



# OFFICE OF INSPECTOR GENERAL

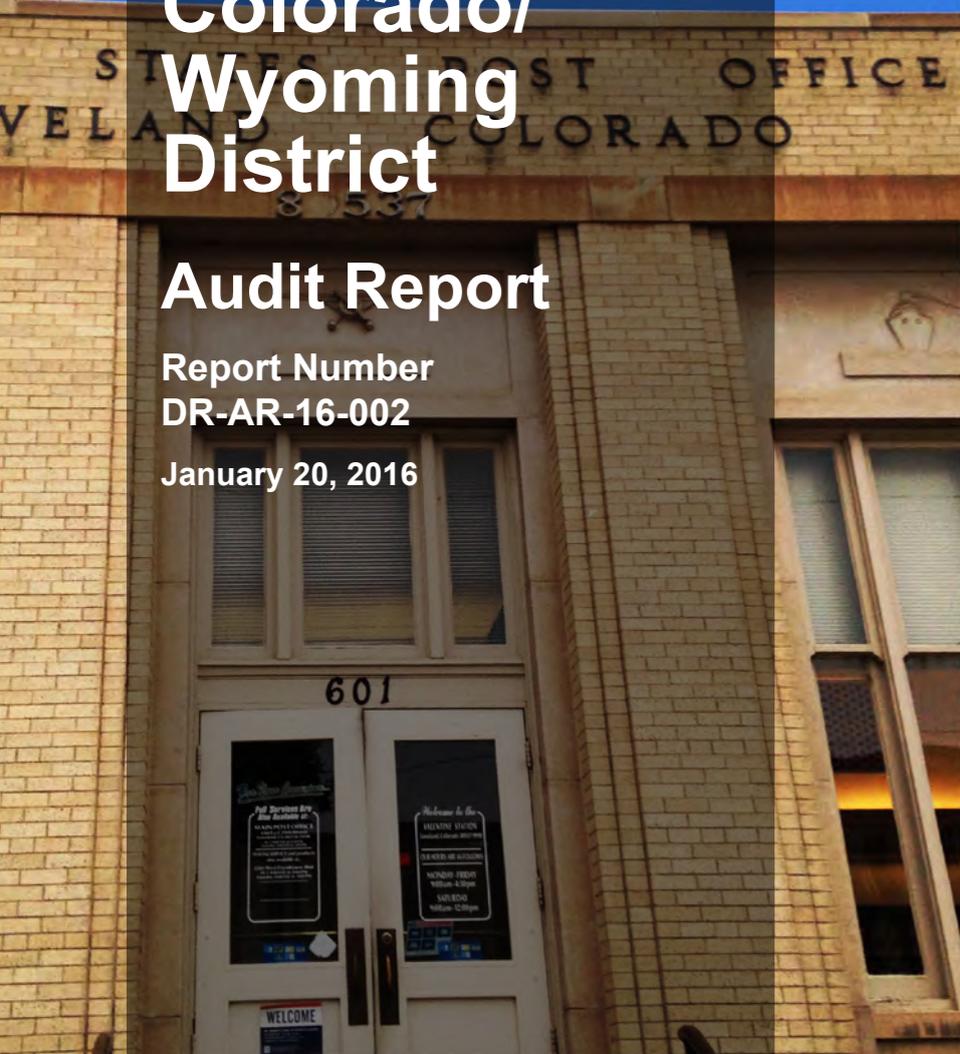
UNITED STATES POSTAL SERVICE

## City Delivery Office Efficiency – Colorado/ Wyoming District

### Audit Report

Report Number  
DR-AR-16-002

January 20, 2016





# OFFICE OF INSPECTOR GENERAL

## UNITED STATES POSTAL SERVICE

## Highlights

***The Colorado/Wyoming District has opportunities to enhance efficiency in city delivery office operations.***

### Background

City delivery office operations cover all duties a U.S. Postal Service letter carrier performs in the office. These duties include casing mail (placing mail in delivery order), preparing parcels for delivery, and retrieving accountable items. City carriers are delivering more packages and fewer letters to more addresses each year. To accommodate these changes, the Postal Service must deliver the increased package volume while maintaining efficiency.

In 2015, Colorado/Wyoming District city carriers delivered over 1.7 billion mailpieces on 2,831 routes to more than 1.6 million delivery points. City delivery office workhours totaled 1,540,433 for this period.

Our objective was to assess the office efficiency of city delivery operations in the Colorado/Wyoming District.

### What the OIG Found

The Colorado/Wyoming District has opportunities to enhance efficiency in city delivery office operations. The district's percent to standard, a measurement used to assess office efficiency, was 120.76 percent — 12.53 percentage points above the national average of 108.23 percent. A percent to standard score greater than 100 percent indicates performance is less than the desired standard. From July 1, 2014, through June 30, 2015, 55 of the Colorado/Wyoming District's 136 delivery

units (40 percent) used 179,619 more office workhours than necessary, or about 17 more minutes of office time per day on each route. These additional workhour costs were more than \$8.6 million.

These conditions occurred because mail sometimes arrived late and the mail mix was sometimes incorrect, or carriers engaged in time-wasting practices. Also, mail arrival profiles (used to establish staffing levels and mail arrival times by type and quantity) were non-existent, unsigned, or outdated. Finally, managers did not enforce policies and procedures. Eliminating extra workhours would increase overall efficiency at the delivery units and allow a cost avoidance of about \$8.8 million in the next year.

We also identified inadequate safeguards over cash, money orders, and stamp stock at 12 delivery units. Management immediately initiated corrective action on these matters; therefore, we are not making a recommendation on this issue.

### What the OIG Recommended

We recommended the district manager, Colorado/Wyoming District, eliminate 179,619 workhours at delivery units. We also recommended management eliminate inefficient office practices, prepare up-to-date mail arrival profiles, and ensure adherence to Postal Service policies and procedures.

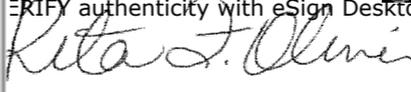
# Transmittal Letter



OFFICE OF INSPECTOR GENERAL  
UNITED STATES POSTAL SERVICE

January 20, 2016

**MEMORANDUM FOR:** SELWYN D. EPPERSON  
DISTRICT MANAGER, COLORADO/WYOMING DISTRICT

E-Signed by Rita Oliver  
VERIFY authenticity with eSign Desktop  


**FROM:** Rita F. Oliver  
Acting Deputy Assistant Inspector General  
for Mission Operations

**SUBJECT:** Audit Report – City Delivery Office Efficiency –  
Colorado/Wyoming District  
(Report Number DR-AR-16-002)

This report presents the results of our audit of the City Delivery Office Efficiency – Colorado/Wyoming District (Project Number 15XG043DR000).

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Victoria L. Walker, acting director, Delivery Operations, or me at 703-248-2100.

Attachment

cc: Corporate Audit and Response Management

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# Findings

***From July 1, 2014, through June 30, 2015, 55 of the Colorado/Wyoming District's 136 delivery units (40 percent) used 179,619 more office workhours than necessary (at a cost of \$8.6 million) or about 17 more minutes of office time per day per city carrier route.***

## Introduction

This report presents the results of our self-initiated audit of City Delivery Office Efficiency in the Colorado/Wyoming District (Project Number 15XG043DR000). Our objective was to assess the office efficiency of city delivery operations in the Colorado/Wyoming District. See [Appendix A](#) for additional information about this audit.

City delivery office operations cover all duties a U.S. Postal Service letter carrier performs in the office. These duties include casing<sup>1</sup> mail (placing mail in delivery order), preparing parcels for delivery, and retrieving accountable items. City carriers are delivering more packages and fewer letters to more addresses each year. To accommodate these changes, the Postal Service must deliver increased package volume while maintaining efficiency.

## Summary

The Colorado/Wyoming District has opportunities to enhance efficiency in city delivery office operations. We found the Colorado/Wyoming District's percent to standard,<sup>2</sup> a measurement used to assess office efficiency, was 120.76 percent — 12.53 percentage points above the national average of 108.23 percent. A percent to standard score greater than 100 percent indicates performance is less than the desired standard. From July 1, 2014, through June 30, 2015, 55<sup>3</sup> of the Colorado/Wyoming District's 136 delivery units (40 percent) used 179,619 more office workhours<sup>4</sup> than necessary (at a cost of \$8.6 million), or about 17<sup>5</sup> more minutes of office time per day per city carrier route.

These conditions occurred because mail periodically arrived late at delivery units, the mail mix was sometimes incorrect, and some carriers engaged in time-wasting practices. Also, mail arrival profiles (MAP)<sup>6</sup> used to establish staffing levels and mail arrival times by type and quantity were non-existent, unsigned,<sup>7</sup> or outdated. Additionally, managers did not enforce policies and procedures. Eliminating the extra workhours would increase overall efficiency at the delivery units and allow a cost avoidance of about \$8.8 million in the next year.

We also identified inadequate safeguards over cash, money orders, and stamp stock at 12 delivery units. Management immediately initiated corrective action on these matters; therefore, we are not making a recommendation on this issue.

## Office Efficiency

In 2015, Colorado/Wyoming District city carriers delivered over 1.7 billion mailpieces on 2,831 routes to more than 1.6 million delivery points. City delivery office workhours totaled 1,540,433 for this period. From July 1, 2014, through June 30, 2015, the

<sup>1</sup> Placing mail in proper separations (wickets) in a letter or flat case.

<sup>2</sup> Percent to standard is a measure of carrier office workhour performance in relation to mail volume and delivery points. A figure of 100 percent indicates the office performs at the stated performance goal. A figure greater than 100 percent indicates the delivery unit's office performance is less than the desired standard. We did not include street efficiency in our review.

<sup>3</sup> From the 136 delivery units in the Colorado/Wyoming District, we identified 55 delivery units with 15 or more routes with a percent to standard higher than the national average. We selected 30 of the 55 units to observe.

<sup>4</sup> The amount of office time each carrier needs to complete his or her office tasks based on the carrier's workload and mail volume for that day.

<sup>5</sup> Computation was based on 10,777,159 minutes (179,619 hours above the national average percent to standard multiplied by 60 minutes per hour) divided by 2,061 routes divided by 302 annual delivery days, which equals about 17 minutes per route per day.

<sup>6</sup> The MAP is the documentation of the specific requirements of the integrated operating plan (IOP) between the plant and delivery units. The plan includes truck arrival times, as well as what mail, by type and quantity, will arrive on each trip in order for the unit to be successful.

<sup>7</sup> The IOP coordinator is responsible for ensuring that a signed agreement exists between plant operations and the delivery unit related to the mail arrival profile for each unit.



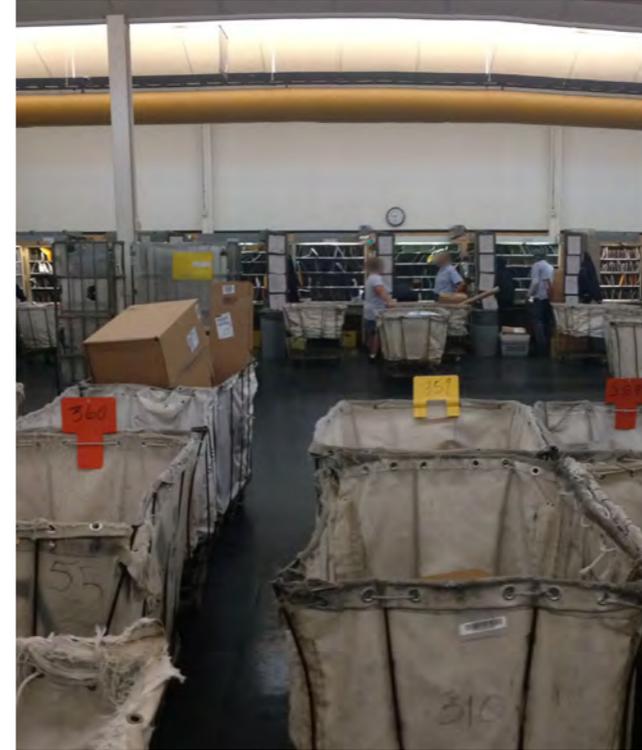
## Mail Arrival

At 26 of 30 delivery units (87 percent) we visited, mail did not always arrive from the processing and distribution centers on time and at 21 of 30 delivery units (70 percent) mail did not arrive in the correct mail mix, as outlined in the MAP. We observed carriers in several units waiting for parcels or letters to be distributed, which extended their time in the office (see Figures 1 and 2).

### Figures 1 and 2. Carriers Waiting for Mail at Delivery Units in the Colorado/Wyoming District



Source: U.S. Postal Service Office of Inspector General (OIG) photograph taken September 24, 2015.



Source: OIG photograph taken October 22, 2015.

## Inefficient Office Practices

We observed city carriers at 19 of the 30 delivery units (63 percent) loading mail into vehicles on office time rather than clocking<sup>8</sup> to street time and carriers at 14 of the 30 delivery units (47 percent) handling delivery point sequence<sup>9</sup> (DPS) letters instead of taking this mail directly to the street for delivery. We also observed carriers at 15 of the 30 units (50 percent) making multiple trips away from cases to withdraw or return mail at distribution cases.

These inefficient practices resulted in unnecessary office time at the units. Postal Service policy<sup>10</sup> states carriers should proceed directly to their vehicles and load the mail in an orderly fashion after clocking onto street time. Postal Service policy<sup>11</sup> also states that DPS mail is not to be distributed to carriers but staged near the exit for transport to vehicles. Also according to Postal Service

8 References to clock rings include time entries that are recorded electronically, mechanically (using a time clock), or manually (written in). All bargaining unit and casual employees are required to use time clocks (if available) to record clock rings on their time cards.

9 A process for sorting barcoded letter mail at the processing facilities and delivery units into the carrier's line of travel. Carriers can take mail directly to the street, with no casing time in the office.

10 Handbook M-39, *Management of Delivery Services*, Section 125.1, March 1998.

11 *Field Operations Standardization Development, Morning (AM) Standard Operating Procedures (AMSOP) II Guidebook*, Section 5-5, 2007.

policy,<sup>12</sup> carriers may be authorized to make up to two withdrawals from distribution cases prior to leaving the office, plus a final cleanup sweep to include DPS mail as they leave the office.

Additionally, 15 of the 30 delivery units (50 percent) were not efficient during afternoon office time. We observed some carriers spending more than the allotted time<sup>13</sup> in the office after returning from their routes. Further, a review of the *Route/Carrier Daily Performance /Analysis Report* showed carriers on 578 routes used more than the 5 minutes allotted for p.m. office time. This indicates supervisors need to better monitor carriers' afternoon office time.

### **Mail Arrival Profiles**

Management could not provide MAPs or MAPs were unsigned or outdated at 19 of the 30 delivery units (63 percent) we visited. The MAP includes truck arrival times, as well as what mail, by type and quantity, will arrive on each trip to the delivery unit. The delivery unit manager or designee is responsible for maintaining a current copy of the MAP. A change in transportation schedules or a significant change in mail volume would require a new MAP.

### **Enforcing Policies and Procedures**

Management did not always enforce policies and procedures for supervising city delivery office operations at 13 of the 30 delivery units (43 percent) we visited. Specifically, some supervisors did not always set daily expectations for carrier route performance. Additionally, supervisors at 23 of the 30 delivery units (77 percent) did not review previous day performance with carriers during morning office operations. We also found some supervisors had the required reports<sup>14</sup> available but did not always discuss them with the carriers.

Supervisors are required to discuss expectations with each carrier every day. Also, if a carrier is not meeting performance standards a supervisor must investigate and discuss deficiencies with that carrier. All delivery service managers should develop and maintain delivery units at a high degree of efficiency and assure Postal Service standards are maintained.<sup>15</sup>

From July 1, 2014, through June 30, 2015, the Colorado/Wyoming District used 179,619 more workhours than necessary, resulting in about \$8.6 million in questioned costs. Increasing overall efficiency at these delivery units would allow a one-time cost avoidance of about \$8.8 million in the next year.

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<sup>12</sup> Handbook M-39, *Carrier Withdrawal of Letters and Flats*, Section 116.6.

<sup>13</sup> Postal Service policy allows a standard of 5 minutes for carriers to perform afternoon duties.

<sup>14</sup> *Field Operations Standardization Development, AMSOP II Guidebook*, 2007, Section 5-7.

<sup>15</sup> Handbook M-39, TL-13, Section 1, Administration of City Delivery Service.

## Assets at Risk

Employees did not always properly secure and lock stamp stock inventory at 12<sup>16</sup> of the 30 locations we visited. This inventory included cash and money orders and stamp stock worth \$210,871 (see Figures 3, 4, and 5). Physical access controls reduce the security risk to Postal Service employees and safeguarding controls reduces the potential for loss or misappropriation of assets. We brought these issues to the attention of the station managers, who took immediate corrective action. Therefore, we are not making a recommendation on this issue.

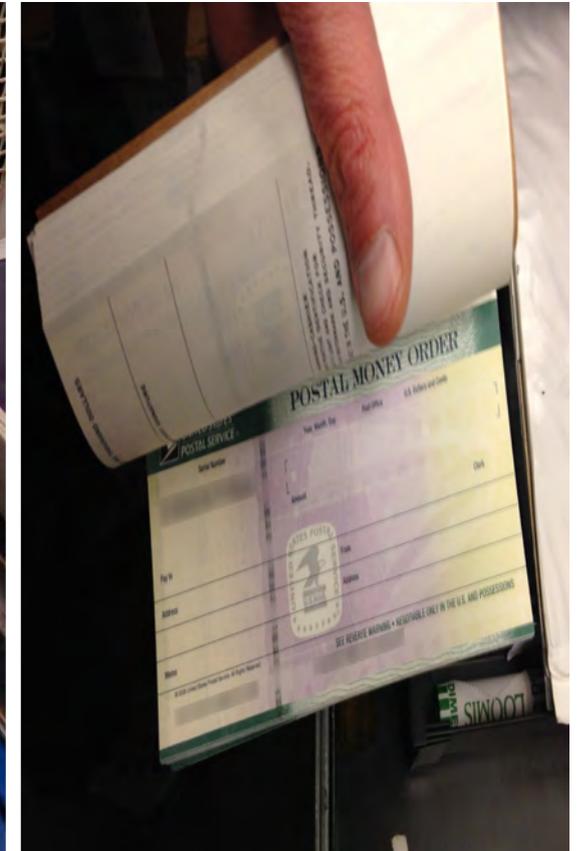
### Figures 3, 4, and 5. Assets at Risk



Source: OIG photograph taken October 6, 2015.



Source: OIG photograph taken October 23, 2015.



Source: OIG photograph taken October 23, 2015.

16 Arvada Main, Aurora Main, Bear Valley, Cheyenne Mountain, Columbine, Denver Downtown, Highlands Ranch, North Pecos, Security, Sullivan, Valentine, and Valmont.

# Recommendations

***We recommend management eliminate 179,619 workhours and inefficient office practices, increase mail arrival efficiency, and ensure adherence to Postal Service policies and procedures for supervising city delivery operations at delivery units.***

We recommend the district manager, Colorado/Wyoming District:

1. Eliminate 179,619 workhours at delivery units.
2. Eliminate inefficient office practices such as loading vehicles on office time.
3. Increase mail arrival efficiency by preparing up-to-date mail arrival profiles with facility processing managers.
4. Ensure adherence to Postal Service policies and procedures for supervising city delivery operations at delivery units.

## Management's Comments

Management agreed with the findings and recommendations but disagreed with the workhour savings and the calculation of monetary impact. Management questioned our use of the national average Percent to Standard of 108.23 percent and stated that we should have used the percent to standard of 111.95 percent. Using this Percent to Standard rate, the district agreed it had an opportunity to save 97,187 office hours. Additionally, management stated that the Colorado/Wyoming actual straight time rate<sup>17</sup> for fiscal year (FY) 2015 was \$38.30 per hour. Using this rate and the district's calculation of opportunity hours reduces the cost savings from \$8.6 to \$3.7 million.

In response to recommendation 1, management agreed that reducing workhours is necessary. Management stated that to improve office performance, they changed carrier start times to reduce wait times at larger delivery units; PM office time reports are being sent daily to senior operating managers; and PM supervisors are monitoring PM time more closely. Management will also conduct office management training, create an LSS project on Improving Percent to Standard, and monitor office performance weekly to ensure positive trends in workhour reductions. Management plans to implement these initiatives no later than January 25, 2016.

In response to recommendation 2, management agreed with the need to eliminate inefficient office practices such as loading vehicles on office time. The district issued instructions to city delivery unit supervisors on December 15, 2015, to review the policy on vehicle loading on office time and ensure this activity is recorded using the correct operation number. In addition, the district will review carrier flowcharts to ensure each unit has one. Finally, senior operating managers will make on-site visits to the 55 delivery units with 15 or more routes with a percent to standard higher than the national average. The expected completion date is February 12, 2016.

In response to recommendation 3, management agreed with the need to have current mail arrival profiles. Management stated that Denver plant managers will schedule meetings with the customer service sites they service to prepare MAPS. They plan to complete this by February 29, 2016. Management will also review Postal Service Form 1994, Employee's Work Schedule, to ensure clerks are scheduled in line with the MAPS. Management stated that they are addressing mail arrival issues and late trips at the plants. They currently have two active Lean Six Sigma (LSS) projects and a Kaizen project<sup>18</sup> which they expect to complete by March 31, 2016.

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<sup>17</sup> Function 2-B covering city delivery operations.

<sup>18</sup> Kaizen projects are highly focused, short-term projects for dealing with specific business issues.

In response to recommendation 4, management agreed with the need to adhere to Postal Service policies and procedures. Management stated the majority of city delivery supervisors received Western Area Delivery training between June 25 and August 20, 2015. Management will provide additional training focusing on managing office performance. Management expects to complete this training by March 31, 2016.

See [Appendix C](#) for management's comments in their entirety.

## **Evaluation of Management's Comments**

The OIG considers management's comments responsive to the recommendations in the report.

In regard to the workhour savings and monetary impact, the OIG based workhour savings calculations on the national average percent to standard for delivery office efficiency. Percent to Standard measures carrier workhour performance in relation to mail volume. The OIG believes that eliminating workhours in excess of the national average percent to standard represents a real opportunity for workhour savings and presents a fair standard for benchmarking delivery unit performance across the broad spectrum of factors impacting delivery unit operations.

In regard to the labor rate used in our calculations, the OIG used the national average fully loaded rate of \$54.21 for FY 2015. National average labor rates are provided by the Postal Service's finance department and are intended to be used for business cases and financial analysis. The rates represent the cost of a productive workhour and are best suited for national comparisons.

All recommendations require OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. All recommendations should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendations can be closed.

# Appendices

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to the right to navigate  
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## Appendix A: Additional Information

### Background

City delivery office operations cover all duties a Postal Service letter carrier performs in the office. These duties include casing mail (placing mail in delivery order), preparing parcels for delivery, and retrieving accountable items. City carriers are delivering more packages and fewer letters to more addresses each year. Accommodating this new growth requires the Postal Service to deliver the increased package volume while maintaining efficiency.

### Objective, Scope, and Methodology

Our objective was to assess the office efficiency of city delivery operations in the Colorado/Wyoming District. To accomplish our objective, we:

- Ranked each of the seven areas from highest to lowest in terms of percent to standard from July 1, 2014, through June 30, 2015. We used the eFlash<sup>19</sup> national percent to standard measurement of 108.23 percent as a baseline guide.
- Selected the Western Area and, within that area, selected the Colorado/Wyoming District for review because it had the ninth highest percent to standard in the nation<sup>20</sup> at 120.76, compared with the national average of 108.23 percent.
- Analyzed the percent to standard for 136 delivery units in the Colorado/Wyoming District and identified a universe of 55 delivery units with 15 or more routes with a percent to standard higher than the national average of 108.23 percent. We randomly selected the 30 units from this universe of 55 to conduct onsite observations of city delivery office operations.
- Obtained, reviewed, and analyzed city delivery unit data from eFlash and the Enterprise Data Warehouse<sup>21</sup> (EDW) for all city carrier routes.
- Conducted interviews on-site and obtained information on city carrier office operations, unit operations, processes, and procedures.
- Reviewed documentation and applicable policies and procedures for city delivery and Postal Service Handbooks M-39<sup>22</sup> and M-41.<sup>23</sup>

We conducted this performance audit from August 2015 through January 2016 in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. We discussed our observations and conclusions with management on December 17, 2015, and included their comments where appropriate.

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19 A weekly operating reporting management system that combines data from Delivery, Mail Processing, Employee Relations, Labor Relations, and Finance. The information is extracted from various host systems and loaded into eFlash.

20 We selected the Colorado/Wyoming District over the top eight districts because the district is in the Western Area and we have not conducted city office efficiency audits at any districts in this area. Additionally, we have conducted city office efficiency audits at several of the other districts in the top 10 and in all of the remaining Postal Service areas.

21 The repository intended for all data and the central source for information on retail, financial, and operational performance. Mission-critical information is uploaded to the EDW from transactions that occur across the mail delivery system, points-of-sale, and other sources.

22 Handbook M-39, *Management of Delivery Services*, March 1998 – updated March 2004.

23 Handbook M-41, *City Delivery Carriers Duties and Responsibilities*, March 1998 – updated April 2001.

We relied on data primarily from eFlash. We obtained data from July 1, 2014, through June 30, 2015. We did not directly audit the system, but performed a limited data integrity review to support our data reliance. We assessed the reliability of systems' data by reviewing existing information about the data and the systems that produce them and interviewing agency officials knowledgeable about the data. We determined that the data were sufficiently reliable for the purposes of this report.

## Prior Audit Coverage

Report Title	Report Number	Final Report Date	Monetary Impact (in millions)
<i>City Delivery Efficiency – San Francisco District</i>	<a href="#">DR-AR-15-011</a>	9/15/2015	\$14,200,854

### Report Results:

The San Francisco District has opportunities to enhance efficiency in city delivery office operations. In 2014, 32 of the San Francisco District's 52 delivery units (62 percent) used 158,847 more office workhours, or about 19 more minutes of office time per day per city carrier route, than necessary. These additional workhours cost \$7 million in 2014. These conditions occurred because mail sometimes arrived late, the mail mix was incorrect, or carriers engaged in time-wasting practices; and integrated operating plans (IOP) were outdated or non-existent. Finally, managers did not enforce policies and procedures. Eliminating extra workhours would increase overall efficiency at delivery units and allow a one-time cost avoidance of about \$7.2 million the following year. We also identified inadequate safeguards over stamp stock and money orders valued at \$37,542 at four delivery units. Management agreed with our findings and recommendations and conditionally agreed with the workhour savings in the report.

<i>City Delivery Efficiency – Sierra Coastal District</i>	<a href="#">DR-AR-15-010</a>	9/1/2015	\$15,054,626
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### Report Results:

The Sierra Coastal District has opportunities to enhance efficiency in city delivery office operations. In 2014, 46 of the Sierra Coastal District's 99 delivery units (46 percent) used 172,601 more workhours (at a cost of \$7.4 million), or about 16 more minutes of office time per day per city carrier route, than necessary. These conditions occurred because mail sometimes arrived late, the mail mix was sometimes incorrect, carriers engaged in time-wasting practices, and IOPs were unsigned or non-existent. Additionally, managers did not enforce policies and procedures. Eliminating extra workhours would increase overall efficiency at the delivery units and allow a onetime cost avoidance of about \$7.7 million in the following year. We also identified inadequate safeguards over cash, money orders, and stamp stock valued at \$170,690 at seven delivery units. Management agreed with our findings and recommendations, but disagreed with the workhour savings identified in the report.

Report Title	Report Number	Final Report Date	Monetary Impact (in millions)
<i>City Delivery Efficiency – Connecticut Valley District</i>	<a href="#">DR-AR-15-008</a>	7/24/2015	\$20,635,056
<b>Report Results:</b>			
<p>The Connecticut Valley District has opportunities to enhance efficiency in city delivery office operations. In FY 2014, 71 of the Connecticut Valley District's 213 delivery units (33 percent) used 221,787 more office workhours (at a cost of \$10.3 million), or about 18 more minutes of office time per day on each city carrier route. These conditions occurred because mail sometimes arrived late, the mail mix was incorrect, carriers engaged in time-wasting practices, IOPs were non-existent, and managers did not enforce policies and procedures. Eliminating extra workhours would increase overall efficiency at delivery units and allow a one-time cost avoidance of about \$10.3 million the following year. We also identified inadequate safeguards over stamp stock and money orders valued at \$128,255 at eight delivery units. Management agreed with our findings and recommendations; however, they disagreed with the monetary impact.</p>			
<i>City Delivery Efficiency – Greater Boston District</i>	<a href="#">DR-AR-15-007</a>	5/28/2015	\$24,698,591
<b>Report Results:</b>			
<p>The Greater Boston District has opportunities to enhance efficiency in city delivery office operations. In FY 2014, 68 of 183 delivery units (37 percent) used 265,462 more office workhours, or about 21 more minutes of office time per day on each route, which resulted in \$12.3 million in questioned costs. These conditions occurred because of late mail arrival, time-wasting practices of carriers, and improperly staged DPS letters. We also found outdated or non-existent IOPs and managers not always enforcing policies and procedures. Eliminating these workhours would increase overall efficiency at delivery units and allow an additional one-time cost avoidance of about \$12.3 million. We also identified inadequate safeguards over stamp stock, cash, and money orders valued at \$512,371 at 11 delivery units. Management agreed with our findings and recommendations but disagreed with the monetary impact.</p>			
<i>City Delivery Efficiency - South Florida District</i>	<a href="#">DR-AR-14-004</a>	3/4/2014	\$30,587,250
<b>Report Results:</b>			
<p>The South Florida District has opportunities to enhance efficiency in city delivery operations. We found that 83 of 112 delivery units (74 percent) used 374,982 more workhours than projected. This occurred because management did not always enforce policies and procedures for supervising city delivery operations and office and street supervision was inconsistent at the delivery units, allowing for some inefficiency in operations. We identified the potential to eliminate 374,982 workhours through improved supervision and other efforts. Management agreed with our findings and recommendations.</p>			

Report Title	Report Number	Final Report Date	Monetary Impact (in millions)
<i>City Delivery Operations- Lancaster Carrier Annex</i>	<a href="#">DR-MA-12-003</a>	9/28/2012	\$1,900,064
<b>Report Results:</b>			
The Lancaster Carrier Annex could improve city delivery efficiency by eliminating 12,339 workhours annually. We determined it did not always enforce policy and procedures, use Global Positioning System equipment to track route time, and ensure carriers used efficient office and street practices. Management agreed with our findings, recommendations, and monetary impact.			
<i>City Delivery Operations- Brick Main Post Office</i>	<a href="#">DR-MA-12-004</a>	9/27/2012	\$1,228,120
<b>Report Results:</b>			
The Brick Main Post Office has opportunities to enhance city letter efficiency and eliminate 7,744 workhours annually. Management did not always reinforce Postal Service policies and procedures for supervising city delivery operations or ensure carriers used efficient office and street practices. Also, management did not have automated vehicle tracking technology to assist in more effective street supervision. Management agreed, or agreed in principle, with our findings, recommendations, and monetary impact.			

**Appendix B:  
Units Randomly Selected  
for Site Observations**

	<b>DELIVERY UNITS</b>	<b>PERCENT TO STANDARD</b>	<b>NUMBER OF CITY ROUTES</b>
1	LAKWOOD BRANCH	136.45%	71
2	NORTHVIEW ANNEX	128.63%	18
3	NORTH PECOS STATION	113.36%	41
4	COLUMBINE HILLS BRANCH	150.73%	36
5	SULLIVAN STATION	145.16%	54
6	CHEYENNE MOUNTAIN STATION	110.26%	46
7	SUNNYSIDE STATION	111.27%	33
8	WESTWOOD STATION	119.01%	39
9	HIGHLANDS RANCH BRANCH	138.64%	45
10	CAPITOL HILL ANNEX	124.15%	64
11	ENGLEWOOD - MAIN OFFICE STATION	132.95%	46
12	GREELEY POST OFFICE	115.33%	26
13	SUNSET STATION	110.10%	44
14	SECURITY BRANCH	120.69%	18
15	WHEAT RIDGE POST OFFICE	115.89%	23
16	PUEBLO - MAIN OFFICE STATION	123.48%	42
17	GREELEY DOWNTOWN STATION	120.49%	26
18	VALENTINE STATION	109.37%	19
19	ARVADA MAIN OFFICE STATION	152.47%	43
20	BEAR VALLEY STATION	128.20%	56
21	INDIAN TREE STATION	112.16%	49
22	STOCKYARDS STATION	114.73%	15
23	SOUTH DENVER STATION	128.30%	17
24	VALMONT STATION	151.11%	84
25	LONGMONT POST OFFICE	124.85%	47
26	FORT COLLINS POST OFFICE	124.40%	40
27	AURORA - MAIN OFFICE STATION	147.77%	84
28	GATEWAY STATION	127.92%	27
29	DENVER DOWNTOWN STATION	130.96%	29
30	EAGLEVIEW STATION	150.16%	15

Source: Postal Service e-Flash Data System for FY 2014, Quarter 4, through FY 2015, Quarter 3.

## Appendix C: Management's Comments

DISTRICT MANAGER  
COLORADO/WYOMING DISTRICT



January 5, 2016

TO: LAURIE DILLARD  
DIRECTOR, AUDIT OPERATIONS

SUBJECT: City Delivery Office Efficiency – Colorado/Wyoming District  
(Report Number DR-AR-16-DRAFT)

We disagree with the additional work hour cost computation of \$8.6 million (179,619 hours). The Colorado/Wyoming District is classified as a Major/Metro that has FSS operations. In review of all Major/Metro (District Manager positions) with FSS, the average Percent to Standard rate is 111.95% which is over 9 percentage points higher than Major/Metro without FSS at 102.87%. The average for Major/Metro with FSS, without the Colorado/Wyoming District, the average Percent to Standard is 109.12%. Total office hours used for the time period of 1 July 2014 – 30 June, 2015 was 1,540,055. Using the Major/Metro Percent to Standard rate, the Colorado/Wyoming District had an opportunity to save 97,187 office hours. The Colorado/Wyoming actual F2B rate for Fiscal Year 2015 was \$38.30 per hour at the Straight Time rate, \$37.07 at the overtime rate. Using the straight time rate at the opportunity hours, we had an opportunity to save \$3,722,273 (97,187.3 \* \$38.30).

Recommendation No. 1: Eliminate 97,187 work hours at delivery units.

Management Response/Action Plan:

We agree that the reduction of office work hours is necessary.

To improve office performance, we changed carrier start times in August 2015 to reduce waiting time in our larger delivery units.

Reporting from EDW that details excessive PM office time is generated and sent daily to the Senior Operating Managers (SOMs) for review and appropriate action. The SOMs are then following up with their managers to ensure clock ring errors are being corrected and PM supervisors are monitoring PM office time more closely.

We will conduct training on office management with all city delivery unit managers, supervisors, and acting supervisors to be completed by March 31, 2016. This training will include instructions on use of stand-by time when mail arrival causes carrier waiting time.

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We have created a LSS project on Improving Percent to Standard – Project start date is 25 January 2016.

Monitor office performance weekly to ensure positive trend in work hour reductions.

Target Implementation Date:  
August 2015 and ongoing

Responsible Official:  
Walt McBain, SOM Area 1  
Ken Price, PM Englewood

Recommendation No. 2: *Eliminate inefficient office practices such as loading vehicles on office time.*

Management Response/Action Plan:

We agree that we need to eliminate loading vehicles on office time.

The District issued instructions to city delivery supervisors on December 15, 2015, to review vehicle loading on office time and ensure this activity is recorded on the correct operation number. This will be reviewed with the supervisors again at the training they will attend in March 2016.

The District will also review carrier flow charts to ensure there is one in place in each unit. The Senior Operating Managers will make on site visits to the 55 delivery units with 15 or more routes with a percent to standard higher than the national average.

Target Implementation Date:  
February 12, 2016

Responsible Official:  
Lora McLucas, Manager, Operations Programs Support (A)

Recommendation No. 3: *Increase mail arrival efficiency by preparing up-to-date mail arrival profiles with facility processing managers.*

Management Response/Action Plan:

We agree that preparing up-to-date mail arrival profiles will help increase mail arrival efficiency.

The Denver Plant will schedule meetings with the customer service sites they service to prepare MAPS to ensure the offices are receiving the proper mail mix. These will be completed by February 29, 2016. We will also review our 1994s to ensure our clerks are scheduled in line with the MAPS.

Our mail arrival issues and late trips are being addressed in the Plant. We currently have two active LSS projects and a Kaizan project.

LSS Project # 3262 – Reduce Late Outbound Trips from the Mail Processing Annex, the Denver NDC, and the Denver P & DC. Anticipated completion date is March 31, 2016.

LSS Project # 3124 – Improve APPS Productivity at the Denver NDC. Anticipated completion date is March 31, 2016.

Kaizen Project # 3118 – Improve WIP of NDC Standard SCF flats. Anticipated completion date is March 31, 2016.

Target Implementation Date:

March 31, 2016

Responsible Official:

Brian Gaines, Plant Manager

*Recommendation No. 4: Ensure adherence to Postal Service policies and procedures for supervising city delivery operations at delivery units.*

Management Response/Action Plan:

We agree that adherence to Postal Service policies and procedures for supervising city delivery operations should be followed.

The majority of our city delivery supervisors received Western Area Delivery training on June 25-26, July 22-23, August 5-6, and August 19-20, 2015.

We will provide additional training focusing on managing office performance. We will start with the 30 offices that were visited during this audit; target completion date will be March 31, 2016 for the District.

Target Implementation Date:

March 31, 2016

Responsible Official:

Lora McLucas Manager, Operations Programs Support (A)



Selwyn D. Epperson  
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