

Audit Report

OFFICE OF
**INSPECTOR
GENERAL**
UNITED STATES POSTAL SERVICE

Mail Volume Measurement for City Delivery Carriers – Greater Indiana District

**Report Number DR-AR-11-005
June 29, 2011**



OFFICE OF
**INSPECTOR
GENERAL**
UNITED STATES POSTAL SERVICE

HIGHLIGHTS

June 29, 2011

Mail Volume Measurement for City Delivery Carriers – Greater Indiana District

Report Number DR-AR-11-005

IMPACT ON:

This audit addresses operational risk.

WHY OIG DID THE AUDIT:

Our objective was to evaluate the Greater Indiana District's management of city delivery mail volume internal controls for measuring, recording, and reporting procedures. This report is in response to a request from the district manager concerning inflated recorded cased mail volume data in associate post offices.

WHAT OIG FOUND:

We found a majority of the unit officials properly measured the mail, but discrepancies in data recording and mail volume reporting existed in six of the seven locations. We found data discrepancies due to inadequate district oversight as well as the lack of reconciliation processes. Therefore, management's reliance on the Delivery

Operations Information System (DOIS) cased mail volume data for these delivery units may result in management making incorrect daily operational decisions.

WHAT OIG RECOMMENDED:

The OIG recommended the Greater Indiana District manager require district officials to monitor mail volume on a daily basis to ensure the timely update of DOIS and develop processes at the unit level to reconcile the daily mail volume counts with DOIS and mitigate keypunch errors.

WHAT MANAGEMENT SAID:

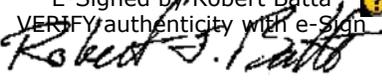
Greater Indiana District officials agreed with the findings and recommendations and initiated corrective action to verify the accuracy of mail volumes recorded.

[*Link to review the entire report*](#)



June 29, 2011

MEMORANDUM FOR: EDWARD L. SMITH
DISTRICT MANAGER, GREATER INDIANA DISTRICT

E-Signed by Robert Batta
VERIFY authenticity with e-Sign


FROM: Robert J. Batta
Deputy Assistant Inspector General
for Mission Operations

SUBJECT: Audit Report – Mail Volume Measurement for City Delivery
Carriers – Greater Indiana District
(Report Number DR-AR-11-005)

This report presents the results of our audit of mail volume measurement for city delivery carriers in the Greater Indiana District (Project Number 11XG008DR000).

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Rita F. Oliver, director, Delivery, or me at 703-248-2100.

Attachments

cc: Patrick R. Donahoe
Dean J. Granholm
Elizabeth A. Schaefer
Philip F. Knoll
Jo Ann Feindt
Corporate Audit and Response Management

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Introduction

This report presents the results of our audit of mail volume measurement for city delivery carriers in the Greater Indiana District (Project Number 11XG008DR000). Our objective was to evaluate the Greater Indiana District's management of city delivery mail volume internal controls for measuring, recording, and reporting procedures in selected unit locations. This report is in response to a request from the district manager concerning inflated recorded cased¹ mail volume data in associate post offices. This audit addresses operational risk. See [Appendix A](#) for additional information about this audit.

The accuracy of mail volume measurement is important for the U.S. Postal Service, as it is central to effectively planning and executing city delivery workload. The Postal Service established national policies and procedures to ensure accurate volume measuring, recording, and reporting. Greater Indiana District officials are responsible for measuring and recording daily mail volume, training employees, and following established procedures to ensure consistency and data integrity.

Conclusion

We found a majority of the unit officials properly measured the mail, but data recording and reporting mail volume discrepancies existed in six of the seven locations. We found data discrepancies due to inadequate district oversight as well as the lack of reconciliation processes. Therefore, management's reliance on the Delivery Operations Information System (DOIS) cased mail volume data for these delivery units may result in management making incorrect daily operational decisions.

Mail Volume Measurement and Count Procedures

We found that a majority of the unit officials properly measured the mail using an approved measuring device while compressing the mailpieces.² Although we did not perform an independent verification of the accuracy of the measurements recorded, our limited spot-check reviews disclosed no discrepancies. However, our review at six of seven selected units³ found overstatements of 25,576 mailpieces (11,706 letters and 13,870 flats) and understatements of 5,723 mailpieces (890 letters and 4,833 flats) reported in DOIS for city delivery routes. Table 1 provides a breakdown of data recording discrepancies reported in DOIS by delivery unit over a 1-day observation period.

¹ Cased mail volume consists of letter and flat mailpieces manually sorted by delivery carriers into their line of travel.

² Approved measuring devices include rulers, adhesive rulers on the casing ledge, flat tubs, and letter trays. Five of the unit supervisors properly measured the mail. For the remaining two locations, we observed instances where carriers withdrew mailpieces from distribution cases and took the volume to their unit supervisor's desk for measurement via visual observation versus the mail being measured in the staged area with an approved device.

³ We conducted a 1-day physical observation of the morning delivery operation at each unit.

Table 1. Summary of Linear Mail Volume Recording Differences for the Observation Day

Delivery Unit	Total Routes	Total Linear Letter Volume Recorded on Manual Form	Total Linear Letter Volume Reported in DOIS	Difference in Letter Volume Recorded on the Manual Form	Total Linear Flat Volume Recorded on Manual Form	Total Linear Flat Volume Reported in DOIS	Difference in Flat Volume Recorded on the Manual Form
Nora Branch	54	4,341	7,484	3,143	29,696	38,542	8,846
Carmel Post Office	33	1,546	9,261	7,715	21,628	22,937	1,309
Circle City Station	46	8,558	9,406	848	14,357	11,464	(2,893)
Eagle Creek Station	38	2,133	2,133	0	6,772	10,487	3,715
Park Fletcher Branch	33	2,661	2,149	(512)	6,457	5,660	(797)
Eastgate Station	31	2,273	1,895	(378)	3,526	2,383	(1,143)
Greenfield Post Office	11	2,822	2,822	0	4,276	4,276	0
		Total Overstatements		11,706	Total Overstatements		13,870
		Total Understatements		(890)	Total Understatements		(4,833)

Source: DOIS and U.S. Postal Service Office of Inspector General (OIG) Analysis

In addition, our review of available DOIS reports and manual recording forms for November 2010 and January 2011 revealed instances where officials:

- Documented 29 letter mailpieces when manually recording the cased mail volume, but input and reported 3,504 letter mailpieces in DOIS – a discrepancy of 3,475 letter mailpieces.
- Input 605 additional delivery point sequence (DPS) letter mailpieces in DOIS — a total of 50,056 pieces – when the Web End-of-Run (EOR) report showed 49,451 pieces for that day.⁴

Data discrepancies occurred because Greater Indiana District officials monitor cased mail volumes weekly rather than daily, which does not allow for timely correction of errors in DOIS.⁵ They told us they performed a high-level comparison of current volumes to the previous year’s totals⁶ to detect volume inflation and recording errors. Also, unit officials did not have a process for reconciling the mail volume recording counts to the data put into DOIS. They also did not have a process to mitigate keypunch errors. With recording discrepancies and incorrectly reported volume data, Greater Indiana District management cannot always rely on DOIS data⁷ to effectively manage daily operations and control costs.

⁴ This occurred on January 5, 2011.

⁵ Mail volume errors reported in DOIS must be corrected within 1 business day, per the information system controls.

⁶ Same Period Last Year (SPLY).

⁷ DOIS volume data is used by delivery supervisors to match carriers work hours to the workload (volume), make operational decisions such as analyzing trends and budgeting and forecasting. We plan to perform a future nationwide audit on mail volume measuring, recording, and reporting.

Recommendations

We recommend the Greater Indiana District manager:

1. Require district officials to monitor mail volume on a daily basis to ensure the timely update of DOIS.
2. Develop processes at the unit level to reconcile daily mail volume counts with DOIS and mitigate keypunch errors.

Management's Comments

Management agreed with the findings and recommendations. Regarding recommendation 1, management has initiated the review process to require district officials to monitor mail volume on a daily basis to ensure the timely update of DOIS. The Delivery Programs staff will use the DOIS volume report to identify offices whose variance to plan and/or SPLY information suggests a possible volume recording concern and take corrective action, as necessary.

Regarding recommendation 2, management stated they have developed processes at the unit level to reconcile daily mail volume counts with DOIS and mitigate keypunch errors. Specifically, each week Delivery Programs officials will conduct random volume checks and contact the district office for questions or concerns as needed. These offices will be provided volume recording and volume error correction job aids to document changes. The manager of Post Office Operations will provide additional volume recording training and support when required by or requested by postmasters and station managers. In subsequent discussions, management informed us that they initiated these corrective actions on June 7, 2011. See [Appendix B](#) for management's comments in their entirety.

Evaluation of Management's Comments

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

Appendix A: Additional Information

Background

The Postal Service established national policies and procedures to ensure accurate mail volume measuring and recording in delivery units, which is central to effectively managing workhours to workload. Greater Indiana District officials must ensure they train employees responsible for daily mail volume measuring and those employees understand and follow instructions for consistency and data integrity.

Non-linear⁸ letter and flat mailpieces are individually counted by mail processing equipment. The results are recorded in the EOR report, which is electronically uploaded into DOIS. Employees put linear,⁹ or manual, letter and flat mailpieces in designated areas and measure them separately using an approved measuring device¹⁰ while compressing the pieces (see Illustration 1). Results are rounded to the nearest quarter-foot increment¹¹ and recorded in the Data Collection Device (DCD), which electronically uploads the keypunched totals into DOIS. When a DCD is not available in non-DOIS units, employees record manual volumes on Postal Service Form 3921, Volume Recording Worksheet, and manually enter it into DOIS.

Illustration 1. Measurement of Linear or Manual Mail



Source: OIG¹²

⁸ Non-linear volume includes automated letter mail sorted in DPS and automated letter and flat mail sorted to the route level. Mail volume sorted to the route level is cased by the carriers and is included in the total cased mail volumes in DOIS.

⁹ Linear mail requires manual handling and casing in the delivery unit.

¹⁰ Approved measuring devices include rulers, adhesive rulers on the casing ledge, flat tubs, and letter trays.

¹¹ The Postal Service Piece Count Recording System Management Instruction dated July 2007 provides the national conversion rates per foot for letters and flats. A foot of manual letter mail converts to 227 pieces (57 pieces per quarter foot) and a foot of flat mail converts to 115 pieces (29 pieces per quarter foot).

¹² We plan to perform a future nationwide audit on mail volume procedures to include reviewing policies on rounding and converting measurements to quarter foot increments.

Management uses DOIS information to effectively plan and execute workhours based on the day's recorded volume. DOIS daily data retention provides historical information that various levels of personnel within the Postal Service use for tasks such as budget forecasting, staffing, and scheduling. The accumulation of data provides management with historical trend information they can compare with current and forecasted mail volume. Management benefits by using the data to forecast periods of exceptionally high or low mail volume to assist in employee scheduling in relation to predicted variations of workload.

Total cased mail volume¹³ in the Greater Indiana District decreased by 9 percent from fiscal year (FY) 2009 to 2010, which included a decrease of 13 percent in cased letters and 8 percent in cased flats. Also, total workhours decreased by 4 percent and overtime hours increased by less than 1 percent.¹⁴

Objective, Scope, and Methodology

The audit objective was to evaluate the Greater Indiana District's management of mail volume internal controls for measuring, recording, and reporting procedures in selected unit locations. This review is in response to a request from the district manager regarding his concern over inflated recorded cased mail volume data in associate post offices. To accomplish our objective, we:

- Reviewed Postal Service applicable mail volume measuring, reporting, and recording policies and procedures to identify current governing requirements and initiatives.
- Reviewed and analyzed Greater Indiana District city delivery mail volume data from eFlash including total volume, cased letters, and flat volumes for FYs 2009 and 2010 to identify trends in mail volume workload.
- Reviewed and analyzed workhour data from the Enterprise Data Warehouse (EDW) to identify trends in city delivery workhours.
- We performed a risk assessment using mail volume and workhour data trends to stratify the Greater Indiana District delivery units according to risks.
- We judgmentally selected seven units from the high-risk area that included the [REDACTED]
- We conducted site visits and physical observations of mail volume measuring, recording, and reporting processes in December 2010 at the seven selected units. We also reviewed historical mail volume recording data for November 2010 and

¹³ Total cased volume decreased from 444,911,898 to 402,942,583.

¹⁴ Total workhours decreased from 6,166,661 to 5,906,025 and overtime workhours increased from 597,613 to 597,958.

January 2011. Although we did not perform an independent verification to determine the accuracy of the measurements recorded, our limited spot-check reviews disclosed no discrepancies; therefore, we relied on the measurement totals recorded.

- We analyzed mail volume data from EOR and DOIS to identify reporting discrepancies and potential deflated/inflated volumes. We interviewed Postal Service officials to identify root causes for the discrepancies.

We conducted this performance audit from November 2010 through June 2011 in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. We discussed our observations and conclusions with management officials on May 18, 2011, and included their comments where appropriate.

We extracted data from eFlash, DOIS, EOR, and EDW. We did not test controls over these systems; however, we checked the reasonableness of results by confirming our analysis and results with management and other data sources. We determined the data was sufficiently reliable for the purposes of this report.

Prior Audit Coverage

Report Title	Report Number	Final Report Date	Monetary Impact	Report Results
<i>Management of Delivery Point Sequencing Percentage Increases for City Delivery – Southeast Area Atlanta District</i>	DR-AR-08-005	7/30/2008	\$13,312,834	We concluded that, while the Postal Service has established processes including oversight controls to increase city delivery DPS percentages and reduce operating costs, the delivery unit officials did not always implement established processes for reporting late-arriving mail, handling non-DPS mail, and measuring mail volume.

Appendix B: Management's Comments

District Manager
Greater Indiana District



June 15, 2011

To: Lucine M. Willis
Director, Audit Operations

Subject: Mail Volume Measurement and Count Procedures

The Greater Indiana District is submitting management comments to
OIG discussion draft report.

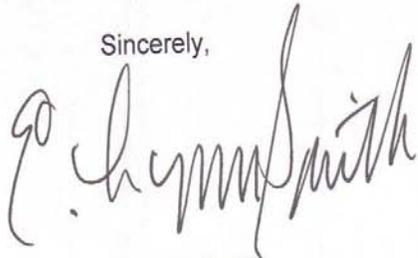
Findings: I agree with the findings, the results support my assumptions.

Recommendations: I also agree with the recommendations and we have already
started audits to verify accuracy of volumes recorded, and requiring facility heads
in select locations to review the volume measurement and verify the accuracy
with their respective MPOO.

- Recommendation 1: Management has initiated the review process, to require
district officials to monitor mail volume on a daily basis to ensure the timely
update of DOIS. Officials will monitor volume entries in the DOIS program.
The Delivery Programs staff will utilize the DOIS volume report, generated by
the Budget Department from FLASH data, to identify offices whose variance
to plan and / or SPLY suggests a possible volume recording concern, this will
be effective immediately and this will be a continuous process reconciling on
a daily basis.
- Recommendation 2: Management has developed processes at the unit level
to reconcile the daily mail volume counts with DOIS and mitigate keypunch
errors. Effective immediately, each week Delivery Programs officials will
conduct random volume checks and contact office officials for questions or
concerns as needed.

Office staff will be provided Volume Recording and Volume Error Correction Job-
Aids. These subjects will be addressed during our Delivery Symposiums
throughout the year. Additional Volume recording training and support will be
provided when required by POOM or requested by Postmasters and Station
Managers.

Sincerely,

A handwritten signature in black ink, appearing to read "E. Lynn Smith". The signature is written in a cursive style with a large initial "E".

E. Lynn Smith
District Manager

Cc: Patricia Whiteside, Audit Manager
Nelda Z. Smith, Auditor

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