



December 2, 2004

LAWRENCE K. JAMES
MANAGER, RIO GRANDE DISTRICT

SUBJECT: Audit Report – City Letter Carrier Operations – Rio Grande District
(Report Number DR-AR-05-009)

This report presents the results of our self-initiated audit of City Letter Carrier Operations in three delivery units in the Rio Grande District (Project Number 04YG021DR001). The overall objective was to assess the management of city letter carrier operations.

Opportunities exist to improve the management of city letter carrier operations in the Crethaven, J. Frank Dobie, and University Park delivery units. Specifically:

- Delivery unit supervisors and managers did not adequately match workhours with workload. We projected the three delivery units had 5,318 unjustified hours at an estimated cost of \$193,947 not supported by volume or workload over the five-month period, October 1, 2003, through February 29, 2004. We will report only 2,543 hours or \$92,726 as unrecoverable costs.
- City letter carriers' office work activities were not always appropriate to ensure that carriers departed the delivery unit as scheduled.
- Supervisors/managers did not effectively use the Delivery Operations Information System (DOIS) to manage daily operations.
- District officials had a route inspection process in place to maintain routes at eight hours; however, delivery unit supervisors or managers did not conduct required post route evaluation follow-up procedures.
- Delivery unit supervisors and managers did not consistently perform street management to monitor city letter carriers' street time to correct negative trends.
- Delivery unit supervisors and managers did not effectively use the Managed Service Points (MSP) base information to monitor carrier street performance.

- Supervisors or managers did not always properly document letter carriers unauthorized overtime occurrences and take appropriate corrective action.

We observed operations at the Lockhill Station and noted best practices regarding the station's integrated operating plan.

We recommended the Manager, Rio Grande District, direct Cresthaven, J. Frank Dobie, and University Park delivery unit supervisors and managers to require carriers to properly complete required forms, instruct the supervisors to only authorize time that carriers request, and obtain and use correct time factors for approving and justifying requests for additional time. In addition, require supervisors and managers to input daily mail arrival times in DOIS, and improve communications with the processing and distribution plant managers to ensure mail dispatches are timely. Furthermore, the Manager, Rio Grande District, should direct supervisors and managers to use DOIS leave times for carrier departures and direct carriers to clock out correctly when office preparation activities are completed; and require supervisors and managers to fully utilize DOIS in managing office activities and provide additional coaching as needed.

We also recommended the Manager, Rio Grande District, require the delivery unit supervisors and managers scheduled for an upcoming route inspection to review the Southwest Area's Post Route Adjustment Guidelines on post evaluation follow-up procedures and provide additional training to managers or supervisors in using MSPs more effectively. Finally, the Manager, Rio Grande District, should require supervisors and managers to consistently document unauthorized overtime on required forms and take appropriate corrective action.

Management agreed with our findings and recommendations and has initiatives completed and planned addressing the issues in this report. We discussed the significant differences in unrecoverable costs with management. Management agreed that the \$193,947 identified by the OIG using the F2B Audit process was unjustified cost. However, management stated that through their analysis only 2,543 hours or \$92,762 was unrecoverable. We will report only \$92,726 as unrecoverable costs in our Semiannual Report to Congress. Management's comments and our evaluation of these comments are included in this report.

The Office of Inspector General (OIG) considers recommendations 1, 2, 14, and 16 significant, and therefore requires OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective action(s) are completed. These recommendations should not be closed in the 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 during the audit. If you have any questions or need additional information please contact Debra Pettitt, Director, Delivery and Retail, or me at (703) 248-2300.

/s/ Mary W. Demory

Mary W. Demory
Deputy Assistant Inspector General
for Core Operations

Attachment

cc: George L. Lopez
Robert A. Larios
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EXECUTIVE SUMMARY

Introduction

This report presents the results of our self-initiated audit of the city letter carrier operations in the Rio Grande District. The overall objective was to assess the management of city letter carrier operations.

Results in Brief

Opportunities exist to improve the management of city letter carrier operations in the Cresthaven, J. Frank Dobie, and University Park delivery units. Specifically:

- Delivery unit supervisors and managers did not adequately match workhours with workload. As a result, we projected the three delivery units had 5,318 unjustified hours at an estimated cost of \$193,947¹ not supported by volume or workload over the five-month period, October 1, 2003, through February 29, 2004. In addition, 2,543 of the unjustified hours or \$92,726 are unrecoverable costs.
- City letter carriers' office work activities were not always appropriate to ensure that carriers departed the delivery unit as scheduled.
- Supervisors and managers did not effectively use the Delivery Operations Information System (DOIS) to manage daily operations.
- District officials had a route inspection process in place to maintain routes at eight hours; however, delivery unit supervisors and managers did not conduct required post route evaluation follow-up procedures.
- Delivery unit supervisors and managers did not consistently perform street management to monitor city letter carriers' street time to correct negative trends.

¹ Postal Service Finance memorandum dated March 5, 2004, shows the national average labor rate for city letter carriers in FY 2004 was \$36.47. The 5,318 hours multiplied by \$36.47 equals \$193,947 and the 2,543 hours times the same rate is \$92,726.

- Delivery unit managers and supervisors did not consistently use the Managed Service Points base information to effectively monitor carrier street performance.
- Supervisors and managers did not always properly document letter carriers unauthorized overtime occurrences and take appropriate corrective action.

Finally, we observed operations at the Lockhill Station and noted best practices regarding the station's integrated operating plan.

**Summary of
Recommendations**

We recommended the Manager, Rio Grande District, direct Cresthaven, J. Frank Dobie, and University Park delivery unit supervisors and managers to require carriers to properly complete required forms when workload or volume indicates that additional time for the route is needed. In addition, the Manager, Rio Grande District, should instruct the supervisors to only authorize time that carriers request, obtain and use correct time factors for approving and justifying requests for additional time, input daily mail arrival times in DOIS, and improve communications with the processing and distribution plant managers to ensure mail dispatches are timely. Furthermore, the Manager, Rio Grande District, should direct supervisors and managers to use daily leave times as established in DOIS for carrier departures and direct carriers to clock out correctly when office preparation activities are completed; and require supervisors and managers to fully utilize DOIS in managing office activities and provide additional coaching as needed.

We also recommended the Manager, Rio Grande District, require the delivery unit supervisors and managers scheduled for an upcoming route inspection to review the Southwest Area's Post Route Adjustment Guidelines on post evaluation follow-up procedures and provide additional training to managers or supervisors in using Managed Service Points more effectively. Finally, the Manager, Rio Grande District, should require supervisors and managers to consistently document unauthorized overtime on required forms and take appropriate corrective action.

**Summary of
Management’s
Comments**

Management agreed with all the recommendations in the report. However, the Rio Grande District’s review of DOIS for the period of review revealed a significant difference in unrecoverable costs when compared to those identified by audit. The OIG identified \$193,947 in unrecoverable costs versus \$92,762 identified by management through an analysis of the workhours projected by DOIS. Management stated their analysis was a complete composite of actual data and not a random sample. Management’s comments, in their entirety, are included in Appendix E of this report.

**Overall Evaluation of
Management’s
Comments**

Management’s comments are responsive to our findings and recommendations. We discussed the significant difference in unrecoverable costs with management. Management agreed that the \$193,947 identified by the OIG using the F2B Audit process was unjustified cost. However, management stated their analysis showed that only \$92,762 was unrecoverable. The difference between the two dollar amounts is not caused by use of a random sample. The difference is caused by the district’s use of the Total Variance Factor versus the F2B audit process. This process is an assessment of individual route time beyond eight hours and Postal Service (PS) Forms 3996, Carrier-Auxiliary Control. The Total Variance Factor in WebEIS shows the difference between the projected workhours for the workload identified in DOIS and the actual workhours used by the carriers. This factor incorporates a positive and negative variance that may occur in either the street or office function, which can offset routes exceeding eight hours or those that do not exceed eight hours, resulting in a zero total variance. Therefore, the result will always be lower than an audit of the justification and authorization of time beyond eight hours shown on PS Form 3996. The district did not review Forms 3996. Management indicated these forms are a compliance tool to change supervisors’ behavior and to enforce that carriers must submit accurate data on PS Forms 3996.

Recognizing that the audit methodology includes some time that was undocumented via a PS Form 3996, although the time may have been needed, we agree that the unrecoverable cost is lower than the unjustified cost by an undetermined amount, and that our cost represents

unjustified, rather than unrecoverable, costs. Therefore, we have changed the report to reflect \$92,762 in unrecoverable costs, which we consider to be a minimum, based on the district's methodology.

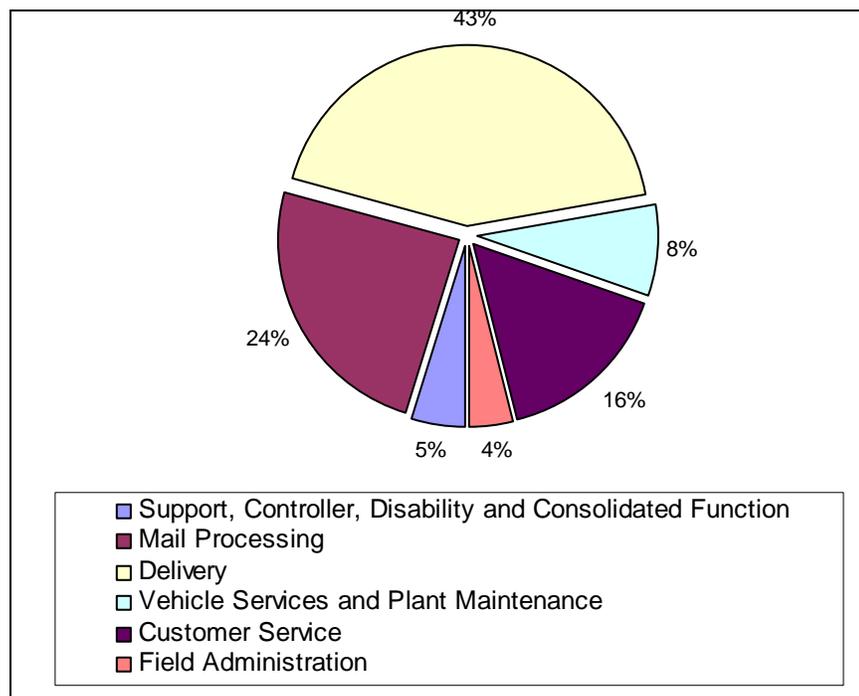
INTRODUCTION

Background

In fiscal year (FY) 2003, the Postal Service delivered over 200 billion pieces of mail to more than 141 million business and household addresses nationwide using city and rural carriers, vehicles, and delivery support systems. The Delivery Operations Information System (DOIS), deployed in FY 2002, provides operational data to the delivery unit supervisors and managers to assist them in managing daily office activities and reduce costs. This data includes mail volume, mail arrival and dispatch times, and projected office and street hours for routes. DOIS replaced three systems and was designed to assist delivery unit supervisors in making sound business decisions related to carrier operations.

As shown in Figure 1, delivery operations constitute 43 percent of the workhours in the FY 2004 field-operating budget, which is mainly attributable to office and street workhours. Salary and benefits for rural and city carriers, totaled approximately \$20 billion. Also, in the FY 2004 field budget, the Postal Service established a goal to reduce delivery workhours by 11.2 million.

Figure 1. FY 2004 Field Budget Workhours



The Southwest Area consists of 711 delivery units in eight districts. The Southwest Area's FY 2004 budget performance goal is to reduce delivery workhours by 891,000. The Rio Grande District, with 194 delivery units, leads the Southwest Area in number of delivery units. As of February 2004, the Rio Grande District's actual office workhours exceeded planned office hours by 105,898 and actual street hours exceeded planned street hours by 6,144. In August 2004, the district was 106,644 hours under city carrier operations' planned hours.

Each delivery unit's mail volume, mail arrival and dispatch times, and office and street hours vary and are managed by the delivery unit supervisor or manager. In addition, routes in a city delivery unit have an established office and street time, usually eight hours, based on the last route inspection or review. One aspect of daily delivery unit operations is preparation and submission of Postal Service (PS) Form 3996, Carrier-Auxiliary Control, by city letter carriers requesting overtime or assistance on their routes to deliver that day's mail. The supervisor reviews each request and either approves the additional time, decreases the time, or denies the carrier's request. The supervisor makes this decision based on the daily workload or mail volume received in the delivery unit.

Unauthorized and unjustified time is time worked that is not authorized by the manager/supervisor nor justified by the workload. For example, when a carrier requests 1 hour of additional time, but uses 1 hour and 30 minutes, the extra 30 minutes is unauthorized time. Unjustified time is when the workload or volume does not support the hours used. Using the above example, if the carrier worked 1 hour and 30 minutes of extra time, but the workload only supported 30 minutes, the extra 1 hour would be classified as unjustified time. A carrier can have both unauthorized and unjustified time simultaneously.

The Southwest Area employs an analytical review process in city delivery units known as "F2B Audits." The area or district staff performs these reviews of the top "10 percent opportunity delivery units" or those with the most potential for improving their total efficiency. The objective of the reviews is to identify the amount of unauthorized and

unjustified time in the delivery unit. The area and district staff judgmentally select one day of operation and perform a detailed review and analysis of delivery unit information. This information includes the DOIS Workload Status Reports,² PS Forms 3996, Carrier - Auxiliary Control,³ and Carrier Control Workload Sheets.⁴

The area or district staff analyzes each route to determine the following:

- The amount of time requested by the carrier for the route.
- The amount of time approved by the supervisor for the route.
- The total time used by the carrier on the route.
- The time unjustified and unauthorized.
- The justified time.

Managed Service Points (MSP) is a computerized tool designed to monitor consistency of delivery time and enhance street management using mobile data collection devices. Letter carriers scan barcodes placed at service points reflecting key elements of the employee workday. Seven basic scan points are required:

1. Hot Case⁵
2. Depart to Route
3. First Delivery
4. Last Delivery Before Lunch
5. First Delivery After Lunch
6. Last Delivery
7. Return to Office

² Workload Status Reports provide management with data such as volume, parcel, and delivery point sequenced mail to make effective decisions in matching workhours to workload.

³ Carriers complete PS Form 3996 to request overtime or auxiliary assistance on their route for a day when they estimate the route will exceed eight hours because of workload and volume.

⁴ The Carrier Workload Control Sheet contains the base statistics for a route such as volume, deliveries, street factor, and accountables as determined by the last route inspection.

⁵ Hot case is a location within the delivery unit where missent mail from the processing plant is resorted and then given to the assigned carrier.

At the conclusion of each workday, the carrier downloads the MSP data collected in the mobile data collection device into DOIS. This MSP data is then compared to the MSP base information stored in DOIS to generate reports that could then be utilized by the supervisor to have a better understanding of the carrier’s street performance.

**Objectives, Scope,
and Methodology**

Our overall objective was to assess the management of city letter carrier operations. Specifically, we determined whether delivery supervisors and managers adequately matched workhours with workload, city letter carriers’ office work activities were appropriate to ensure that carriers departed the delivery unit as scheduled, and supervisors/managers effectively used the DOIS to assist in managing office activities. We also determined whether Postal Service officials adequately managed routes to maintain routes at eight hours, and delivery unit supervisors adequately performed street management to monitor city letter carriers street time to correct negative trends.

Additionally, in response to interest expressed by Postal Service Headquarters management, we assessed whether delivery unit managers effectively used the MSP base information to monitor carrier street performance. Further, during the course of our audit, we became aware that supervisors did not always properly document letter carriers unauthorized overtime. Finally, we observed operations at the Lockhill Station, at the request of the District Manager, to identify recently implemented best practices.

To accomplish our objectives, we judgmentally selected three average size delivery units with 15 or more regular city delivery routes in the Rio Grande District: Cresthaven Station with 30 routes; J. Frank Dobie Station with 38 routes; and University Park Station with 32 routes. These units were also selected because they had office effectiveness scores of less than –15⁶ and were equipped with DOIS. To determine whether delivery supervisors or managers adequately matched workhours with workload, we observed the delivery unit supervisors and station managers’ morning activities of measuring and recording

⁶ Office effectiveness indicates a unit’s ability to meet its office workload projections based on current mail volumes and carrier demonstrated performance. A negative result indicates that the delivery unit is working more hours than projected. The accuracy of the workhours projection increases as the effectiveness metrics approaches zero.

mail volume, reviewing Workload Status Reports, and assigning overtime. We also used the Southwest Area's "F2B Audit" methodology to quantify the amount of unjustified time in the three delivery units. The quantified results were used to project the total unjustified time over the five-month period. (See Appendices A, B, and C). To determine if carriers' office activities were appropriate to ensure they departed the delivery unit as scheduled, we observed the carriers performing their office duties. To determine if supervisors effectively used DOIS, we reviewed DOIS reports to determine if the units were utilizing the system to provide operational data in managing delivery operations.

To determine if routes are maintained at eight hours, we reviewed the Rio Grande District process for selecting routes for inspection, post route evaluation follow-up procedures, and the results of route inspection adjustments at J. Frank Dobie and Cresthaven Stations. In addition, to determine if supervisors adequately performed street management to monitor city letters carriers' street time, we reviewed DOIS to determine the number of street observations at each of the three delivery units.

Finally, we reviewed the base MSP information for all routes at the three delivery units, judgmentally selected seven days at each delivery unit, and identified instances where a PS Form 1017-B, Unauthorized Overtime Record, was required.

This audit was conducted from April through December 2004 in accordance with generally accepted government auditing standards and included such tests of internal controls as were considered necessary under the circumstances. Although we relied on data obtained from Web Enabled Enterprise Information System (WebEIS), DOIS, and MSP, we did not test the validity of the data and controls over the systems. We discussed our observations and conclusions with appropriate management officials and included their comments where appropriate.

Prior Audit Coverage

The Office of Inspector General (OIG) has issued five audits related to our objectives.

City Letter Carrier Office Preparation in the Dallas District (Report Number DR-AR-04-005, July 26, 2004). The report stated that opportunities exist to improve Dallas District city letter carrier office preparation operations. Specifically, impediments existed that adversely impacted delivery supervisors/managers' ability to adequately match workhours with workload. In addition, city letter carriers' work activities were not always appropriate to ensure they departed the delivery unit as scheduled. Further, supervisors/managers did not use the DOIS to assist in managing office activities.

City Letter Carrier Street Management and Route Inspections in the Fort Worth District (Report Number DR-AR-04-001, June 22, 2004). The report stated that street management and route inspections were generally efficient and effective at the Oakwood and Riverside Stations. Delivery unit supervisors monitored city delivery carrier's street time to conserve workhours by performing at least the minimum number of required street observations. However, while a route inspection was conducted at the Oakwood Station delivery unit, post route adjustment procedures were not followed to maintain routes at eight hours. Management agreed with the finding and recommendation in the report.

City Carrier Productivity – Letter Carrier Delays in the Baltimore District (Report Number TD-AR-03-011, July 28, 2003). The report stated that early reporting wasted carriers' morning time, and exposed the Baltimore District to potential unnecessary evening overtime costs. It was noted supervisors/managers were not using DOIS to manage carrier schedules, and consequently, could not use the system to evaluate carrier scheduling or take corrective action.

Delayed Letter Carrier Operations in the Capital Metro Area (Report Number TD-MA-02-005, August 29, 2002). The report stated that letter carriers in Northern Virginia and Baltimore, who were prepared to begin their delivery routes, were substantially delayed while waiting for “missent” mail, which processing and distribution centers had distributed to the wrong post office.

Delivery Operations Information System (Report Number DA-AR-01-003, March 29, 2001). The report stated that the DOIS system did not fully address emerging Postal Service-wide business goals, such as the information platform, which affected and changed the original requirements.

AUDIT RESULTS

City Letter Carrier Operations

Opportunities exist to improve the management of city letter carrier operations in the Cresthaven, J. Frank Dobie, and University Park delivery units. Specifically:

- Delivery unit supervisors and managers did not effectively match workhours with workload. As a result, we projected the three delivery units had 5,318 unjustified hours at an estimated cost of \$193,947⁷ that was not supported by volume or workload from October 1, 2003, through February 29, 2004. In addition, 2,543 of the unjustified hours or \$92,726 are unrecoverable costs. See Appendix D.
- City letter carriers' office work activities were not always appropriate to ensure carriers departed the delivery unit as scheduled.
- Supervisors and managers did not consistently use the DOIS to effectively manage daily operations.
- District officials had a route inspection process in place to maintain routes at eight hours; however, delivery unit supervisors and managers did not conduct required post route evaluation follow-up procedures.
- Delivery unit supervisors and managers did not consistently perform street management to monitor city letter carriers' street time to correct negative trends.
- Delivery unit supervisors and managers did not consistently use the MSP base information to effectively monitor carrier street performance.
- Supervisors and managers did not always properly document letter carriers unauthorized overtime occurrences and take appropriate corrective action.

⁷ Postal Service Finance memorandum dated March 5, 2004, shows the national average labor rate for city letter carriers in FY 2004 was \$36.47. The 5,318 hours multiplied by \$36.47 equals \$193,947 and the 2,543 hours times the same rate is \$92,726..

Finally, we noted best practices regarding the Lockhill Station’s integrated operating plan, one of two demonstration sites in the district.

**Workhours to
Workload Not
Adequately Matched**

Delivery supervisors/managers did not effectively match workhours with workload. We projected the three delivery units had 5,318 unjustified hours at an estimated cost of \$193,947 that was not supported by mail volume or workload from October 1, 2003, through February 29, 2004. This occurred because carriers did not always submit a PS Form 3996, Carrier-Auxiliary Control, or properly document their requests for additional time. In addition, supervisors either authorized time not requested by carriers or authorized time for factors other than those permitted, and mail dispatches arrived late from the processing plant. As result, the delivery units incurred unjustified office and street time. Although, the delivery units incurred unjustified time, we observed supervisors recording mail volume in accordance with standard operating procedures and managers assisting supervisors with carrier operation duties in order to match workhours with workload.

Postal Service Handbook M-41, City Delivery Carrier Duties and Responsibilities, Section 131.41, as updated in April 2001, states that it is the carrier’s responsibility to complete items on PS Form 3996 if overtime or auxiliary assistance is authorized in the office or on the street.

Management Instruction, PO-610-2000-1, dated December 2000, states that effective day-to-day management of a delivery unit requires evaluation of the unit’s daily mail volume. Postal Service uses volume data on a daily basis to assess the workhours needed for any given day, including overtime and under time workload for the functional areas of delivery, manual distribution, and post office box distribution.

Unjustified Time

Expanding upon the Southwest Area’s ”F2B audit” methodology,⁸ we analyzed delivery unit information⁹ for 35 days at each delivery unit and identified 1,517 unjustified

⁸ We expanded the Southwest Area methodology to capture and analyze additional data to determine both office and street unjustified time. The 35 days for each of the delivery units were randomly selected from days with overtime for the period October 1, 2003, through February 29, 2004.

⁹ DOIS Workload Status Reports, PS Forms 3996, and Carrier Control Workload Sheets.

hours (48 percent) for the 3,145 total hours used over eight hours.

We further categorized the 1,517 unjustified hours into 845 office hours, 623 street hours, and 49 unexplained hours, as projected over the five-month period, October 1, 2003, through February 29, 2004.

PS Form 3996,
Carrier-Auxiliary
Control

Carriers did not always submit PS Form 3996 to request additional time. Of the 105 days we reviewed, 29 percent (439 of 1,517) of the total unjustified hours were the result of carriers not submitting the required documentation.

Carriers did not properly document their request for additional time on PS Form 3996. For example, carriers did not always provide detailed information for factors used to justify the additional time requested, such as the specific number of accountable mailpieces, time spent in meetings, number of minutes for street construction on the route, or request additional time even though they listed factors.¹⁰ Postal Service Handbook M-41, City Delivery Carrier Duties and Responsibilities, Chapter 2, Section 28, as updated in April 2001, states that the carrier must show the reason for requesting assistance on their route in detail on the PS Form 3996.

Supervisors
Authorizing Additional
Time

Supervisors authorized time that was not requested by the carrier on the PS Form 3996. For example, the supervisors approved time for volume, route cleanup, and construction even when a carrier did not request any time for these factors on PS Forms 3996. This occurred because Postal Service managers did not set clear expectations that delivery supervisors approve only time requested by the carrier.

In addition, supervisors approved time for factors the Southwest Area does not use as justified reasons for additional time in its guidance. We noted that supervisors authorized time for route clean-up, refueling, change of address forms, unique mail, and more than one full

¹⁰ Accountable mailpieces include Express Mail and certified mail packages the carrier must deliver and usually requires the customer's signature. Time spent in meetings includes safety talks, administrative meetings, and other meetings. Time for street construction is additional time allowed to cover the route due to variations encountered on the route.

coverage.¹¹ This occurred because of uncertainty regarding factors approved by the Southwest Area and the delivery unit supervisors believed some of the factors used were unique to their location.

Late Mail Arrival
Dispatches

Late mail arrival dispatches with the daily volume from the processing plant increased office time. Handbook M-39, Management of Delivery Services, Section 111.2, updated as of March 2004 states the delivery unit supervisor should determine any irregularity in the flow of mail between distribution and delivery, and interact with other unit managers to work towards correcting this irregularity.

We reviewed the Dispatch Feedback Report for April 2004 for the J. Frank Dobie Station, which showed that 5 of 20 dispatches from the processing plant to this station were 15 minutes late. Officials at the J. Frank Dobie Station stated they were concerned with late dispatches from the plant and had established an on-going dialogue with a processing and distribution center official to begin resolving this problem.

At the University Park and Cresthaven Stations, we could not determine the number of late mail arrival dispatches on the Dispatch Feedback Report because supervisors did not enter 133 of 156 late mail arrival dispatch times into DOIS. By not entering the data into DOIS, management would not have sufficient data to begin discussions with processing and distribution center officials to improve mail flow.

The delivery units incurred unjustified workhours in both the office and on the street because carriers did not submit required and complete documentation and supervisors approved time not justified by the workload and did not monitor late mail arrival dispatches.”

Recommendations

We recommend the Manager, Rio Grande District, direct station managers and supervisors to:

1. Require carriers to complete a Postal Service Form 3996, Carrier-Auxiliary Control, when workload or volume indicates the carrier will need

¹¹ Full coverage is the additional time granted to a city letter carrier to deliver mail on a particular day to all possible delivery points on a route.

additional time for the route and properly document the reasons for their request of additional time.

2. Instruct supervisors to only authorize time that is requested by carriers.

Management's Comments	Management agreed with our finding and recommendations 1 and 2. Training was provided for supervisors at Cresthaven, Dobie, and University Park on August 17, 2004. In addition, a standup talk will be given to letter carriers in each of the audited units by November 30, 2004.
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Evaluation of Management's Comments	Management's comments are responsive to our finding and recommendations 1 and 2. Management's actions taken or planned should correct the issues identified in the finding.
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Recommendation	We recommend the Manager, Rio Grande District, direct station managers and supervisors to:
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3. Obtain the correct time factors for approving and justifying requests for additional time from Southwest Area officials.

Management's Comments	Management agreed with our finding and recommendation. Unit Managers at Cresthaven, Dobie, and University Park will verify the Basic Route Information to include Begin Tours. Unit Managers will re-create the Southwest Area Workload Control Sheet and ensure these factors are used in the daily assessment of workloads. This will be completed by November 30, 2004.
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Evaluation of Management's Comments	Management's comments are responsive to our finding and recommendation. Management's action taken or planned should correct the issues identified in the finding.
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Recommendations	We recommend the Manager, Rio Grande District, direct station managers and supervisors to:
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4. Input daily mail arrival times in DOIS, as required, and monitor timeliness of mail dispatches.
5. Communicate with the processing and distribution center managers to ensure mail dispatches are timely.

Management's Comments	Management agreed with our finding and recommendations. Unit Managers at Cresthaven, Dobie, and University Park will ensure that the daily mail arrival times are entered into DOIS as required by the morning standard operating procedures (AM SOP). Training will be completed by the December 31, 2004.
Evaluation of Management's Comments	Management's comments are responsive to our findings and recommendations. Management's actions taken or planned should correct the issues identified in the finding.

**Carriers' Office
Activities Delayed
Route Starting Times**

City letter carriers' office activities were not appropriate to ensure that carriers departed their delivery units as scheduled because supervisors established uniform leave times, carriers clocked out for the street function incorrectly, and the location and arrangement of the Delivery Point Sequence (DPS) mail for the carriers' routes were not organized. These issues contributed to 56 percent (845 of 1,517) of unjustified office hours.

We observed carriers at Cresthaven, University Park, and J. Frank Dobie Stations departing for street delivery according to a uniform leave time established by the supervisors and managers and not the DOIS projected time, which is based on the daily mail volume. DOIS provides estimated leave times on a daily basis. The supervisors did not post or communicate the required leaving times estimated in DOIS at the carriers' cases. Handbook M-39, Management of Delivery Services, Section 111.2, updated March 2004, requires the delivery supervisor on a daily basis to determine if carriers reporting, leaving, returning, and ending times are consistent with established schedules. Also, the Delivery Operations Information System Quality Assessment, dated September 2002, states it is critical that supervisors use DOIS to manage daily unit operations.

Carriers loaded mail in delivery vehicles while charging office time instead of street delivery time. At the Cresthaven and J. Frank Dobie Stations, we observed carriers loading mail into their vehicles before clocking out from office time to begin their street function because supervisors did not enforce correct clock out procedures. Handbook M-39, Management of Delivery Services, Section 125.1, updated March 2004 requires that after clocking out to street time, carriers should proceed directly to their vehicles and load the mail in an orderly fashion.

The arrangements of the DPS mail for the carriers' routes were not organized to facilitate quick retrieval from the managed mail tray.¹² For example, at the J. Frank Dobie Station, DPS mail located in the central staging area was not organized by routes or in tray order. Carriers had to search for up to ten minutes to locate their individual trays before

¹² Managed mail trays are used to transport letter-size mail between selected Postal Service facilities.

departing the delivery unit, increasing office time. Also, carriers carried DPS mail to their cases prior to completing manual mail casing to reduce the additional time needed to search for their DPS mail when they clocked out to begin the street function. Delivery supervisors and managers told us this problem existed prior to the OIG’s visit and they had discussed the unorganized DPS trays with processing and distribution center management. However, they could not provide any documentation of any discussions held prior to our visit.

The Memorandum DPS Implementation Strategies, dated March 10, 1994, states that “once the DPS mail for a route(s) is taken directly to the street without casing; it should no longer be taken to the carrier’s case for staging. At that point, DPS mail should be staged in a location in the office that is efficient for the carrier(s) to pick up the mail on the way out of the office to the loading area.”

Supervisors not using the estimated DOIS leave times, carriers clocking out incorrectly, and DPS mail not being arranged for quick retrieval, delayed carriers starting their scheduled routes and contributed to unjustified office time.

Recommendations

We recommend the Manager, Rio Grande District, direct station managers and supervisors to:

6. Use daily leave times as established in DOIS for carrier departures.
7. Direct carriers to correctly clock out when office preparation activities are completed and before street activities begin.
8. Require carriers to correctly retrieve Delivery Point Sequence mail after clocking out to the street.

**Management’s
Comments**

Management agreed with the finding and recommendations 6, 7, and 8. Management stated that DOIS and AM SOP training will be given by the end of quarter 1, FY 2005. Start times in each unit will be established with the Southwest Area requirement for consistent leave times.

Evaluation of Management's Comments	Management's comments are responsive to our findings and recommendations 6, 7, and 8. Management's action taken or planned should correct the issues identified in the finding.
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Recommendation	We recommend the Manager, Rio Grande District, direct station managers and supervisors to: 9. Communicate with the processing and distribution center managers to ensure Delivery Point Sequence mail trays are organized for carriers to retrieve mail quickly.
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Management's Comments	Management agreed with our finding and recommendation. Delivery Point Sequence (DPS) mail trays should be organized for carriers to retrieve mail quickly. Presently, Dobie Station is receiving containerized DPS mail. The expansion to Crethaven and University Park will be completed in FY 2005.
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Evaluation of Management's Comments	Management's comments are responsive to our recommendation. Management's action taken or planned should correct the issues identified in the finding.
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Supervisors Did Not Effectively Use Delivery Information System to Manage Delivery Operations

Supervisors and managers did not consistently use the DOIS as a tool to provide operational data to assist in managing office activities in all three delivery units. Supervisors did not always use DOIS to make overtime assignments or review DOIS reports timely. This occurred because supervisors were not comfortable using this tool to make operational decisions. According to the Delivery Operations Information System Quality Assessment, September 9, 2002, it is critical that supervisors use DOIS to manage daily unit operations.

Although supervisors received DOIS training in 2002, they told the OIG they were not comfortable in using the tool to manage daily office activities. Supervisors and managers did not always review the Workload Status and Route/Carrier Daily Performance Reports or the Managed Service Points Overview Reports. As illustrated in Table 1, supervisors were not using the operational delivery data available to manage their delivery units.

Table 1. Supervisors DOIS Activity During 26 days in April 2004.

Delivery Unit	Days Workload Status Report NOT viewed before 8 a.m.	Days Route/Carrier Daily Performance Report NOT viewed before 8 a.m.	Days MSP Overview Report NOT viewed
University Park	25	21	26
Cresthaven	15	10	21
J. Frank Dobie	11	9	0

Additionally, we reviewed supervisors' DOIS activities on the April 2004 Route/Carrier Daily Performance Report. Our review identified 343 instances on this report where "unknown" was listed instead of the name of the carrier assigned to the route. This occurred 157 times at University Park, 114 at Cresthaven and 72 at J. Frank Dobie. According to the DOIS Quality Assessment, the carriers' names should be listed on this report to identify the carriers assigned to the routes. This incomplete report indicates that the supervisors were not using DOIS to update current route assignments.

Supervisors impact their ability to make effective decisions in matching workhours to workload by not reviewing operational and critical data such as mail volume, carrier performance and street delivery activities in DOIS. In addition, by not reviewing the data, supervisors may not take timely corrective action to address carrier performance issues.

Recommendation

We recommend the Manager, Rio Grande District:

10. Provide additional training and coaching, as needed, to supervisors/managers in order to fully utilize DOIS in managing office activities.

**Management's
Comments**

Management agreed with our finding and recommendation. Management will complete training by quarter I, FY 2005.

**Evaluation of
Management's
Comments**

Management's comments are responsive to our recommendation. Management's action taken or planned should correct the issue identified in the finding.

**Post Route
Evaluation Follow-up
Procedures Not
Completed to
Maintain Routes at
Eight Hours**

Postal Service officials adequately managed the route inspection process to maintain routes at eight hours. However, neither Cresthaven nor J. Frank Dobie delivery units completed their post route evaluation follow-up procedures because of supervisory staffing changes in both delivery units. Consequently, routes may not have been identified for minor adjustments or other corrective actions.

The Rio Grande District has a process to identify units for route inspections that have the greatest opportunity for workhour savings. Units are identified based on an overall decline in mail volume with a corresponding decrease in caseable mail and an increase in the percentage of delivery point sequencing mail. A review of the process found that:

- During FY 2003, route inspections were completed on over 1,150 of 3,015 routes, resulting in an elimination of 55 routes or 443 daily workhour savings.
- During FY 2004, the district scheduled 1,708 of 2,959 routes for route inspections, with a goal of eliminating 94 routes. Prior to a moratorium on route inspections effective April 3, 2004,¹³ the district completed route inspections on 1,109 routes, resulting in the elimination of 24 routes or 194 daily workhour savings.

Postal Service Handbook M-39, Management of Delivery Services, Section 242.11, updated March 2004, requires the delivery unit to evaluate routes to determine if adjustments implemented have met their objective. In conjunction with Handbook M-39, the Southwest Area established Route Adjustment Follow-up Procedures, which require:

An evaluation of each adjusted route for a minimum of 30 days using the Evaluation of Performance worksheet.¹⁴

¹³ The Postal Service and the National Association of Letter Carriers agreed to a moratorium on route inspections from April 3, 2004, to August 31, 2004. Discussions were ongoing at the time of our audit regarding issues on how to conduct a route inspection.

¹⁴ The Evaluation of Performance Worksheet is used on each adjusted route to track daily the total variances between the carriers total projected (earned) and total actual (worked) workhours and street efficiency index for each route for a minimum of 30 days.

After the first 30 days of the evaluation process, a full street inspection and office count must be conducted, and the results of both will be reviewed with the carrier.

These procedures are designed to identify routes with specific issues, workload/adjustment issues, or carrier performance issues, so that the manager can take corrective action to maintain routes at eight hours.

To maintain routes at eight hours, route inspections were conducted at J. Frank Dobie and Cresthaven delivery units during FY 2003. All three delivery units are scheduled in FY 2005 for route inspections.

The results of the J. Frank Dobie route inspection during FY 2003 identified a 5.26 daily workhour savings. To support route adjustments, supervisors could not provide the Evaluation of Performance worksheets that showed the adjusted routes had been evaluated for at least 30 days or that office counts had been performed at the end of the 30 days. However, in reviewing DOIS, we found full street observations had been conducted on 20 of 21 adjusted routes within 60 days after the implementation. This suggested that the street inspections were accomplished as a part of the route adjustment follow-up process. Due to rotating station managers and the morning delivery supervisor being on detail at the time of implementation, no one was able to provide a clear description of the events after the implementation of the adjustments. Yet, the unit actually exceeded its projection by 6.15 daily workhours after the implementation of the route adjustments, which began in July 2003.

Cresthaven's route inspection during FY 2003 identified a 7.43 daily workhour savings. However, the unit had not captured any of the workhour savings, and instead experienced an increase of 4.75 daily workhours. The Station Manager stated that employees who have medical limitations, part-time flexible employees learning their routes, and changes in supervisory staffing (both station managers and delivery unit supervisors) hampered the unit's ability to capture any savings in hours. Further, the Station Manager stated that the post route adjustment follow-up procedures had not been completed because there was a transition in delivery unit management during

the implementation of adjustments in November 2003. The Station Manager, who returned from a detail on January 5, 2004, also did not initiate the post route evaluation process because of the two-month lapse since the implementation of adjustments and other higher priorities.

By not conducting the post route evaluation follow-up procedures, the Cresthaven unit missed an opportunity to identify potential issues, such as routes out of adjustment and carrier performance issues, preventing the station from capturing any of the predicted workhour reductions from the route inspection. However, district and unit officials stated the Cresthaven Station was challenged in achieving the full projected workhour savings because of the lack of a consistent management team and other staffing issues.

Additionally, the Rio Grande District does not require delivery units to submit post route adjustment follow-up evaluations unless requesting additional adjustments. District management was unaware that both delivery units had not completed post route evaluations because neither had requested any additional adjustments.

By not implementing the Southwest Area route adjustment follow-up procedures, supervisors may limit their ability to identify routes for minor adjustments or to take corrective action on routes with carrier performance issues to maintain routes at eight hours.

Recommendations

We recommend the Manager, Rio Grande District :

11. Require station managers and delivery unit supervisors of units that are scheduled for an upcoming route inspection to review the Southwest Area Post Route Adjustment Guidelines to assist in maintaining routes at eight hours.
12. Modify district procedures to require delivery units to submit completed post route evaluation packages to the district, even if there are no requests for additional adjustments.

**Management's
Comments**

Management agreed with our finding and recommendations 11 and 12. The Office of Delivery and Customer Service Programs will provide Southwest Area Post Route Adjustment Guidelines for units scheduled for upcoming route inspections. District subject matter experts will follow up to ensure compliance when adjustments are implemented.

**Evaluation of
Management's
Comments**

Management's comments are responsive to our finding and recommendations. Management's actions taken or planned should correct the issues identified in the finding.

**Street Observations
Not Consistently
Performed to
Corrective Negative
Trends**

Delivery unit supervisors and managers did not consistently perform street management to monitor delivery letter carriers street time to correct negative trends at the Cresthaven, J. Frank Dobie, and University Park Stations. Supervisors stated they were limited by staffing and other delivery unit duties that prevented them from performing street management.

Postal Service Handbook, M-39, Management of Delivery Services, Section 134.12, updated March 2004, states that it is essential for the delivery supervisor to accompany carriers on the street to be aware of any conditions that affect delivery and/or carrier performance. Managers should act promptly to correct improper conditions.

The Rio Grande District Street Management Policy, September 2000, states that all delivery offices must:

- Conduct street management (either a partial or full-day) and complete PS Form 3999, Inspection of Letter Carrier Route, on at least one-quarter of the unit's routes monthly.
- Maintain a current PS Form 3999 for each route. The current form for each route should be less than one-year old.

The three delivery unit managers conducted 5 of the minimum 150 street observations required from October 1, 2003, through April 9, 2004. Additionally, managers of the three delivery units had not consistently conducted the required number of street observations each month during FY 2003. Further, University Park managers did not have current PS Form 3999 for 29 of its 32 routes.

All three station managers stated a lack of a consistent delivery unit supervisor and station manager made it difficult to have an effective street management program. Although supervisors and managers at all three units wanted to spend more time on the street with their carriers, they stated they were limited by staffing and other delivery unit duties.

Unit management staff must be knowledgeable of all factors that increase or decrease the carrier's route base time. One

way to achieve this is to spend time on the street to identify negative trends including poor carrier work habits, issues with the line of travel and problems with the location of MSP scan points. This enables the supervisor and manager to properly approve and justify the carrier's request for additional time on PS Form 3996, Carrier – Auxiliary Control.

The District Manager stated the district's major focus has been establishing the proper base for each route. The focus on reducing street time was limited. He also stated that the Southwest Area is currently drafting a street management policy to be issued in the near future.

Recommendation

We recommend the Manager, Rio Grande District, direct station managers and delivery unit supervisors to:

13. Implement and enforce the Southwest Area Street Management Policy, when issued, to provide a consistent supervisory presence on the street to correct negative trends.

**Management's
Comments**

Management agreed with our finding and recommendation. The district will implement the area policy, dated May 2004, implementation will be completed during quarter 1, FY 2005.

**Evaluation of
Management's
Comments**

Management 's comments are responsive to our finding and recommendation. Management's action taken or planned should correct the issues identified in the finding.

**Managed Service
Points Data Not
Always Properly
Aligned**

Delivery unit managers did not consistently use MSP base information in DOIS to effectively monitor carrier street performance. We reviewed the base MSP information for all routes at the three delivery units and identified 37 routes where office and street times were out of sequence or had variances between scheduled intervals that were excessive.¹⁵ University Park had 18, Cresthaven had 10, and J. Frank Dobie had 9 routes that were out of sequence. Examples of the ‘out of sequence’ conditions included:

- Hot case and depart to route were the same times as the first delivery.
- Routes had lunch times lasting from 1 minute to 12 hours and 35 minutes.

Return to office time was before the last delivery.

The out of sequence times were caused by supervisors not having a current PS Form 3999 or not using a current form to update the route pivot plan.¹⁶ Additionally, as stated earlier in our report, the three delivery unit managers did not consistently perform street observations, which would have produced current PS Forms 3999. However, even with a current PS Form 3999, the manager or supervisor must update the form and the pivot plan to reflect any changes to the route.

Delivery unit management stated they needed additional training in MSP to use it more effectively. One supervisor stated that he was unaware that a route pivot plan needed to be updated when any changes occurred to the PS Form 3999, or that changes in the pivot plan directly affected the MSP base information. Additionally, he believed confusion existed among many supervisors regarding when to update MSP base information.

In a July 2002 letter, the District Manager required delivery unit supervisors or managers to retrieve the MSP Overview Report daily to review any problems with the previous day’s

¹⁵ Out of sequence occurs when the scheduled times for the route do not occur in chronological order.

¹⁶ The route pivot plan is a detailed description of the route that the city delivery carrier should follow while delivering mail on the street. The plan is used to assign segments of the route to other carriers when needed.

scans and consult with carriers to correct identified problems. We reviewed 26 workdays in April 2004 and identified that J. Frank Dobie retrieved the MSP Overview Report each day; however, Cresthaven only reviewed the report on 5 of the days and University Park did not review the report on any of the 26 days. (See Table 1 under DOIS Section). Supervisors and managers stated that due to time constraints, they did not always view the daily MSP Overview Report.

As a result of not reviewing the MSP Overview Report on a daily basis, supervisors and managers were unable to determine variances between the actual and scheduled times of MSP scan points that might identify carrier performance issues or identify inaccurate MSP base information.

The District Manager stated the district's major focus has been establishing the proper base for each route. The focus on reducing street time was limited. He also stated that the Southwest Area is currently drafting a street management policy to be issued in the near future.

Recommendations

We recommend the Manager, Rio Grande District:

14. Provide additional training to station managers and supervisors in using MSP more effectively and require base information be updated when any changes are made to a route.
15. Direct station managers and supervisors to comply with the Rio Grande District Letter, which requires daily review of the Managed Service Points Overview Report.

**Management's
Comments**

Management agreed with our finding and recommendations 14 and 15. Management provided training to the three delivery unit managers. MSP scanning requirements will be included in the Street Management and DOIS Workshop. This training and the Delivery Symposium, that all managers are required to attend, will be completed by the end of quarter I, FY 2005.

**Evaluation of
Management's
Comments**

Management's comments are responsive to our finding and recommendations. Management's action taken or planned should correct the issues identified in the finding.

Unauthorized Time

Supervisors and managers did not always properly document letter carriers' unauthorized overtime occurrences. We judgmentally selected seven days at each delivery unit and identified 142 instances where a PS Form 1017-B, Unauthorized Overtime Record, was required and found only 11 instances where the form was completed to record unauthorized overtime. Although the 11 PS Forms 1017-B recorded were all at Cresthaven, we noted in the remarks section of the form that the supervisor only recorded factors normally used as the reasons for approving overtime on PS Form 3996, Carrier Auxiliary Control.

For example, if a carrier incurred two hours of overtime, but was authorized only one hour, the supervisor recorded on the Form 1017-B, full coverage and volume as the reasons for the 1 hour of unauthorized overtime, but did not record the discussion with the carrier regarding unauthorized time.

The discussion between the supervisor and the carrier regarding the reasons for unauthorized overtime after returning from the route should have been documented in the remarks section of PS Form 1017-B by the supervisor. This occurred because the supervisor did not fully understand how to properly document the reasons on the form and completing this form was a lower priority in managing the delivery unit.

Handbook F-401, Supervisors' Guide to Scheduling and Premium Pay, Chapter, 5, Section F, August 2000, states employees are responsible for adhering to their assigned work schedules. A variance from the assigned work schedule will result in unauthorized overtime. Supervisors must document these occurrences on PS Form 1017-B, Unauthorized Overtime Record, and take appropriate corrective action.

The District Manager stated the new version of DOIS will address some of the issues raised regarding the unauthorized overtime in the district and will include an automated Form 1017-B. The new version is scheduled for release in FY 2005.

As a result of not documenting unauthorized overtime, supervisors were not able to effectively consult and correct carrier performance issues to assist in managing overtime hours.

Recommendation

We recommend the Manager, Rio Grande District:

16. Provide training to supervisors and managers to properly complete Postal Service Form 1017-B, Unauthorized Overtime Record, to document unauthorized overtime and take appropriate corrective action.

**Management's
Comments**

Management agreed with our finding and recommendation. Training was provided for supervisors for Cresthaven, Dobie and University Park on August 17, 2004. Compliance audits will be conducted by the District Operations staff.

**Evaluation of
Management's
Comments**

Management's comments are responsive to our recommendations. Management's action taken or planned should correct the issues identified in the finding.

**Best Practices at
Lockhill Station**

While performing our audit in the Rio Grande District, the District Manager asked the OIG to observe operations at the Lockhill Station. Although Lockhill Station was not part of our audit of the Rio Grande District, we noted the delivery unit practices, processes, and approaches to delivery operations. The Lockhill Station, with about 49 routes, has served as one of two demonstration units for the Rio Grande District since January 31, 2004. This unit is unique within the Rio Grande District because of its integrated operating plan. The operating plan has three important components:

- Consistent mail dispatches to manage overtime and auxiliary assistance.
- Consistent mail collection to facilitate overnight mail processing.
- Emphasis on an organized, clean, and safe facility to improve the working environment.

Consistent mail dispatches (called “1, 2, 3 play”) include three mail dispatches received early in the day representing specific mail types such as letters, flats, and DPS mail. For example, the first dispatch is “flat mail” received at the delivery unit at approximately 4:30 a.m. The second and third dispatch consists of caseable mail and DPS mail, respectively. These dispatches are received at 6:30 and 8:30 a.m. With all of the caseable mail received by 6:30 a.m., this allows the manager to manage overtime assignments and auxiliary assistance to be more efficient. On the day of our visit, we noted that DPS mail arrived 25 minutes early and we noted the positive effect it had on carrier leave time. Carriers had time to prepare PS Form 3996, Carrier-Auxiliary Assistance, by the required posted time of 8:30 a.m. enabling supervisors to make timely decisions regarding overtime and auxiliary assistance.

Consistent mail collection (called “1, 3, 5 play”) pertains to collection of mail from mailboxes and other deposit locations. The first collection is at 1 p.m., the second collection is at 3 p.m., and the third collection is at 5 p.m. The goal of this “play” is to have all mail ready for

processing by 6 p.m. each night, contributing to the success of the next day's 1, 2, 3 play.

Lastly, Lockhill Station has placed an emphasis on the physical appearance of the delivery unit. Although the unit is at least 15 years old, it has an appearance of a much newer facility. This is due to a continuous effort to create and maintain an environment that is organized, clean, and safe. It is a long term approach that is more than a 'clean up' campaign; rather, it is a long term approach to improving the working environment. Lockhill's goal is to continually strive to maintain a teamwork standard that translates into a competitive advantage.

The Lockhill Station is one of two delivery units in the Rio Grande District to employ this unique operating plan. The Rio Grande District plans to expand this concept to other units within the district.

APPENDIX A. SUMMARY OF 105 F2B AUDITS

Number	Delivery Unit	Date	Day of Week	No PS Form 3996 but Greater than 8 Hours	No PS Form 3996 but travel time authorized	Total Time Used > 8 hrs Unit	Total Unjustified Time in Minutes for Unit	Total Unjustified % Unit	Office Unjustified Time Unit	Street Unjustified Time Unit	Unexplained Unjustified Unit
1	Cresthaven	10/08/03	Wednesday	2	2	2013	857	43%	356	500	1
2	Cresthaven	10/17/03	Friday	4	2	1496	793	53%	348	443	2
3	Cresthaven	10/18/03	Saturday	6	5	469	305	65%	292	13	0
4	Cresthaven	10/23/03	Thursday	0	2	747	190	25%	75	114	1
5	Cresthaven	10/31/03	Friday	2	3	396	177	45%	25	151	1
6	Cresthaven	11/05/03	Wednesday	2	3	2148	882	41%	260	620	2
7	Cresthaven	11/06/03	Thursday	0	1	3017	1454	48%	1263	186	5
8	Cresthaven	11/15/03	Saturday	0	4	2057	495	24%	490	5	0
9	Cresthaven	11/22/03	Saturday	6	5	1963	1414	72%	1120	293	1
10	Cresthaven	12/03/03	Wednesday	2	2	3429	1359	40%	932	426	1
11	Cresthaven	12/06/03	Saturday	1	2	1194	542	47%	525	14	3
12	Cresthaven	12/10/03	Wednesday	3	1	1129	328	29%	96	230	2
13	Cresthaven	12/11/03	Thursday	8	5	800	282	35%	128	154	0
14	Cresthaven	12/13/03	Saturday	3	4	908	381	42%	284	97	0
15	Cresthaven	12/16/03	Tuesday	2	3	3268	1450	44%	544	904	2
16	Cresthaven	12/17/03	Wednesday	2	4	981	353	36%	142	211	0
17	Cresthaven	12/20/03	Saturday	5	1	592	220	37%	201	18	1
18	Cresthaven	12/22/03	Monday	4	2	1967	588	30%	348	239	1
19	Cresthaven	12/23/03	Tuesday	1	1	2057	400	19%	153	247	0
20	Cresthaven	12/24/03	Wednesday	3	2	593	315	53%	315	0	0
21	Cresthaven	12/26/03	Friday	3	3	1078	414	38%	278	134	2
22	Cresthaven	12/27/03	Saturday	4	1	654	171	26%	94	76	1
23	Cresthaven	12/30/03	Tuesday	5	1	2272	700	31%	394	302	4
24	Cresthaven	12/31/03	Wednesday	2	1	1715	624	36%	230	393	1
25	Cresthaven	01/08/04	Thursday	1	2	1223	397	32%	331	65	1
26	Cresthaven	01/09/04	Friday	9	1	1125	682	61%	588	92	2
27	Cresthaven	01/10/04	Saturday	1	1	415	166	40%	79	87	0
28	Cresthaven	01/12/04	Monday	3	3	877	433	49%	278	154	1
29	Cresthaven	01/14/04	Wednesday	3	0	1835	566	31%	296	269	1

Number	Delivery Unit	Date	Day of Week	No PS Form 3996 but Greater than 8 Hours	No PS Form 3996 but travel time authorized	Total Time Used > 8 hrs Unit	Total Unjustified Time in Minutes for Unit	Total Unjustified % Unit	Office Unjustified Time Unit	Street Unjustified Time Unit	Unexplained Unjustified Unit
30	Cresthaven	01/16/04	Friday	4	3	1563	599	38%	288	311	0
31	Cresthaven	01/21/04	Wednesday	2	2	3643	1701	47%	932	768	1
32	Cresthaven	02/07/04	Saturday	4	2	1178	665	56%	346	317	2
33	Cresthaven	02/18/04	Wednesday	0	2	3118	1885	60%	1308	576	1
34	Cresthaven	02/23/04	Monday	2	2	838	581	69%	497	84	0
35	Cresthaven	02/24/04	Tuesday	2	2	2327	1036	45%	403	629	4
36	J. Frank Dobie	10/01/03	Wednesday	1	4	1545	667	43%	192	185	290
37	J. Frank Dobie	10/03/03	Friday	1	2	660	359	54%	130	25	204
38	J. Frank Dobie	10/08/03	Wednesday	0	2	2816	1264	45%	681	581	2
39	J. Frank Dobie	10/10/03	Friday	6	7	2046	1174	57%	144	1029	1
40	J. Frank Dobie	10/17/03	Friday	0	2	645	267	41%	91	117	59
41	J. Frank Dobie	10/28/03	Tuesday	2	2	1670	684	41%	214	411	59
42	J. Frank Dobie	10/30/03	Thursday	0	2	1100	238	22%	57	179	2
43	J. Frank Dobie	10/31/03	Thursday	4	1	811	501	62%	472	23	6
44	J. Frank Dobie	11/01/03	Saturday	0	2	1436	469	33%	276	155	38
45	J. Frank Dobie	11/04/03	Tuesday	0	1	2780	938	34%	346	539	53
46	J. Frank Dobie	11/13/03	Thursday	1	1	2629	1382	53%	738	641	3
47	J. Frank Dobie	11/25/03	Tuesday	0	2	1373	517	38%	262	220	35
48	J. Frank Dobie	12/03/03	Wednesday	0	1	2398	883	37%	310	408	165
49	J. Frank Dobie	12/04/03	Thursday	1	2	1817	769	42%	399	155	215
50	J. Frank Dobie	12/05/03	Friday	1	3	2263	1057	47%	422	596	39
51	J. Frank Dobie	12/06/03	Saturday	3	2	608	282	46%	172	77	33
52	J. Frank Dobie	12/08/03	Monday	2	3	2429	1071	44%	684	339	48
53	J. Frank Dobie	12/09/03	Tuesday	4	3	1910	502	26%	227	196	79

Number	Delivery Unit	Date	Day of Week	No PS Form 3996 but Greater than 8 Hours	No PS Form 3996 but travel time authorized	Total Time Used > 8 hrs Unit	Total Unjustified Time in Minutes for Unit	Total Unjustified % Unit	Office Unjustified Time Unit	Street Unjustified Time Unit	Unexplained Unjustified Unit
54	J. Frank Dobie	12/20/03	Saturday	1	6	933	509	55%	201	146	162
55	J. Frank Dobie	12/23/03	Tuesday	1	5	3204	1099	34%	453	580	66
56	J. Frank Dobie	12/24/03	Wednesday	2	2	1212	681	56%	338	329	14
57	J. Frank Dobie	12/27/03	Saturday	1	1	400	217	54%	165	21	31
58	J. Frank Dobie	01/07/04	Wednesday	1	2	2346	1209	52%	495	436	278
59	J. Frank Dobie	01/15/04	Thursday	0	1	818	340	42%	290	50	0
60	J. Frank Dobie	01/22/04	Thursday	1	3	2966	1486	50%	425	1061	0
61	J. Frank Dobie	01/23/04	Friday	10	0	3204	1960	61%	537	1357	66
62	J. Frank Dobie	01/30/04	Friday	2	6	1678	1190	71%	728	439	23
63	J. Frank Dobie	01/31/04	Saturday	1	4	1107	753	68%	598	154	1
64	J. Frank Dobie	02/05/04	Thursday	0	0	2150	1217	57%	496	718	3
65	J. Frank Dobie	02/07/04	Saturday	1	1	1923	964	55%	761	200	3
66	J. Frank Dobie	02/11/04	Wednesday	5	3	3515	1859	53%	794	848	217
67	J. Frank Dobie	02/20/04	Thursday	2	0	2050	1129	55%	702	323	104
68	J. Frank Dobie	02/23/04	Monday	1	0	2866	1416	49%	868	482	66
69	J. Frank Dobie	02/24/04	Tuesday	3	0	2520	1397	55%	509	680	208
70	J. Frank Dobie	02/25/04	Wednesday	5	0	3083	1622	53%	836	558	228
71	University Park	10/06/03	Monday	1	5	3455	2990	87%	2360	628	2
72	University Park	10/14/03	Tuesday	2	1	4207	1840	44%	1198	641	1
73	University Park	10/18/03	Saturday	3	0	1433	803	56%	693	108	2
74	University Park	10/22/03	Wednesday	5	0	3134	1599	51%	1205	391	3
75	University Park	10/27/03	Monday	2	0	2698	1552	58%	733	817	2
76	University	11/01/03	Saturday	6	1	770	502	65%	274	226	2

Number	Delivery Unit	Date	Day of Week	No PS Form 3996 but Greater than 8 Hours	No PS Form 3996 but travel time authorized	Total Time Used > 8 hrs Unit	Total Unjustified Time in Minutes for Unit	Total Unjustified % Unit	Office Unjustified Time Unit	Street Unjustified Time Unit	Unexplained Unjustified Unit
	Park										
77	University Park	11/04/03	Tuesday	1	5	3385	1826	54%	1103	718	5
78	University Park	11/08/03	Saturday	0	0	3455	1592	46%	1059	531	2
79	University Park	11/10/03	Monday	1	0	4321	2276	53%	1273	1003	0
80	University Park	11/19/03	Wednesday	1	1	2341	1034	44%	775	257	2
81	University Park	11/25/03	Tuesday	0	1	2285	1070	47%	750	318	2
82	University Park	12/02/03	Tuesday	0	2	2718	1303	48%	774	526	3
83	University Park	12/05/03	Friday	0	3	1643	1044	64%	382	659	3
84	University Park	12/10/03	Wednesday	8	4	2374	1035	44%	215	818	2
85	University Park	12/13/03	Saturday	2	2	635	283	45%	243	40	0
86	University Park	12/16/03	Tuesday	3	3	2372	1137	48%	649	486	2
87	University Park	12/19/03	Friday	0	2	109	16	15%	16	0	0
88	University Park	12/23/03	Tuesday	4	0	2021	968	48%	615	350	3
89	University Park	12/26/03	Friday	1	0	142	80	56%	9	71	0
90	University Park	12/30/03	Tuesday	2	0	1560	842	54%	537	303	2
91	University Park	01/05/04	Monday	2	2	1649	673	41%	546	127	0
92	University Park	01/08/04	Thursday	3	2	284	168	59%	108	59	1
93	University Park	01/15/04	Thursday	4	2	1046	574	55%	170	402	2
94	University Park	01/23/04	Friday	2	3	1508	886	59%	800	81	5
95	University Park	01/26/04	Monday	7	1	1489	713	48%	610	101	2
96	University Park	01/28/04	Wednesday	2	2	2400	1392	58%	653	736	3
97	University Park	01/30/04	Friday	1	6	1213	616	51%	385	228	3
98	University Park	02/04/04	Wednesday	1	3	2140	1195	56%	824	370	1

Number	Delivery Unit	Date	Day of Week	No PS Form 3996 but Greater than 8 Hours	No PS Form 3996 but travel time authorized	Total Time Used > 8 hrs Unit	Total Unjustified Time in Minutes for Unit	Total Unjustified % Unit	Office Unjustified Time Unit	Street Unjustified Time Unit	Unexplained Unjustified Unit
99	University Park	02/10/04	Tuesday	1	2	2361	1467	56%	625	839	3
100	University Park	02/12/04	Thursday	0	1	54	46	85%	46	0	0
101	University Park	02/13/04	Friday	4	3	1799	1070	59%	448	621	1
102	University Park	02/14/04	Saturday	9	2	1219	783	64%	238	545	0
103	University Park	02/17/04	Tuesday	2	2	3237	1730	53%	859	868	3
104	University Park	02/20/04	Friday	2	4	908	370	41%	226	143	1
105	University Park	02/21/04	Saturday	3	2	361	58	16%	49	5	4
TOTALS				249	223	188722	91010	48%	50702	37396	2912
Total Unjustified Minutes of 91,010 / 60 minutes = 1,517 Total Unjustified Hours											

APPENDIX B PROJECTION OF F2B AUDIT RESULTS OVER FIVE-MONTH PERIOD

Measure	Projection of Total Time (point estimate) in Minutes	95 Percent Confidence interval lower bound in Minutes	95 Percent Confidence interval upper bound in Minutes	Relative Precision	Projected Hours not justified by work load in five month period (Oct. 2003 – Feb. 2004)
UNIVERSITY PARK					
Unit Unjustified Time, Total Minutes	124,768	101,765	147,771	18.4%	2079
Unit percentage Unjustified Time	53.1%	49.6%	56.7%		
Unit Unjustified Office Minutes	75,346	59,152	91,541	21.5%	
Unit Unjustified Street Minutes	49,186	39,023	59,348	20.7%	
Unit Unexplained Unjustified Minutes	235	189	282	19.6%	
J. FRANK DOBIE					
Unit Unjustified Time, Total Minutes	112,710	96,449	128,972	14.4%	1879
Unit percentage Unjustified Time	48.1%	45.0%	51.2%		
Unit Unjustified Office Minutes	52,760	44,606	60,914	15.5%	
Unit Unjustified Street Minutes	50,107	38,978	61,236	22.2%	
Unit Unexplained Unjustified Minutes	9,843	6,771	12,916	31.2%	
CRESTHAVEN					
Unit Unjustified Time, Total Minutes	81,583	65,812	97,354	19.3%	1360
Unit percentage Unjustified Time	42.5%	38.6%	46.3%		
Unit Unjustified Office Minutes	49,633	38,424	60,842	22.6%	
Unit Unjustified Street Minutes	31,797	24,021	39,573	24.5%	
Unit Unexplained Unjustified Minutes	153	111	196	27.5%	

SUMMARY FOR 3 UNITS			
Measure	Total Time (sum of three point estimate) in Minutes	Total Time in Hours	Fraction of Total Unjustified Time
Total Unjustified Time	319,061	5,318	
Office Unjustified Time	177,739	2,962	56%
Street Unjustified Time	131,090	2,185	41%
Unexplained Unjustified Time	10,231	171	3%

APPENDIX C. TECHNICAL DOCUMENTATION

Sampling

An objective of the audit was to quantify the amount of unjustified time in three delivery units. In support of this, the audit team employed a cluster sample of carrier time selecting delivery days as the clusters. The sample design allows statistical projection of the minutes of unjustified time total, unjustified office time, unjustified street time, and unexplained unjustified time and of the fraction of time over eight hours that is unjustified. Individual projections by carrier route are also available to support route performance reviews but are not included in this summary.

Audit Universe

The team judgmentally selected three delivery units in the Rio Grande District. For University Park and J. F. Dobie Stations, the audit universe consisted of 123 days. For Cresthaven Station the universe was 122 days, because there was one day for which the DOIS information was not available because of a system failure. We did not find indication of other such days, so we reduced the universe directly rather than making subpopulation adjustments to the results.

Sample Design and Modifications

We chose a cluster sample design, with simple random selection of delivery days at the first stage. Because we were using a cluster sample in which all elements (i.e., routes) are examined at the second stage, we were not concerned with variability within clusters (i.e., variability between routes on a given day). However, we had no information regarding the variability we might see between days. We selected a desired confidence level of 95 percent and, for sample size calculation purposes, a desired relative precision for a variable estimate of 15 percent. We considered coefficient of variation (CV) values of 50 percent and 100 percent. With application of the finite population correction, these CVs generated sample sizes of 33 and 75, respectively. We decided to use a stop-or-go sampling approach with a sample size of 35 as a first test point: if we were not satisfied with the achieved precision for the unit unjustified time (total) from 35 days of data (clusters) we would increase the sample to as many as 75 days. We considered relative precision around 20 percent for the unit unjustified time (total) measure to be acceptable.

APPENDIX D OIG CALCULATION OF UNRECOVERABLE COSTS

As shown in the table below, the OIG identified \$193,947¹⁷ in unjustified costs. OIG calculated the unjustified costs through a random sample analysis of PS Form 3996, Carrier Auxiliary Control. Rio Grande District management responded that only \$92,762¹⁸ of the unjustified costs OIG identified was unrecoverable. The district calculated its costs using the Total Variance Factor in WebEIS, which shows the difference between the projected workhours for the workload identified in DOIS and the actual workhours used by the carriers. The difference between OIG’s calculation and management’s calculation is not caused by the use of a random sample. The difference in workhours is the district’s use of the Total Variance Factor and not the F2B audit process. The F2B audit process is an assessment of individual route time over eight hours shown on PS Forms 3996.

	Workhours	Labor Rate	Cost
Unjustified workhours identified by the OIG using the Southwest Area F2B Audit Process	5,318.00	\$36.47	\$193,947.00
Unrecoverable workhours identified by Rio Grande District using Total Variance in WebEIS	2,543.52	\$36.47	\$92,762.17
Difference	2,774.48	\$36.47	\$101,184.83

¹⁷ Postal Service Finance memorandum dated March 5, 2004, shows the national average labor rate for city letter carriers in FY 2004 was \$36.47. The 5,318 hours multiplied by \$36.47 equals \$193,947.

¹⁸ Postal Service Finance memorandum dated March 5, 2004, shows the national average labor rate for city letter carriers in FY 2004 was \$36.47. The 2,543.52 hours multiplied by \$36.47 equals \$92,762.17.

APPENDIX E. MANAGEMENT'S COMMENTS

RIO GRANDE DISTRICT



October 27, 2004

MARY W. DEMORY
DEPUTY ASSISTANT INSPECTOR GENERAL
FOR OPERATIONS AND HUMAN CAPITAL
UNITED STATES POSTAL SERVICE
OFFICE OF INSPECTOR GENERAL
1735 N LYNN STREET
ARLINGTON VA 22209-2020

SUBJECT: City Letter Carrier Operations – Rio Grande

By transmittal of draft audit report (Report Number DR-AR-04-DRAFT) dated September 24, 2004, the results of a self-initiated Office of Inspector General audit of city letter carrier operations in three Rio Grande District delivery units were shared with me. The overall objective of the audit was to assess the management of city letter carrier operations. The draft audit report identified opportunities to improve management of city letter carrier operations in the Cresthaven, J. Frank Dobie, and University Park Stations of the San Antonio, Texas Post Office.

The recommendations of the audit team and the Rio Grande District responses, including abatement activities as applicable, are listed below. Without exception, the Rio Grande District agrees with the sixteen (16) recommendations of the audit team.

A review of the unrecoverable costs identified in the draft audit report reveals that the mathematics applied are correct based on the Southwest Area process for identifying unauthorized and unjustified work hours, including overtime. The process is reviewed through a Function 2B audit and measures compliance with Southwest Area requirements. The purpose of the process is to drive the correct behavior by carriers and delivery managers. It includes the requirement for proper completion and analysis of PS Forms 3996. When a letter carrier fails to complete a PS Form 3996, it represents a failure to comply with that requirement. However, such a failure does not necessarily represent unrecoverable costs. If additional time was justified by the workload, the time used by the carrier is only unauthorized, not unjustified.

In the Function 2B process, unauthorized time is identified as time used by the letter carrier that was not requested and approved in advance of that use.

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Unjustified time distinguishable from unauthorized time, as it is identified as time approved or authorized by the supervisor but not supported by the workload.

A review of DOIS work hour projections based on the actual workload at the referenced delivery units during the review period reveals a significant difference in unrecoverable costs when compared to those identified by audit. The difference in the instant matter is the OIG identified amount of \$193,947.00 in unrecoverable costs versus \$92,762.00 as identified through the analysis of the work hours projected by DOIS based on the existing workload and the work hours actually used. (The period analyzed is October of 2003 through February of 2004 and is not a random sampling but a complete composite of actual data. See exhibit 1.)

Responses to the Sixteen (16) Recommendations Listed in the Draft Audit Report

Recommendation

1. Require carriers to complete a Postal Service Form 3996, Carrier-Auxiliary Control, when workload or volume indicates the carrier will need additional time for the route and properly document the reasons for their request of additional time.

Response

1. Management agrees. Activity - Training was provided for supervisors at Cresthaven, Dobie and University Park on August 17, 2004. (See attached Training Sign-In Sheet, exhibit 2)
2. Stand up talks will be given to letter carriers in each of the audited units by November 30, 2004

Recommendation

2. Instruct supervisors to only authorize time that is requested by carriers.

Response

2. Management agrees. Activity - See response #1.

Recommendation

3. Obtain the correct time factors for approving and justifying requests for additional time from Southwest Area officials.

Response

3. Management agrees. Activity - Unit managers at Cresthaven, Dobie and University Park will verify the BRI (Basic Route Information) to include Begin Tours. Unit managers will re-create the Southwest Area Workload Control Sheet and ensure that these factors are used in the daily assessments of workloads. This will be completed by November 30, 2004.

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Recommendation

4. Input daily mail arrival times in DOIS, as required, and monitor timeliness of mail dispatches.

Response

4. Management agrees. Activity - Unit managers at Cresthaven, Dobie and University Park will ensure that the daily mail arrival times are entered into DOIS as required by AM SOP. (See attached AM SOP Audit, exhibit 3) AM SOP training will be completed by the end of QTR I, FY 05, (December 31, 2004). District OPS staff will conduct compliance audits.

Recommendation

5. Communicate with the processing and distribution center managers to ensure mail dispatches are timely.

Response

5. Management agrees. Activity - See response # 4 and Communications attachment (see exhibit 4). This communication activity is a component of the AM SOP.

Recommendation

6. Use daily leave times as established in DOIS for carrier departures.

Response

6. Management agrees. Activity - DOIS training is provided in the Delivery Symposium. Training will be completed by the end of QTR I, FY 05. (See attached AM SOP, exhibit 3, and overview of the Symposium syllabus, exhibit 5.) Start times in each unit will be established to comply with the Southwest Area requirement for consistent leave times in response to our customers' need for consistent time of delivery each day.

Recommendation

7. Direct carriers to correctly clock out when office preparation activities are completed and before street activities begin.

Response

7. Management agrees. Activity - AM SOP training will be completed for Cresthaven, Dobie and University Park by the end of QTR I FY 05. DOIS workshop includes instruction on proper clock ring reporting and will be completed by the end of QTR I FY 05.

Recommendation

8. Require carrier to correctly retrieve Delivery Point Sequence mail after clocking out to the street.

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Response

8. Management agrees. Activity - See AM SOP, (exhibit 3); subsection Function 4 – floor layout as applicable.

Recommendation

9. Communicate with the processing and distribution center managers to ensure Delivery Point Sequence mail trays are organized for carriers to retrieve mail quickly.

Response

9. Management agrees. Activity - Delivery Point Sequence mail trays should be organized for carriers to retrieve mail quickly. Presently Dobie is receiving containerized DPS mail. The expansion to Cresthaven and University Park will be completed in FY 05. Until such time, Function 4 clerks in these units will arrange DPS trays in route order for easy access and loading by carriers.

Recommendation

10. Provide additional training and coaching, as needed, to supervisors/managers in order to fully utilize DOIS in managing office activities.

Response

10. Management agrees. Activity - Managers and supervisors for Cresthaven, Dobie and University Park will receive this training by the end of QTR I, FY 05. (See attached syllabus of SWA Delivery Symposium, exhibit 5.)

Recommendation

11. Require station managers and delivery unit supervisors of units that are scheduled for an upcoming route inspection to review the Southwest Area Post Route Adjustment Guidelines to assist in maintaining routes at eight hours.

Response

11. Management agrees. Activity - The office of Delivery and Customer Service Programs will provide SWA Post Route Adjustment Guidelines for units scheduled for upcoming route inspections. This activity is included in the main delivery project plan which outlines required activities under the Southwest Area process. District Subject Matter Expert will follow up to ensure compliance when adjustments are implemented.

Recommendation

12. Modify district procedures to require delivery units to submit completed post route evaluation packages to the district, even if there are no requests for additional adjustments.

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Response

12. Management agrees. Activity – Instruction will be drafted and distributed by November 30, 2004. Additionally, see response #11.

Recommendation

13. Implement and enforce the Southwest Area Street Management Policy, when issued, to provide a consistent supervisory presence on the street to correct negative trends.

Response

13. Management agrees. Activity - See attached SWA Street Management Guidelines, dated May 2004, (exhibit 6). Implementation will be completed during QTR I FY 05.

Recommendation

14. Provide additional training to station managers and supervisors in using MSP more effectively and require base information be updated when any changes are made to a route.

Response

14. Management agrees. Activity - Training provided as follows:

Cresthaven	Aug 19-23, 2004
J.F. Dobie	Sept 29-Oct 1, 2004
University Park	Oct 19-21, 2004

MSP scanning requirements are also covered in the Street Management and DOIS workshops being conducted throughout QTR I FY 05.

Recommendation

15. Direct station managers and supervisors to comply with the Rio Grande District Letter, which requires daily review of the Managed Service Points Overview Report.

Response

15. Management agrees. Activity - All managers and supervisors will attend the Delivery Symposium by the end of QTR I, FY 05. (See attached syllabus of SWA Delivery Symposium) Compliance audits will be conducted by the District OPS staff.

Recommendation

16. Provide training to Supervisors and Managers to properly complete Postal Service Form 1017-B, Unauthorized Overtime Report, to document unauthorized overtime and take appropriate corrective action.

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Response

16. Management agrees. Activity - See attached AM SOP, section standard operational procedures, item #2. Additionally, training provided on August 17, 2004. See attached Training Sign-In Sheet, (exhibit 2). Compliance audits will be conducted by the District OPS staff.

Following a complete review of the draft audit report, there does not appear to be any proprietary information contained therein for which an objection could or should be made.

It is hoped that concurrence with actions and activities identified for recommendations 1, 2, 14, and 16 will be granted. It is believed that those actions and activities will be adequate to abate the deficiencies identified.

The reference in draft audit report to one of the best practice sites in the District, Lockhill Station, is gratifying. Lockhill and our second best practice site in Austin, Bluebonnet Station (not visited by the audit team), have been and will continue to be used as demonstration sites for other delivery unit managers. (See exhibit 7) The recommendations identified in the draft report are very much appreciated will be used to augment the processes and activities already being employed in the Rio Grande District to further the success of an already successful organization.



Lawrence K. James

CC: John A. Rapp
William P. Galligan
George L. Lopez
Robert A. Larios
Steven R. Phelps

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Listing of Exhibits

Exhibit 1 – Analysis of Unrecoverable Costs (Total Variance)

Exhibit 2 – Record of Training (Sign in Sheets)

Exhibit 3 – AM-SOP Certification Audit and Guidelines

Exhibit 4 – Daily Communication (CS-P&DC) Memorandum

Exhibit 5 – Syllabus/Overview of the Delivery Symposium

Exhibit 6 – Southwest Area Street Management Guidelines
(May 2004)

Exhibit 7 – Memorandum – Requirement for Managers to Tour
the Best Practice/Model Unit Site (Lockhill Station)

Total Variance
(Re: Unrecoverable Costs)

Time	Actual_Total_Variance
University Park	
Feb FY2004	-126.08
Jan FY2004	13.86
Dec FY2004	-82.54
Nov FY2004	156.28
Oct FY2004	-40.4
Total	-89.08
J. F. Dobbie	
Feb FY2004	612.32
Jan FY2004	414.51
Dec FY2004	349.55
Nov FY2004	252.92
Oct FY2004	354.79
Total	1984.09
Greathaven	
Feb FY2004	130.03
Jan FY2004	83.24
Dec FY2004	102.3
Nov FY2004	111.34
Oct FY2004	221.6
Total	648.51
Grand Total Variance	2543.52
Dollar Value (\$36.47)	\$92,762.17

Data source is WebEIS supplied by DOIS data from the period of October 1, 2003 through February 29, 2004.
Variance is described as the difference between the actual workhours and projected workhours generated by the Delivery Operations Information System (DOIS) based on actual workload.
It is believed that this data represents the actual unrecoverable costs and is otherwise a proper reflection of the difference in the actual work hours used and those supported by the existing work load.

EXHIBIT 1





EXHIBIT 3

The image shows a flowchart titled "AM-SOP Certification Audit" with a document number "7500-2100-2100". The flowchart consists of four sequential steps, each in a rectangular box:

- Step 1:** Print Certification Auditor's Guide
- Step 2:** Office Profile Data Entry
- Step 3:** Certification Audit
- Step 4:** Save File

The USPS logo is located in the top right corner of the flowchart area.

AM-SOP Certification Audit



Office Profile

District: <input type="text"/>	Postmaster / Manager: <input type="text"/>
Office Name: <input type="text"/>	MPOO / MCSO: <input type="text"/>
Office Level: <input type="text"/>	Audit Completed By: <input type="text"/>
ZipCode: <input type="text"/>	Date Completed: <input type="text"/>

Incoming Truck Arrival Times:	Products:	Outgoing Truck Dispatch Times:																			
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">0:00</td></tr> </table>	0:00	0:00	0:00	0:00	0:00	0:00	0:00	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">Mixed Working Mail</td></tr> <tr><td style="text-align: center;">Parcel Post/Priority</td></tr> <tr><td style="text-align: center;">Mixed Working Mail</td></tr> <tr><td style="text-align: center;">AFSM 100</td></tr> <tr><td style="text-align: center;">DPS & DPS Rejects</td></tr> <tr><td style="text-align: center;"> </td></tr> <tr><td style="text-align: center;"> </td></tr> </table>	Mixed Working Mail	Parcel Post/Priority	Mixed Working Mail	AFSM 100	DPS & DPS Rejects			<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">0:00</td></tr> </table>	0:00	0:00	0:00	0:00	0:00
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Employee Complement			
Function-2 Delivery	Func-4 Customer Services		
FTR's <input type="text"/> PTR's <input type="text"/> PTF's <input type="text"/> T-6 <input type="text"/> Casuals <input type="text"/>	FTR's <input type="text"/> PTR's <input type="text"/> PTF's <input type="text"/> Casuals <input type="text"/> # Scheme Qualified <input type="text"/>	# of LDC-68 <input type="text"/> # of LDC-69 <input type="text"/>	
Time First Supervisor Reports	<input type="text" value="0:00"/>	Time First Employee Reports	<input type="text" value="0:00"/>

Route Information		
City Routes	Rural Routes	Highway Contract Routes
# Full-Time Rt's _____ # Auxiliary Rt's _____ TOTAL CITY RT'S <input type="text" value="0"/>	# Full-Time Rt's _____ # Auxiliary Rt's _____ TOTAL RURAL RT'S <input type="text" value="0"/>	 # of HCR RT'S <input type="text" value="0"/>
Carrier Start Times:		
1st Start Time	<input type="text" value="0:00"/>	2nd Start Time <input type="text" value="0:00"/>
* Carrier Start Times should not be any more than 30-minutes after AFSM-100 mail arrival		

Data Input by:	
Name: <input type="text"/>	Title: <input type="text"/>



AM-SOP

CERTIFICATION AUDIT

AUDITOR'S GUIDE

Certification Audit Instructions

1. This Certification Audit is a tool to determine the efficiency of a unit in five operational areas: Function-4 Customer Services Floor Layout & Case Configuration, Delivery & Plant Agreements, Volume Recording, Standard Operating Procedures, and DOIS / TACS. In order to obtain certification, the unit must successfully pass this audit.
2. Scoring. A minimum score of 95% must be achieved in order to obtain Certification.
3. Source, Support or Control Documents. A review of various DOIS reports will be necessary to answer the DOIS related questions; instructions for obtaining these documents are included at the end of the DOIS/TACS Section in this guide.
4. Conducting the Audit. First, complete the Office Profile Sheet. Identify a plant mail product by type and what time that product is scheduled to arrive (Example - AFSM 100 flats are scheduled to arrive at 7:00, enter AFSM 100 under Products and enter 7:00 in the corresponding Incoming Truck Arrival box). Next, use this guide to answer all the questions contained in the Certification Audit. Each primary question, in this guide, corresponds with the questions on the Certification Audit and includes sub-questions to further define each primary-question. A positive response is required for ALL sub-questions in order to answer Yes to the Certification Audit primary-questions. Once you have completed the audit, with the help of this guide, use the Response Entry Instructions (below) and enter your responses on the Certification Audit for each question.
5. Certification Audit Response Entry Instructions. Click the Certification Audit Button (Step 3), this option takes you to the Certification Audit. Enter the audit results by clicking the appropriate 'radio button' for each Certification Audit question. Once a response is clicked, a 'Yes' or 'No' response will appear to the right of each question. Target points for each question are shown to the right of the 'Yes' or 'No' question responses and the amount of points earned, for each question, appears to the right of the Target points.
6. After completing the Certification Audit, provide a copy of the completed audit to the respective Postmaster/Station Mgr, the respective MPOO/MCSO, and the MOPS for review.
7. If a unit fails the Certification Audit, a follow-up audit cannot be conducted for a period of two weeks. When the follow-up audit is conducted a complete new audit must be performed.

Function-4 Customer Services - Floor Layout - Case Configuration

Yes	No	Is the floor set up efficiently to allow for smooth mail-flow, and maximize observation by management in both delivery and mail processing?
		Is the Function-4 operation consolidated and is the breakdown and opening unit (located near the back of the building close to where the mail enters the building), minimizing movement of clerks and rolling stock from the dock to processing areas?
		Is the amount of Function-4 Manual Distribution equipment appropriate for the volume received. [FORMULA for distribution equipment needs: Use 12-month analysis letters and flats to obtain a daily average of each mail type. LETTERS - Daily Linear Foot Average divided by the office's FPH Expectation, divided by Window of Operation Hours = Number of Ltr Distribution Cases Required. FLATS: Daily Linear Foot Average divided by the office's FPH Expectation, divided by Window of Operation Hours = Number of Ltr Distribution Cases Required]
		Is the Letter and Flat distribution area centrally located for carrier to pull mail?
		Parcel Post (located for the carriers to pick up on the way out of the building)
		Are carrier withdrawals minimized? (ex. If rolling stock is available, is it utilized?)
		Are carriers using hampers for loading and transporting mail to dock/vehicles?
		Are aisles and pathways sufficient to handle employee traffic ?
		Are the carrier cases arranged in a manner to facilitate positive supervision?
		Is the supervisor's workstation located in an area that promotes positive supervision of both the Function-2 & 4 operations
		Comments _____

Yes	No	Is Function 4 distribution operations, including parcel post and SPR distribution, set up efficiently and effectively?
		Bundle distribution area configured to minimize clerk movement
		Are hampers used to distribute Parcels?
		Are SPRs separated from Parcel Post, by route, to eliminate carrier culling of Parcels to obtain SPRs
		Staging area for empty / outgoing equipment located in an area that facilitates easy movement on to the dispatch truck
		Is the Outgoing-mail staging area located in an area that facilitates easy carrier mail-deposits and easy movement on to the dispatch truck
		Registry/accountable section secured, and located in an area to facilitate easy access to carriers, minimizing carrier and/or clerk movement
		Hot case(s) labeled (or painted different color) for easy identification and located centrally for easy carrier access, minimizing carrier movement
		Throwback case(s) easily identified, labeled correctly (per Ref: M-39, Exhibit 126.13 & M-39 117.1.c&d), and centrally located for easy carrier access, minimizing carrier movement
		Is the amount of on-hand empty mail transportation equipment excessive for the unit's needs?
		Comments _____

Yes	No	Are labels removed from empty Flat Tubs and Letter Trays prior to dispatching to the Plant?
		Comments _____

Function-4 Customer Services - Floor Layout - Case Configuration, CONTINUED

Yes	No	Is DPS staged at the most ideal place within the unit and taken directly to the street?
		DPS Staging Area located near carrier exit or in the line of travel to exit door?
Comments _____		

Yes	No	Do supervisors have a clear line of sight to the EBR and workroom floor?
		Is the timeclock(s) located as close as possible to the exit door (or in line of travel to exit door), and allows the supervisor an unobstructed view of the timeclock(s)?
		Is the timeclock(s) area organized to prevent congestion at the timeclock(s)?
Comments _____		

Yes	No	Is all casing equipment in compliance with VFC-MOU and has all casing equipment been minimized?
		Review the volume of mail, and the amount of equipment used by each carrier in comparison to the actual needs. 'Is the amount of equipment excessive to the needs of the unit?
		Has the manager ensured that each carrier has the appropriate case configuration, including:
		- The necessary number of pieces of equipment
		- The layout of the pieces for efficient mail casing
		- The number of shelves
		- The layout of the separations on the shelves
		- The dividers used
Comments _____		

Yes	No	Are case labels, neat and orderly, and do they match the current AMS Edit sheets?
		Check dates on labels and verify against the Edit Books.
		Do the Class labels match the carriers' line of travel (check current 3999's) ?
		EES activated (Electronic Edit Sheet Program Activated in office)?
Comments _____		

Delivery - Plant Agreements

Yes	No	Does the unit have a contract with its processing plant?
		Does the mail arrival contract with the Plant identify the scheduled product of mail agreed upon for each individual trip?
		Is the product mail agreed upon, for each dispatch, conducive to unit's mail flow needs?
Comments _____		

Yes	No	Is the contact current and being followed?
		Does the supervisor track amount of volume received, by trip?
		If variance exist, does the supervisor take necessary action to address variances in the volume arrival agreement with the Plant?
		Is there a posted document of the truck schedules and the product of mail that should be on each truck ?
Comments _____		

Yes	No	Is there an established method of communication for reporting and resolving discrepancies?
		Does management provide necessary feedback to the Plant regarding agreement discrepancies?
Comments _____		

Yes	No	Does transportation arrive on-time 95% or better?
		Does the supervisor track dispatch arrival times?
		If variances exist, does the supervisor take necessary action to address arrival variances with Transportation?
Comments _____		

Yes	No	Does the unit receive a separate standard & preferential mail flow of flats from the plant?
		Check mail arrival documents
Comments _____		

Volume Recording

Yes	No	Is 80% of caseable mail available when carriers report?
		Does the amount of committed mail on the last trip allow the unit enough processing time to obtain the 80% threshold prior to carrier start times?
		Do clerk start times coincide with dispatch times, and the window of operation, to obtain the 80% threshold prior to carrier start times?
		Do carrier start times coincide with 80% of caseable mail being available at the carrier cases?
Comments _____		

Yes	No	Is NLM mail, and walk sequenced mailings, segregated from linear measured mail volume per M.I. PO-610-2000-1 (12-11-2000)?
		Has management established procedures for:
		- Staging committed linear counted mail at carrier cases and in distribution operations
		- Staging NLM at carrier cases and in distribution operations
		- Staging uncommitted mail at carrier cases and in distribution operations
		- Staging curtailed mail at carrier cases and in distribution operations
		- Backflowing uncommitted automation-compatible letters for DPS processing
		- Monitoring missorted and missent volumes in carrier and distribution operations and taking corrective action as necessary
Comments _____		

Yes	No	Does an observation and spot check of volume recording show accurate recording of caseable volume?
		Do supervisors correctly follow the Piece Count Recording System procedures, use a measuring device and a DCD when counting mail volume
		Do supervisors measure and track F4 workload
		Do supervisors ensure compliance with color-coding procedures
Comments _____		

Yes	No	Is DCD being used for volume recording?
		Do supervisors record caseable volumes, via the DCD, and upload the same in a timely manner to benefit from DOIS capabilities
Comments _____		

Yes	No	Is mail properly color coded?
		Do supervisors ensure compliance with color-coding procedures
		Does management have a current edition of the color coding policy from Web Advance?
		Do supervisors use color coded mails to effectively manage the workload / volumes
Comments _____		

Standard Operating Procedures

Yes	No	Is a current Carrier SOP, posted in the unit, placed in the route books, clearly understood and followed by the carriers?
		Do supervisors monitor compliance with the Carriers' Standard Operating Procedure for AM and PM work, and take corrective action to address non-compliance
		Do supervisors appropriately match carrier workhours to workload
		Do carriers take DPS mail directly to the street
		Do carriers take Walk-Sequenced bundles directly to the street
Comments _____		

Yes	No	Does the supervisor (management) have and use a SOP or sequence of events?
		Review daily checklists for compliance to sequence of events
		Does management have a process for managing the maintenance of Route Books (especially 1564A and 1564B) and the route cards posted at each route
		Does management have and use a HOT CASE SOP and use HOT Case cards to ensure all HOT Case mail is distributed and delivered daily
		Does management oversee the vehicle loading process each day
		Does management have a schedule for conducting street management that results in a complete and accurate PS Form 3999 for each route on an annual basis
		Does management adjust DOIS base street times and MSP data points, when appropriate
		Does management track route street times and MSP reports each day, and address overruns with carriers
		Does management track route mileages each day and address overruns with carriers
		Does management have an effective process for managing the maintenance of Edit Books
		Has management documented employee expectations and performance through the proper use of control forms including, but not limited to PS Forms 1017A&B, 1571, 1813, 2432, 3974, 3996, etc.?
Comments _____		

Yes	No	Prior to the carriers begin tour, are carrier case ledges loaded with flat mail in such a manner so as not to restrict the carriers' casing ability and maximize mail on the ledge?
		Do supervisors monitor the placement of mail at carrier cases and in distribution operations each day and take corrective action to address variances with the established procedures
Comments _____		

Yes	No	Are carriers supervised/observed during the clocking-in period before reporting to case?
		Do supervisors secure timecards/badges until 5-minutes prior and after 5-minutes after clerk and carrier reporting times
		Do supervisors monitor employees as they report to work
		Has management prominently posted the scheduled begin and end times in each operational work area
		Has management prominently posted Standard Operating Procedures for carrier in-office AM and PM work, and clerk work, that comports with the Unit Operating Plan
		Do supervisors monitor compliance with Standard Operating Procedures for carrier AM and PM work, and clerk work, and take corrective action to address non-compliance
		Do employees immediately start working after clocking-in (start casing mail, vehicle inspections, etc.), as opposed to storing belongings in lockers, getting coffee, bathroom, etc.?
Comments _____		

--

DOIS / TACS

Yes	No	Are clock ring discrepancies minimized and corrected daily and timely to ensure that the appropriate amount of time is allocated to the correct LDC's and to the correct route?
		Do supervisors use TACS to monitor clock rings and take corrective action to address:
		- Absences
		- Tardiness
		- Clock-ring errors
		Do supervisors use TACS to charge the correct amount of workhours to the respective LDC's / route
		Do supervisors ensure that the proper amount of time is charged to Operation 354 when carriers are waiting for mail due to dispatch problems
		Do supervisors accurately complete and properly use PS Forms 1017 A & B?
Comments _____		

Are the following DOIS Performance Reports printed and utilized to conduct performance discussions:		
Yes	No	A. Unit Feedback Report
		Does management use the 'Usage', 'Quality Practice', and 'Effectiveness' information, contained in the Unit Feedback Report, to positively affect unit performance
		B. Route / Carrier Daily Performance Report Does management use this report to discuss carrier performance and to ensure DOIS information has been correctly entered
		C. Unit Daily Performance Report Does management use the information, contained in the Unit Daily Performance Report, to ensure F2 decisions have positively affected the operation
		D. 1813 – Late Leaving/Returning Report Does management use the information, contained in the 1813 - Late Leaving/Returning report, to identify and address the unauthorized use of straight-time and overtime
		E. MSP Route Report Does management use the information, contained in the MSP Route Report, to identify and address carrier street performance and street time variances
		F. MSP Route Overview Report Does management use the information, contained in the MSP Route Overview Report, to identify and address carrier missed scans and street time variance
Comments _____		

Yes	No	Does management properly utilize the DOIS Workload Status Report in their daily planning and decision making?
		Is management properly balancing carrier workhours to workload
		Does the Unit Feedback Report, on a consistent basis, show that the DOIS Workload Status Report has been pulled no later than the start time of a majority of the carriers?
Comments _____		

DOIS / TACS - CONTINUED

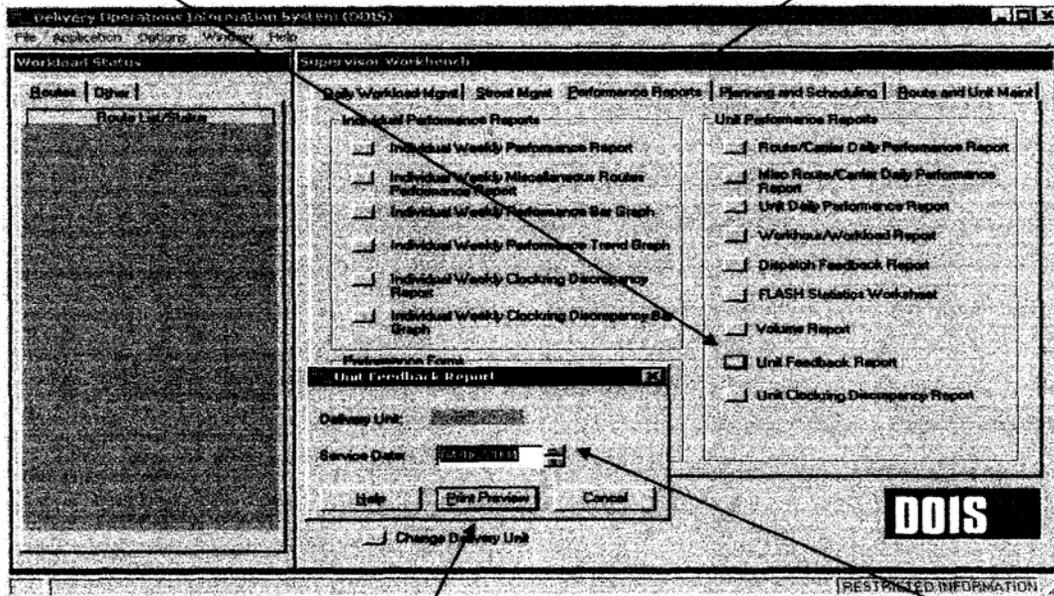
Yes	No	Are PS Forms 3996 controlled by the supervisor and filled out correctly by both the carrier and supervisor?
		Do the completed PS Forms 3996 contain management expectations with respect to carrier assistance requests
Comments _____		

Yes	No	Is the DOIS Route Base Information accurate?
		Has management updated DOIS base volume, office time, street time, and other essential data collected from, but not limited to:
		- PS Forms 1838C
		- PS Forms 3999
		- AVUS
		- Route Inspection Data
		- Minor Route Adjustments
Comments _____		

Yes	No	Have pivot plans been updated to match the current PS Form 3999 information and does it match MSP data?

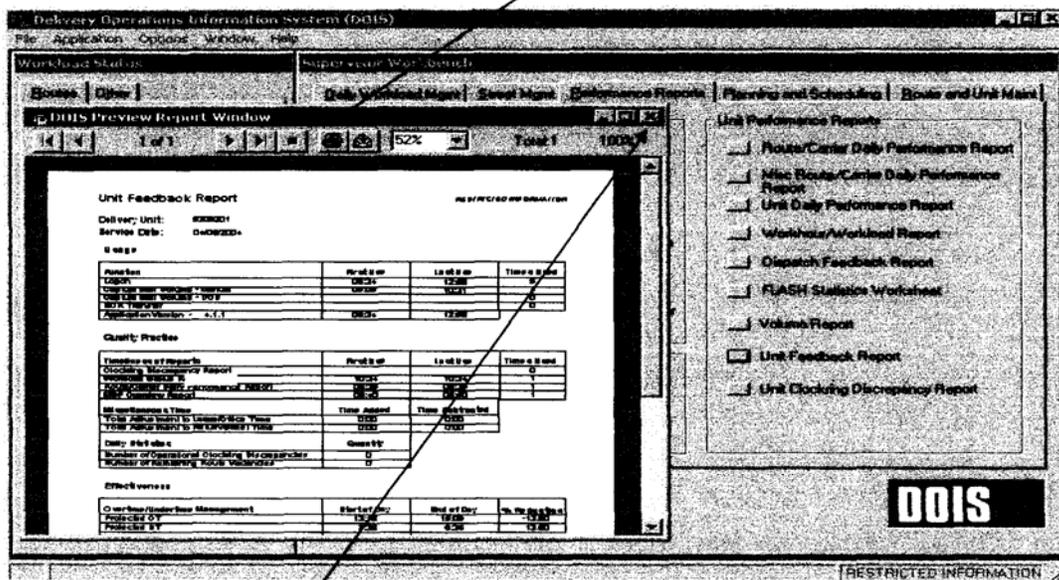
DOIS Reports

Unit Feedback Report. At the DOIS Supervisor Workbench, Click on the Performance Reports tab, then click the Unit Feedback Report button.



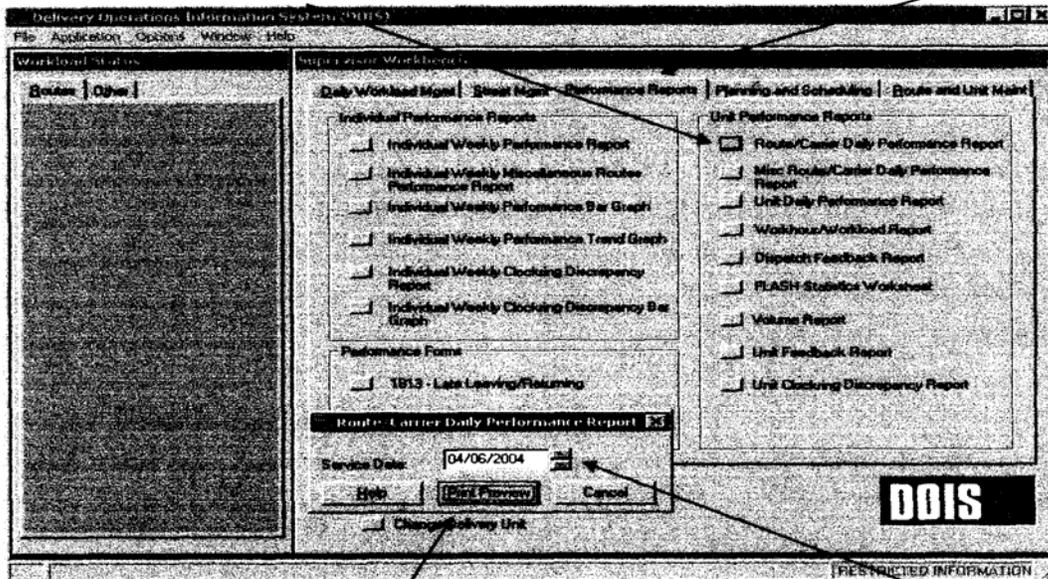
A Print Preview pop-up window will appear, ensure that the correct date is selected by clicking the 'spin box' arrows to obtain the desired date & click the Print Preview button.

The DOIS Preview Report Window will appear, click the Print button.



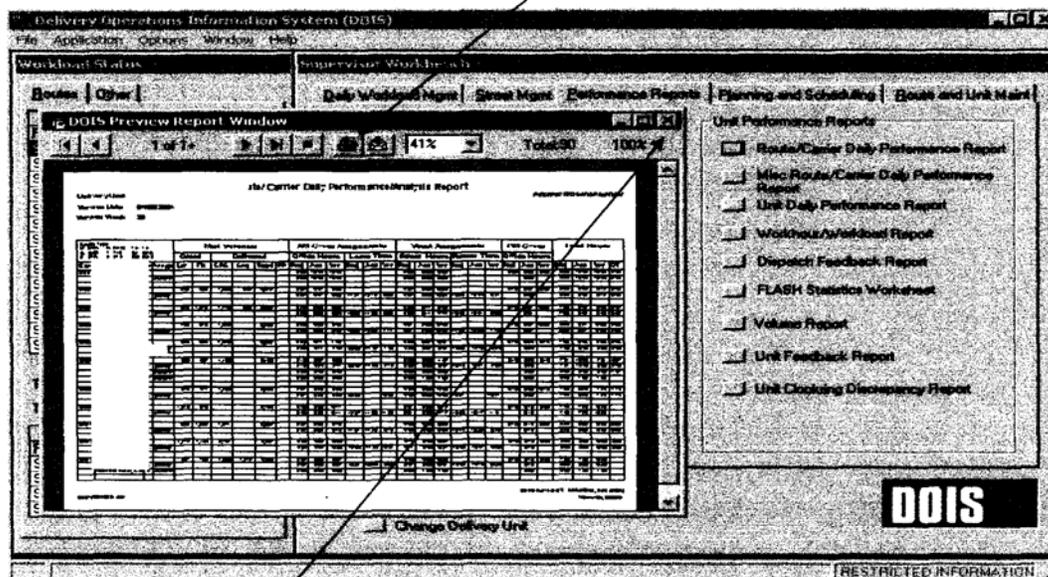
After the report prints, click the 'X' to close the report window.

Route / Carrier Daily Performance Report. At the DOIS Supervisor Workbench, Click on the Performance Reports tab, then click the Route / Carrier Daily Performance Report button.



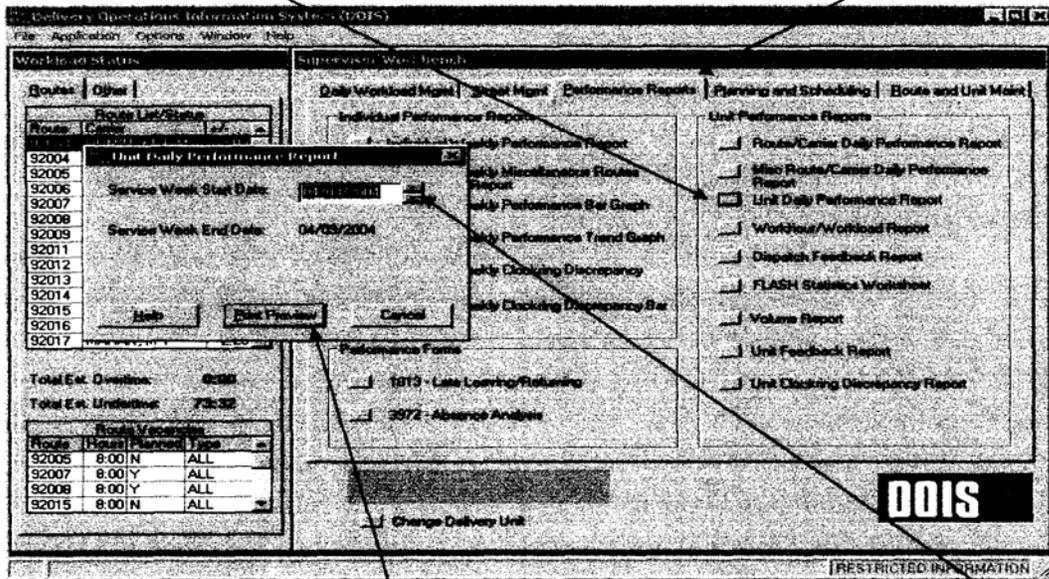
A Print Preview pop-up window will appear, ensure that the correct date is selected by clicking the 'spin box' arrows to obtain the desired date & click the Print Preview button.

The DOIS Preview Report Window will appear, click the Print button.



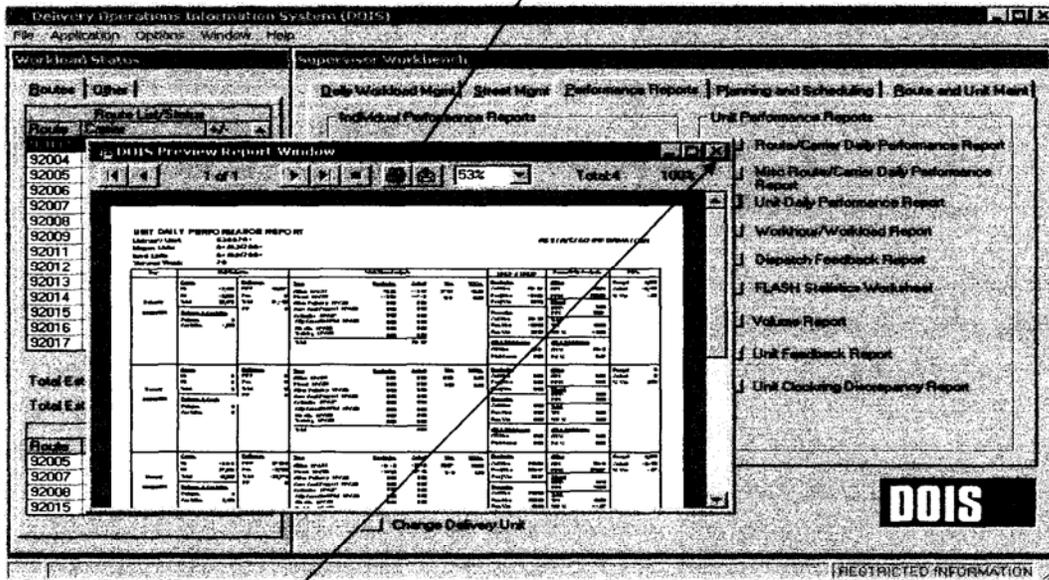
After the report prints, click the 'X' to close the report window.

Unit Daily Performance Report. At the DOIS Supervisor Workbench, Click on the Performance Reports tab, then click the Unit Daily Performance Report button.



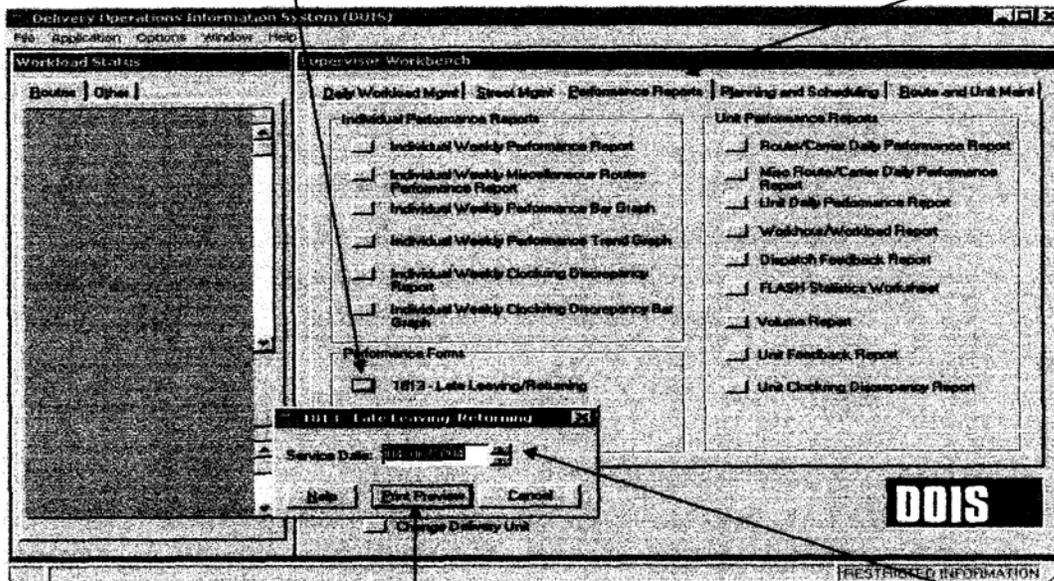
A Print Preview pop-up window will appear, ensure that the correct date is selected by clicking the 'spin box' arrows to obtain the desired date & click the Print Preview button.

The DOIS Preview Report Window will appear, click the Print button.



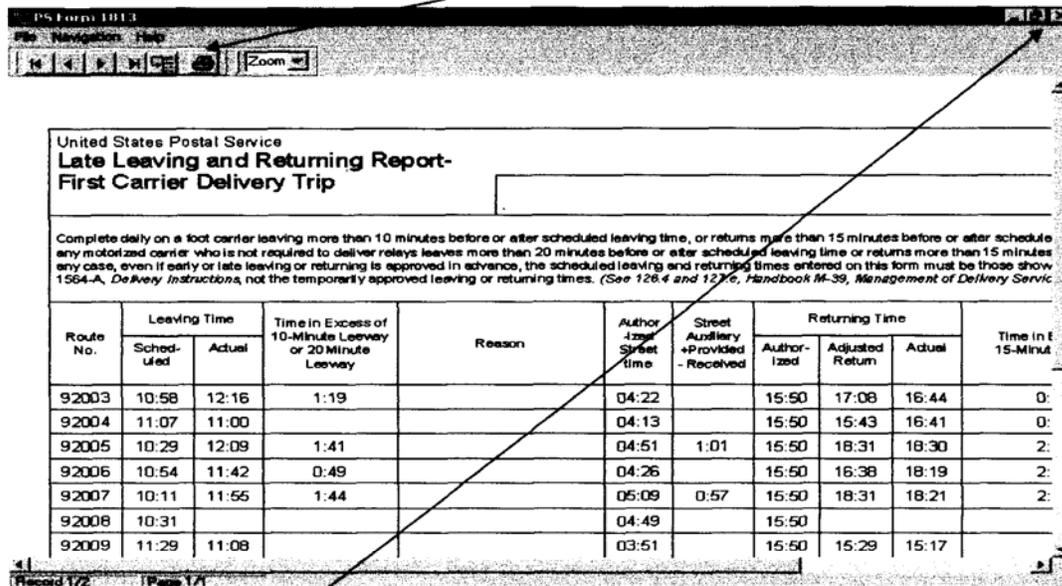
After the report prints, click the 'X' to close the report window.

1813 - Late Leaving/Returning Report. At the DOIS Supervisor Workbench, Click on the Performance Reports tab, then click the 1813 - Late Leaving/Returning Report button.



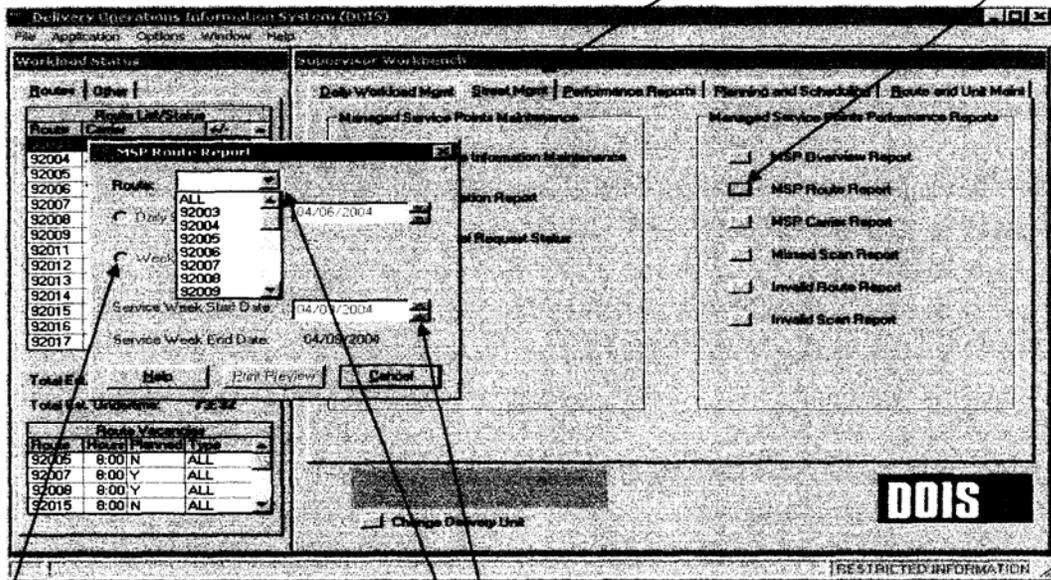
A Print Preview pop-up window will appear, ensure that the correct date is selected by clicking the 'spin box' arrows to obtain the desired date & click the Print Preview button.

The PS Form 1813 Window will appear, click the Print button.



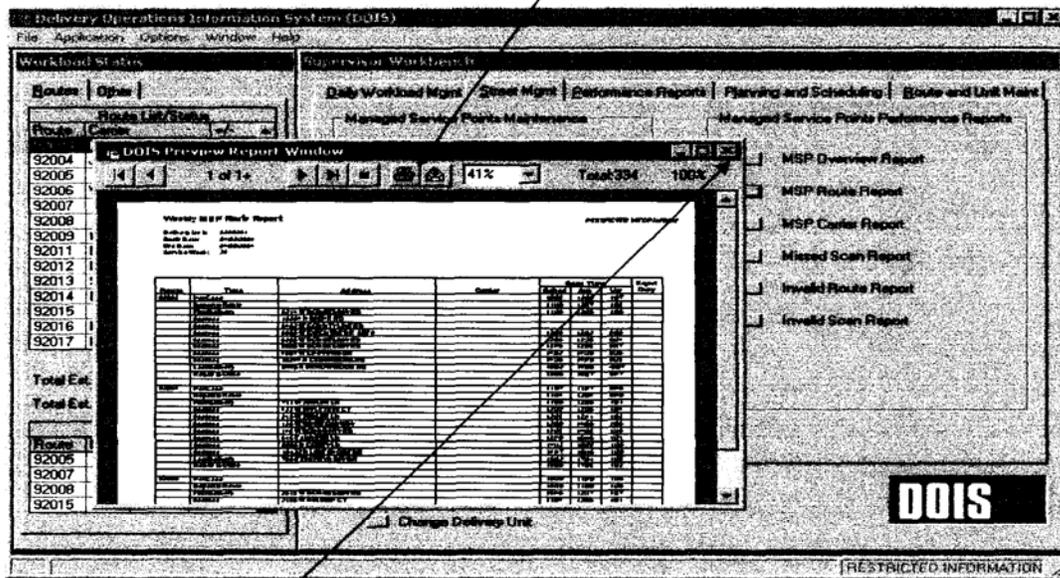
After the report prints, click the 'X' to close the report window.

MSP Route Report. At the DOIS Supervisor Workbench, Click on the Street Mgmt tab, then click the MSP Route Report button.



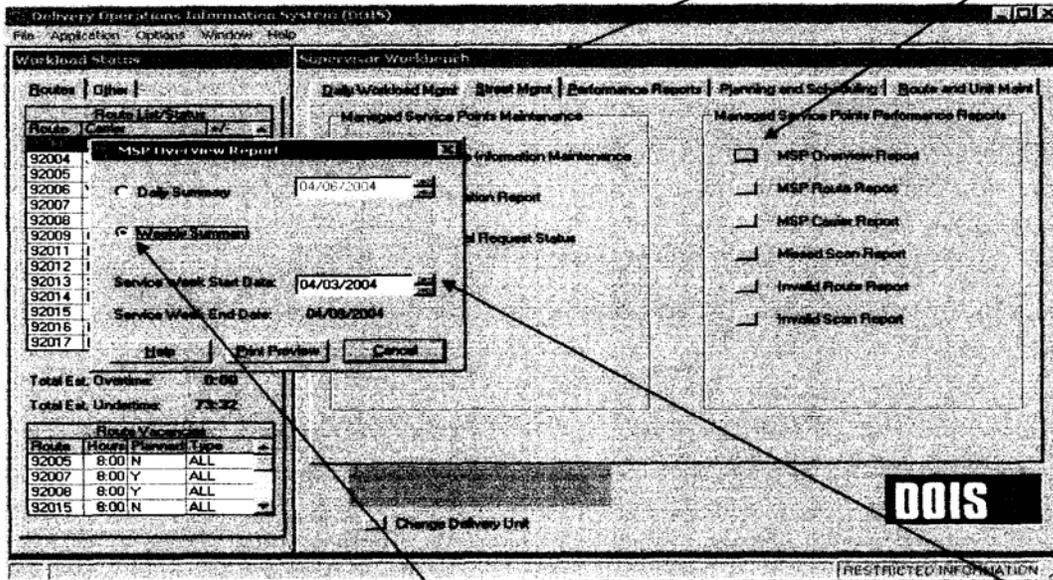
A Print Preview pop-up window will appear, select ALL by clicking the arrow on the pulldown list. Then click the Weekly radio button, and select a week by clicking the 'spin box' arrows to obtain the desired date & click the Print Preview button.

The MSP Route Report Window will appear, click the Print button.



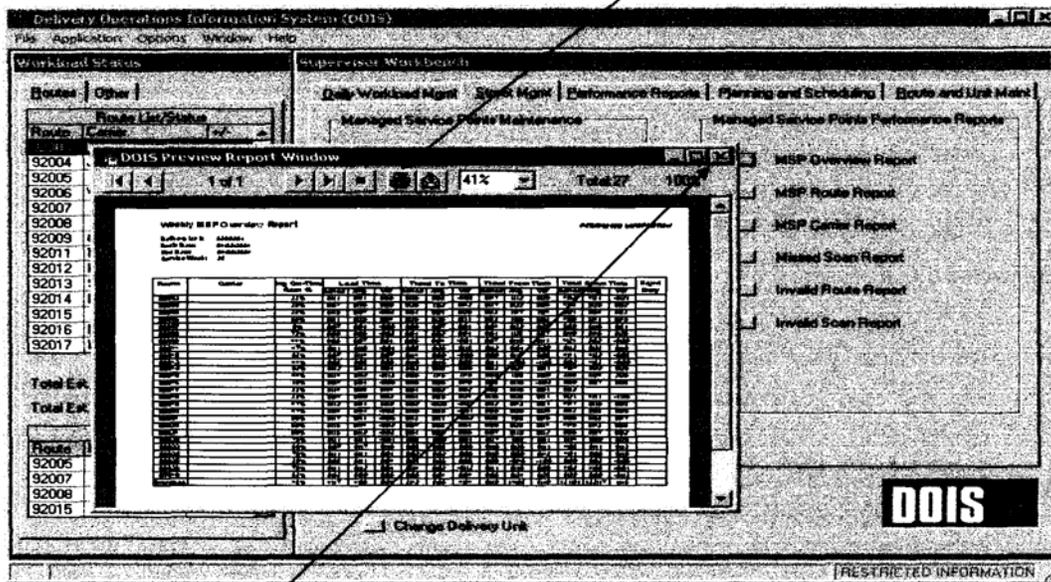
After the report prints, click the 'X' to close the report window.

MSP Route Overview Report. At the DOIS Supervisor Workbench, Click on the Street Mgmt tab, then click the MSP Route Overview Report button.



At the Print Preview pop-up window, click the Weekly Summary radio button, and select a week by clicking the 'spin box' arrows to obtain the desired date & click the Print Preview button.

The MSP Route Overview Report Window will appear, click the Print button.



After the report prints, click the 'X' to close the report window.

Exit the DOIS Application.

AM-SOP Certification Audit

FUNCTION-4 CUSTOMER SERVICES - FLOOR LAYOUT – CASE CONFIGURATION					
Is the floor set up efficiently to allow for smooth mail-flow, and maximize observation by management in both delivery and mail processing?	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 50%; text-align: center;">TARGET</th> <th style="width: 50%; text-align: center;">EARNED</th> </tr> <tr> <td style="text-align: center;">5</td> <td style="text-align: center;">0</td> </tr> </table>	TARGET	EARNED	5	0
TARGET	EARNED				
5	0				
Is Function 4 distribution operations, including parcel post and SPR distribution, set up efficiently and effectively?	NO <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="text-align: center;">5</td><td style="text-align: center;">0</td></tr></table>	5	0		
5	0				
Are labels removed from empty Flat Trays and Letter Trays prior to dispatching to the Plant?	NO <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="text-align: center;">5</td><td style="text-align: center;">0</td></tr></table>	5	0		
5	0				
Is DPS staged at the most ideal place within the unit and taken directly to the street?	NO <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="text-align: center;">2</td><td style="text-align: center;">0</td></tr></table>	2	0		
2	0				
Do supervisors have a clear line of sight to the EBR and workroom floor?	NO <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="text-align: center;">5</td><td style="text-align: center;">0</td></tr></table>	5	0		
5	0				
Is all casing equipment in compliance with VFC-MOU and has all casing equipment been minimized?	NO <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="text-align: center;">5</td><td style="text-align: center;">0</td></tr></table>	5	0		
5	0				
Are case labels, neat and orderly, and do they match the current AMS Edit sheets?	NO <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="text-align: center;">3</td><td style="text-align: center;">0</td></tr></table>	3	0		
3	0				

AM-SOP Certification Audit

DELIVERY – PLANT AGREEMENTS

Does the unit have a contract with its processing plant?	NO	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 50%;">TARGET</th> <th style="width: 50%;">EARNED</th> </tr> <tr> <td style="text-align: center;">5</td> <td style="text-align: center;">0</td> </tr> </table>	TARGET	EARNED	5	0
TARGET	EARNED					
5	0					
Is the contract current and being followed?	NO	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 50%;">TARGET</th> <th style="width: 50%;">EARNED</th> </tr> <tr> <td style="text-align: center;">5</td> <td style="text-align: center;">0</td> </tr> </table>	TARGET	EARNED	5	0
TARGET	EARNED					
5	0					
Is there an established method of communication for reporting and resolving discrepancies?	NO	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 50%;">TARGET</th> <th style="width: 50%;">EARNED</th> </tr> <tr> <td style="text-align: center;">5</td> <td style="text-align: center;">0</td> </tr> </table>	TARGET	EARNED	5	0
TARGET	EARNED					
5	0					
Does transportation arrive on-time 95% or better?	NO	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 50%;">TARGET</th> <th style="width: 50%;">EARNED</th> </tr> <tr> <td style="text-align: center;">3</td> <td style="text-align: center;">0</td> </tr> </table>	TARGET	EARNED	3	0
TARGET	EARNED					
3	0					
Does the unit receive a separate standard & preferential mail flow of flats from the plant?	NO	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 50%;">TARGET</th> <th style="width: 50%;">EARNED</th> </tr> <tr> <td style="text-align: center;">3</td> <td style="text-align: center;">0</td> </tr> </table>	TARGET	EARNED	3	0
TARGET	EARNED					
3	0					

VOLUME RECORDING

Is 80% of caseable mail available when carriers report?	NO	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 50%;">TARGET</th> <th style="width: 50%;">EARNED</th> </tr> <tr> <td style="text-align: center;">5</td> <td style="text-align: center;">0</td> </tr> </table>	TARGET	EARNED	5	0
TARGET	EARNED					
5	0					
Is NLM mail, and walk sequenced mailings, segregated from linear measured mail volume per M.L. PO-610-2000-1 (12-11-2000)?	NO	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 50%;">TARGET</th> <th style="width: 50%;">EARNED</th> </tr> <tr> <td style="text-align: center;">5</td> <td style="text-align: center;">0</td> </tr> </table>	TARGET	EARNED	5	0
TARGET	EARNED					
5	0					
Does an observation and spot check of volume recording show accurate recording of caseable volume?	NO	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 50%;">TARGET</th> <th style="width: 50%;">EARNED</th> </tr> <tr> <td style="text-align: center;">5</td> <td style="text-align: center;">0</td> </tr> </table>	TARGET	EARNED	5	0
TARGET	EARNED					
5	0					
Is DCD being used for volume recording?	NO	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 50%;">TARGET</th> <th style="width: 50%;">EARNED</th> </tr> <tr> <td style="text-align: center;">3</td> <td style="text-align: center;">0</td> </tr> </table>	TARGET	EARNED	3	0
TARGET	EARNED					
3	0					
Is mail properly color coded?	NO	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 50%;">TARGET</th> <th style="width: 50%;">EARNED</th> </tr> <tr> <td style="text-align: center;">3</td> <td style="text-align: center;">0</td> </tr> </table>	TARGET	EARNED	3	0
TARGET	EARNED					
3	0					

AM-SOP Certification Audit

STANDARD OPERATING PROCEDURES

Is a current Carrier SOP, posted in the unit, placed in the route books, clearly understood and followed by the carriers?	NO	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="text-align: left;">TARGET</th> <th style="text-align: left;">EARNED</th> </tr> <tr> <td style="text-align: center;">5</td> <td style="text-align: center;">0</td> </tr> </table>	TARGET	EARNED	5	0
TARGET	EARNED					
5	0					
Does the supervisor (management) have and use a SOP or sequence of events?	NO	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="text-align: left;">TARGET</th> <th style="text-align: left;">EARNED</th> </tr> <tr> <td style="text-align: center;">5</td> <td style="text-align: center;">0</td> </tr> </table>	TARGET	EARNED	5	0
TARGET	EARNED					
5	0					
Prior to the carriers begin tour, are carrier case ledges loaded with flat mail in such a manner so as not to restrict the carriers' casing ability and maximize mail on the ledge?	NO	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="text-align: left;">TARGET</th> <th style="text-align: left;">EARNED</th> </tr> <tr> <td style="text-align: center;">5</td> <td style="text-align: center;">0</td> </tr> </table>	TARGET	EARNED	5	0
TARGET	EARNED					
5	0					
Are carriers supervised/observed during the clocking-in period before reporting to case?	NO	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="text-align: left;">TARGET</th> <th style="text-align: left;">EARNED</th> </tr> <tr> <td style="text-align: center;">3</td> <td style="text-align: center;">0</td> </tr> </table>	TARGET	EARNED	3	0
TARGET	EARNED					
3	0					

DOIS/TACS

Are clock ring discrepancies minimized and corrected daily and timely to ensure that the appropriate amount of time is allocated to the correct LDC's and to the correct route?	NO	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="text-align: left;">TARGET</th> <th style="text-align: left;">EARNED</th> </tr> <tr> <td style="text-align: center;">5</td> <td style="text-align: center;">0</td> </tr> </table>	TARGET	EARNED	5	0
TARGET	EARNED					
5	0					
Are the following DOIS Performance Reports printed and utilized to conduct performance discussions:						
A. Unit Feedback Report	NO	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="text-align: left;">TARGET</th> <th style="text-align: left;">EARNED</th> </tr> <tr> <td style="text-align: center;">5</td> <td style="text-align: center;">0</td> </tr> </table>	TARGET	EARNED	5	0
TARGET	EARNED					
5	0					
B. Route / Carrier Daily Performance Report	NO					
C. Unit Daily Performance Report	NO					
D. 1813 – Late Leaving/Returning Report	NO					
E. MSP Route Report	NO					
F. MSP Route Overview Report	NO					

AM-SOP Certification Audit

DOIS/TACS - Continued

Does management properly utilize the DOIS Workload Status Report in their daily planning and decision making?	NO		5		0
Are PS Forms 3996 controlled by the supervisor and filled out correctly by both the carrier and supervisor?	NO		5		0
Is the DOIS Route Base Information accurate?	NO		5		0
Have pivot plans been updated to match the current PS Form 3999 information and does it match MSP data?	NO		5		0

POSTMASTER



EXHIBIT 4

Date: October 21, 2004

Subject: Daily Communication Meeting – Processing & Distribution

Purpose: The seven Processing and Distribution Centers/Facilities in the Rio Grande District hold a daily communications meeting to review, assess, and resolve issues and concerns regarding service, product quality, and transportation. The Delivery/Customer Services Functions have a standing invitation to participate in this Daily Communications Meeting.

Frequency: Daily

Time: 0930

Telephone: 1.877.691.8628

Passcode: 811526#

The above information has been provided to every Station Manager to ensure specific issues and concerns requiring immediate attention are provided to the Senior P & D Staff for resolution.

R. A. LARIOS, Sr.
Postmaster

10410 PERRIN BEITEL RD
SAN ANTONIO TX, 78284-9998
(210) 368-8583
Fax: (210) 368-8477

EXHIBIT 5

OVERVIEW OF DELIVERY SYMPOSIUM

To improve the development of a standard approach for delivery management, Delivery Symposiums are scheduled to provide guidance to managers and supervisors on organizational policies and procedures applicable for successful station operations with the greatest emphasis on city delivery.

The Symposiums support Southwest Area initiatives in management maintenance and are instrumental for communicating and establishing concise and consistent messaging to managers.

Divided into sessions which summarize daily action items, programs and plays, each session provides an assessment of procedures on such pertinent topics as, AM SOP, DOIS, Office Management, Street (Observation) Management and DPS.

The objective of the symposium is to concentrate efforts in streamlining and standardizing processes ensuring consistency in running SWA Management Plays in each office.

The following is an overview of the individual modules.

AM SOP

Adjusting for continuous volume decline

Increase in DPS mail

Abatement of failure to capture undertime in the office/DOIS Actual to Projected

Stopping the decline of SEI/Increased usage of street hours

Standardization of Best Practices

Consistency

Transformation Plan Requirements

Module 2

DOIS

DOIS provides USPS delivery operations improved delivery unit management information on-line, reducing redundant data entry tasks. The system improves processing time required to analyze route inspection information and perform route adjustments. DOIS prompts the supervisor to use data to make decisions, matching workload with available resources, consistent time of day delivery, and route adjustments.

Workbench Overview

Office Management

Street Management

Performance Reports

Base Management

DOIS Support

Module 3

Daily Management

Supervisor's primary role and reason for existence: Match Work Hours to Workload

Preparation/AM Standardization

Prioritization/The supervisor must focus only on those duties that pertain directly to matching workhours to workload.

Module 4

Street Management

Scheduling

Objectives

Tools

Documentation

Module 5

DPS Improvement

Importance of capturing all DPS mail

Less office time leads to consistent delivery

Return on Investment for Automation equipment

Reduction in route structures

Southwest Area
Delivery Programs

EXHIBIT 6



**SW AREA STREET
MANAGEMENT
GUIDELINES
MAY 2004**

**United States Postal Service
Operations Programs Support
SW AREA**

Southwest Area
Delivery Programs

Table of Contents

1. Introduction
2. Street Management Objectives
3. Street Management Scheduling
4. Street management Tools
5. Street Management Documentation



 Southwest Area
Delivery Programs

1 INTRODUCTION

These guidelines will replace any established District Street Management procedures. All delivery units will use the following process to schedule city carriers for mandatory street supervision. Based on individual performance, delivery growth, etc., additional street management may be necessary. Compliance with these requirements will be monitored by District and Area operations program support staff.

These guidelines will detail the weekly requirement for street management by the manager and explain the management tools used to determine the area of focus.

Per the M-39, Section 134.11, "Street Management is a natural extension of office management. All Carriers are to be notified to expect daily supervision on the street just as they receive daily supervision in the office...." Advance notification to the carrier of street supervision is not required.

2 STREET MANAGEMENT OBJECTIVES

Accompanying carriers on the street is an essential responsibility of management and one of the manager's most important duties. Managers should act promptly to correct improper conditions. The main objectives of street management fall into the following categories:

2.1 Employee Safety – (Consider the following):

- Vehicle Loading Procedures
- Lifting Techniques
- Vehicle Operations
- Fingering Mail
- Walking on Sidewalks
- Walking up or Down Steps
- Crossing Streets
- Collection Mail from Receptacles

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- Delivering Parcel Post or Relays
- Bad Dog/Animal Locations

2.2 Delivery Efficiency/Carrier Work Methods – (Consider the following):

- Carrier Loading Time?
- Travel to the First Delivery?
- Travel to and from Lunch?
- Travel from the Last Delivery?
- Daily Mileage?
- Fingering mail when it's safe to do so?
- Protecting all Mail?
- Taking all possible short cuts that do not present a safety hazard?
- Following the authorized line of travel? Is it efficient
- Not retracing excessively as a result of casing errors?
- Properly utilizing equipment?
- Depositing all letter and flat mail in one motion when reaching the delivery point?
- Presenting a good image?
- Providing efficient and courteous service?
- Following established park point, relay and delivery patterns?
- Reporting growth on PS Form 1621/edit book as it occurs?
- Are Business deliveries being made first?

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- Are Carriers depositing mail in arterial boxes for early collection where applicable?
- Are all MSP street scans being made?

2.3 Route Maintenance – (Consider the following):

- Are apartment dwellings with 15 or more apartments maintaining directories?
- Are apartment mail receptacles identified with apartment numbers or letters?
- Do single and multi-family homes and buildings have serviceable receptacles and display house numbers?
- Is there growth in the delivery area? If so, which routes will be affected?
- How will any growth be handled?
- Are collections and/or relay boxes in good repair?
- Does street verification indicate AMS records are accurate?

3 STREET MANAGEMENT SCHEDULING

Employees will be scheduled in one of four categories for street management activities. A review to determine placement in these categories will be made quarterly.

3.1 CATEGORY 1

CARRIERS ON TOP OPPORTUNITY ROUTES

Use the SW Area model to identify top opportunity routes in each delivery unit. The model ranks the routes within the office to determine the 10 percent of routes with the most opportunity for improvement. This computerized model is available from the District Operations Program Support Office. For example, in a unit with 30 routes, 3

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routes will be identified as opportunity routes. The Regular carriers on these routes will be given street supervision. The routes are identified by ranking performance in the following categories.

- The Variance of DOIS Actual Route Hours Vs. DOIS Base Route Hours
- The Variance of DOIS Actual Route TEI vs. DOIS Base Route TEI
- The Unjustified OT Hours from a F2B Audit or OT Replacement from the SW Area model.

The routes identified by this model will be scheduled for weekly street supervision. A minimum of 1 hour segments will be conducted during street supervision with the understanding that a full PS form 3999 must be completed on each route by the end of the fiscal year.

3.2 CATEGORY 2
CARRIERS WITH VARIANCE TO BASE

Using the SW Area model identify the next 25% of the carriers in the unit, excluding any carriers identified in Category 1. The carriers are identified by ranking performance in the following categories:

- The Variance of DOIS Actual Street Hours Vs. DOIS Base Street Hours
- The variance of DOIS Actual SEI Vs. DOIS Base SEI

The carriers identified by this model will be scheduled for quarterly street supervision. Approximately one third of these carriers must be scheduled each month to ensure requirement compliance.

A minimum of 1 hour segments will be conducted during street supervision with the understanding that a full PS form 3999 must be completed on each route by the end of the fiscal year.

3.3 CATEGORY 3
CASUALS / NEW HIRES (Probationary Employees)

Street supervision will be conducted weekly on these employees during the first 30 days and bi-weekly during the next 60 days of employment.

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A minimum of 1 hour segments will be conducted during street supervision with the understanding that a full PS form 3999 must be completed on each route by the end of the fiscal year.

3.4 CATEGORY 4

ALL OTHER CARRIERS

The remaining carriers in the unit will be scheduled for semi-annual street supervision.

A minimum of 1 hour segments will be conducted during street supervision with the understanding that a full PS form 3999 must be completed on each route by the end of the fiscal year.

4 STREET MANAGEMENT TOOLS

4.1 SOUTHWEST AREA OPPORTUNITY MODELS

The Southwest Area Opportunity models are available at <http://sntotxws228/swaapps/ops/Delivery/TenPercenters.asp>. These models will be updated each quarter and identifies the TOP 10 Opportunity routes (Category 1) and Routes with Variances (Category 2).

4.2 MANAGED SERVICE POINT (MSP) INFORMATION

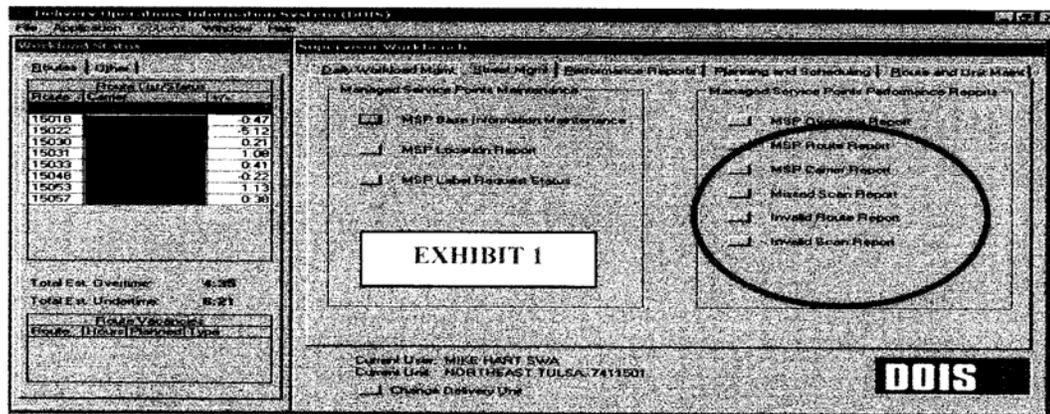
Managed Service Points (MSP) information will be used as a tool for monitoring street performance as well as determining the sequence of priority for street supervision for each opportunity route. Management must ensure that all information in MSP reflects the current carrier schedule.

MSP reports are accessed through DOIS under the STREET MANAGEMENT tab. (Exhibit 1) The MSP Overview Report (Exhibit 2) will identify interval variances in load, travel to and travel from times. The MSP Carrier Report (Exhibit 3) will identify variances in lunch times. The lunch time is represented by the difference between the scans for the last delivery before and the first delivery after lunch.

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Use the information from these reports to prioritize the street management area of concern. If these reports reveal a concern about carrier load time, the supervisor will observe the carrier loading procedures, recording the time taken and any comments. If these reports reveal a concern about travel to the first delivery and/or travel from the last delivery the manager will observe the carrier from the delivery unit to the first delivery, and/or from the last delivery to the delivery unit recording the time and any comments. If these reports reveal a concern about lunch segments, the supervisor will observe the carrier from the last delivery prior to lunch and back to the first delivery after lunch, recording the time and any comments.

For example, in the MSP overview report below (Exhibit 2) route 15036 is identified as a Category 1 opportunity route by the SW Area model. For the period reviewed the average load time is 16 minutes greater than the scheduled time. For this route, the first street supervision should focus on loading time. A review of Exhibit 3 shows no significant variance in the lunch interval, therefore street management of this segment would not be necessary.



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MSP Overview Report Identifies Load and Travel to/From Variances:

Weekly MSP Overview Report RESTRICTED INFORMATION

Delivery Unit: 7411501
Begin Date: 01/03/2004
End Date: 01/09/2004
Service Week: 15

EXHIBIT 2

Route	Carrier	Avg On-Time Scan %	Load Time			Travel To Time			Travel From Time			Total Street Time			Key Entry
			Sched	Avg	Var	Sched	Avg	Var	Sched	Avg	Var	Sched	Avg	Var	
15001		79%	0:04	0:02	0:08	0:08	0:08	0:00	0:43	0:46	0:03	6:50	7:23	0:33	
15002		40%	0:11	0:08	-0:04	0:10	0:09	0:10	0:38	0:11	-0:27	7:17	7:43	0:16	
15015		64%	0:04	0:08	0:06	0:06	0:08	0:03	0:36	0:10	-0:26	6:39	7:08	0:29	
15017		58%	0:06	0:08	0:03	0:10	0:41	0:22	0:36	0:31	-0:02	6:30	6:08	1:08	
15018		23%	0:10	1:06	1:17	0:07	-0:06	-1:13	0:32	-1:51	-2:26	6:17	5:43	-0:36	
15022		83%	0:07	0:25	0:18	0:06	0:08	0:02	0:37	0:01	-0:31	6:02	6:38	0:34	
15023		69%	0:14	0:12	-0:02	0:01	0:05	0:04	0:46	0:21	-0:20	6:39	7:50	0:54	
15030		49%	0:00	0:16	0:16	0:04	0:08	0:04	0:43			7:09	7:15	0:12	
15031		16%	0:04			0:02			0:40	-3:28	-4:01	7:32	5:45	-1:17	
15032		72%	0:06	0:07	0:01	0:07	0:13	0:06	0:36	0:01	-0:26	6:36	6:47	0:11	
15033		33%	0:07	0:08	0:01	0:07	0:16	0:08	0:40	0:22	-0:19	6:33	7:06	0:52	
15035		75%	0:04	0:08	0:05	0:07	0:05	-0:01	0:41	0:56	0:15	6:35	6:08	1:31	
15036		61%	0:07	0:09	0:16	0:08	0:10	0:11	0:43	-1:11	-1:53	6:23	7:36	1:11	
15037		38%	0:10	0:01	-0:01	0:10	0:10	0:07	0:37	0:13	-0:23	6:10	6:02	0:52	
15041		37%	0:08			0:10			0:37			6:51			
15048		34%	0:08	0:16	0:07	0:07	0:10	0:03	0:38	0:29	-0:10	6:20	6:39	-0:41	
15053		66%	0:06	0:08	0:04	0:08	0:13	0:04	0:32			6:29	6:57	0:28	

MSP Carrier Report identifies Lunch Variances:

MSP Carrier Report RESTRICTED INFORMATION

Delivery Unit: 7411501
Service Date: 1/9/2004
Service Week: 15

EXHIBIT 3

Carrier	Route	Type	Address	Scan Time				Interval			Key Entry
				Adj Sched	Sched	Act	Var to Sched	Adj Sched	Act	Var to Adj Sched	
JOHNSTON, G V	08016	Hot Case		8:38	9:07	8:29	-0:36				
	08016	Depart to Route		8:47	9:17	8:52	-0:25	0:10	0:22	0:13	
	08016	First Delivery	6912 NW 23RD ST	8:59	9:34	9:05	-0:29	0:12	0:17	0:01	
	08016	Address	6841 NW 22ND ST	13:56	14:31	13:58	-0:33	4:36	4:53	-0:04	
	08016	Address	6901 NW 22ND ST	14:26	15:01	14:29	-0:31	0:30	0:32	0:02	
	08016	Last Delivery	2224 N BEAVER AVE	14:34	15:09	14:40	-0:29	0:08	0:11	0:02	
	08016	Returns to Office		15:06	15:26	15:13	-0:13	0:22	0:32	0:10	

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4.3 Street Management Data Base

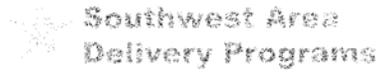
At a minimum you should consider the following:

- PS Form 1564 A (Delivery Instructions). This form when properly completed provides a record of designated lunch and break schedules and authorized park points for the routes.
- PS Form 3999 (Inspection of Letter Carrier Route). The latest copy of this form reflects the line of travel the carrier followed the last time the route was inspected. Unless it has been modified by another supervisor or manager, the carrier should be following the same line of travel. A full PS form 3999 must be completed for all routes once annually.
- DOIS Revised Carrier/Route Assignment (With Supervisor Times)
- Route Map. A properly completed route map should indicate all park locations, vehicle line of travel, relay points, and carrier delivery patterns.
- Previously completed Street Supervision/Management Records/Street Management Binder. In some cases it is advantageous to see what type of prior actions have been taken with a route structure or individual employee performance.
- Appropriate AMS files.

4.4 Street Management Equipment

The following equipment will be needed by the manager:

- A binder containing the street management data base information. It can prove to be of tremendous value for determining adherence to park points, lunch, and break schedules, or when locating a carrier.
- A supply of street supervision/management forms. One of the tasks associated with street management is documenting carrier performance while verifying route databases. PS Form 3999 (Data Collection Device)
- Blank copies of PS form 4584. (Observation of Driving Practices). This form helps construct a permanent record of employee driving practices. Additionally, Section 244.231 of PO-701 (Fleet Management Handbook) requires semi-annual completion for all postal service vehicle operators.
- Reference sheet for improper Street Work Practices. (Exhibit 5)



5 STREET MANAGEMENT DOCUMENTATION

Each week the manager should document the street supervision given. The *PS Form 1627* shown below is an example of documentation for the manager as well as a record of any comments regarding infractions. This documentation should be on file at the delivery unit for District and Area Review. (Exhibit 4)

EXHIBIT 4

STREET SUPERVISION LOG		MAIN PO 70000							
DATE	ROUTE/CARRIER	STREET SUPERVISION CONDUCTED						COMMENTS	
		LOAD	TO	FRM	LNCH	OTHR			

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EXHIBIT 5

Street Observation Reference Sheet
Improper Work Practices

1. Carrier moves vehicle from assigned parking space to load. (M-39 125.23)
2. Unnecessary trips from office to load the vehicle. (M-39 125.1)
3. Parcels not sequenced directly from hamper into vehicle (M-41 322.31)
4. Satchel not completely loaded for relays.(Unnecessary park point) (M-39 125.42, M-41 273)
5. Carrier loiters or engages in unnecessary conversation (M41 112.28)
6. Carrier does not finger mail between deliveries. (M-41 321.5)
7. Carrier does not have mail ready upon reaching the mail receptacle. (M-41 321.4)
8. Carrier makes more than one move to the mail receptacle on curblin routes. (M-41 112.21)
9. Satchel not used when delivering mail on foot. Authorized dismounts excepted.
(M-39 125.41)
10. Carrier does not make business delivery at or near the front door. (M-41 131.38)
11. Carrier does not take obvious short cuts, i.e. cross lawns etc. (M-39 242.344)
12. Carrier backtracks (M-41 321.5)
13. Carrier deviates from route without authorization. (M-41 131.31)
14. Carrier does not follow the authorized line of travel and lunch/break locations. PS 1564A
(M-39 125.3)
15. Carrier does not park at authorized park points as listed on PS 1564A. (M-39 125.5)
16. Carrier combines lunch break and PM break. (M-39 242.341)
17. Carrier extends lunch or PM break. (M-39 242.341)
18. Carrier does not face or separate collection mail in a timely manner. (M-41 132.33)
19. Carrier does not promptly clock in from the street upon arrival at the delivery unit.
(M-41 112.29)

POSTMASTER



EXHIBIT 7

Date: October 21, 2004

Subject: Best Practices/Model Unit – Lockhill Station, San Antonio, TX

Reference: OIG Review of Cresthaven, Dobie, and University Park Stations – San Antonio, TX

To ensure the referenced stations are in compliance with the Best Practices as prescribed by the Southwest Area an in-depth escorted tour of the Lockhill Station will be conducted on Thursday, October 28, 2004. The Station Managers of the three referenced stations will be given an opportunity to see the model concept first hand. In-turn, the expectation is for each of the three referenced stations to replicate the Lockhill processes as quickly as possible.

R. A. LARIOS, Sr.
Postmaster

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