method for determining appropriate staffing levels. Area Maintenance Operations recently sent the District Maintenance Managers the following schedule for completing and submitting the custodial work hour requirements for every office in their Districts:

| MS-47 Submittal Schedule |                    |
|--------------------------|--------------------|
| Facilities               | Due to Area        |
| BMC's                    | August 14, 2009    |
| P&DC/F                   | August 14, 2009    |
| Stations/Branches        | September 18, 2009 |
| Associate Offices        | September 18, 2009 |
| Contract Offices         | September 30, 2009 |

The Southeast Area has the potential of saving over 200,000 LDC 38 work hours in FY 2010 due to tour compression and the drop in mail volume. This staffing process will require a significant amount of time, but is necessary to accurately quantify the cleaning requirements for our facilities.

Please ensure your Maintenance Managers are devoting sufficient time to prepare and submit accurate staffing packages to the Area for review and validation by the indicated due dates. If you have questions about this process, contact Ray Darragh at 901-747-7320.

James Nemeč  
Manager, Operations Support (A)

cc: Terry Wilson, Vice President, Area Operations  
Gwen Green, Manager, Finance (Area)

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SYLVESTER BLAIR  
VICE PRESIDENT, WESTERN AREA OPERATIONS



July 31, 2009

Lucine M. Willis  
Director, Audit Operations  
1735 North Lynn St.  
Arlington, VA 22209-2020

SUBJECT: Draft Audit Report – Custodial Maintenance: Nationwide  
(Report Number DA-AR-09-DRAFT)

Thank you for the opportunity to review and comment on the subject draft audit report. We are in concurrence with the report's recommendation, and the specific response to the recommendation is below.

The Western Area Office agrees with the David E. Williams, Acting Vice President, July 29, 2009, letter, which states:

"We agree that there are monetary findings; however, we believe that the monetary impact may be overstated for the following reasons:

1. Savings for cleaning schedules that exceed minimum frequency are calculated using a reduction of cleaning frequencies from seven to four days at all sites. Not all sites currently staff to a maximum frequency of seven times per week, as illustrated by Appendix D, Average Frequency by Field Area Offices.
2. Savings for converting postal custodial maintenance to contractor cleaning are based on an average hourly rate for contracts for some Area offices. A weighted median hourly contract rate across all Areas would better represent the potential costs associated with contract cleaning and would be relatively free from the tendency of an average to be distorted by extreme values.

While the differences between these calculations may be relatively minor, these considerations will allow us to more accurately pursue the savings based on the audits recommendations."

**Recommendation 1:**

Area Vice Presidents direct maintenance managers to update staffing packages to eliminate duplication in cleaning operations, including an adjustment of cleaning frequencies as determined by local conditions.

**Response**

1. Western Area will reiterate to all thirteen Districts the requirement of submitting a new custodial staffing package (PS-4852) annually for every office in their District that contains postal custodians. Sites that are contract or Postmaster cleaned will be reviewed annually for any changes made during the year.

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-2-

2. Western Area will develop a Blueshare web page that will list, by District, every Western Area building that has custodial cleaning responsibilities. Each entry will list the building's individual square footages and cleaning information. This web page will identify offices that are below the average cleaning ratio of square footage per custodian. We will engage the Districts and mentor them on the use of this web page as a tool they will use when reviewing the custodial staffing packages in their Districts. We will mentor them on using this web page to help eliminate duplicate cleaning operations and adjust cleaning frequencies as determined by local conditions.
3. As part of the final review process, before providing the Area's approval on custodial staffing packages, we will continue to actively check the packages to ensure they meet the requirements of MS-47, MMO-074-00, and other appropriate Postal criteria.

We do not believe this report contains any proprietary or business information that should not be publicly disclosed and do not believe there are any required exemptions under the Freedom of Information Act (FOIA).



Sylvester Black

VICE PRESIDENT  
CAPITAL METRO AREA OPERATIONS



July 31, 2009

LUCINE M. WILLIS  
DIRECTOR, AUDIT OPERATIONS  
1735 NORTH LYNN STREET  
ARLINGTON, VA 22209-2020

SUBJECT: Draft Audit Report – Custodial Maintenance: Nationwide (Report Number DA-RA-09-DRAFT)

The Capital Metro Area has reviewed the above referenced document and agrees that opportunities exist to improve cleaning efficiency and reduce Custodial Maintenance Hours. Since the estimated savings are not specifically identified for the Capital Metro Area, to agree with the monetary findings, we would require further quantitative data on how the projected savings were calculated.

**Recommendation #1:** Update staffing packages to eliminate duplication in cleaning operations, including an adjustment of cleaning frequencies as determined by local conditions.

**Response:** Maintenance managers within the Capital Metro Area have been mandated to update their custodial staffing analyses based on current local conditions. The Capital Metro Area Maintenance staff will conduct comprehensive custodial staffing reviews of all facility packages requiring Postal staffing. Opportunities to contract cleaning services will be identified and Postal staffing will be eliminated at those facilities in accordance with the National Agreement. These staffing reviews have already been initiated to be completed within 45 days.

Please contact Calvin Stanley, Area Manager, Maintenance Operations (A) at 301-548-1420 if you have any questions.

  
Jerry D. Lane

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MANAGER MAINTENANCE OPERATIONS  
PACIFIC AREA



August 10, 2009

LUCINE M. WILLIS  
DIRECTOR AUDIT OPERATIONS

SUBJECT: Transmittal of Draft Audit Report – Custodial Maintenance: (Report Number DA-AR-09 DRAFT)

We agree with the findings on updating custodial staffing packages to eliminate duplication in cleaning operations, including adjustment of cleaning frequencies as determined by local conditions. The Pacific Area intends to conduct the staffing reviews annually.

We started this process back in May 2008 due to changes in the organizations workloads. We conducted a training symposium with the Pacific Area Maintenance Managers and addressed the following:

Current Situation

- Base Staffing Exceeds Functional Requirements
- Staffing Packages not Reflective of Operational Changes
- Space Type & Frequencies Improperly Listed in 4852s

Strategies:

- Area Sponsored Training and Review of Staffing Packages & Inventories
- Validation of Space Type, Frequencies and Operational Use
- Identification and tracking of facilities that contractually qualify for Subcontracting of Cleaning Services.

Currently we have realized a reduction of approximately 150 custodial positions from our previous authorized staffing level. The Pacific Area will continue to check the frequencies every year with our staffing and scheduling updates.

We agree with the update, although we do not feel we require additional action at this time.

A handwritten signature in cursive script that reads "Charles L. Sweet".

Charles L. Sweet

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