



OFFICE OF INSPECTOR GENERAL

UNITED STATES POSTAL SERVICE

City Delivery Office Efficiency- Houston District

Audit Report

Report Number
DR-AR-16-005

June 9, 2016





OFFICE OF INSPECTOR GENERAL

UNITED STATES POSTAL SERVICE

Highlights

The Houston 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. The Postal Service seeks to accommodate these changes while maintaining efficiency.

In fiscal year (FY) 2015, Houston District city carriers delivered over 2.1 billion mailpieces on 3,181 routes to more than 2.1 million delivery points. To do so, they used over 1.8 million city delivery office workhours.

Our objective was to assess the efficiency of city delivery office operations in the Houston District.

What The OIG Found

The Houston District has opportunities to enhance efficiency in city delivery office operations. For FY 2015, the district's percent to standard – a measurement used to assess office efficiency – was 117.21 percent. This is 9.19 percentage points above the national average of 108.02 percent. A percent to standard score greater than 100 indicates performance is less than the desired standard.

During FY 2015, 50 of the district's 114 delivery units (44 percent) used 174,912 more office workhours than necessary. This averages about 17 more minutes of office time per day, or 440 more minutes per month, on each city carrier route. These additional workhours cost the district more than \$11.1 million for the 2-year period of FYs 2014 and 2015.

Excess workhours were used because mail sometimes arrived late and the mail mix was sometimes incorrect, or carriers engaged in time-wasting practices. In addition, 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(used to establish staffing levels and mail arrival times by type and quantity) were non-existent, unsigned, or outdated.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 the extra workhours would increase overall efficiency at delivery units and allow a future cost avoidance of about \$8.4 million annually.

We also identified inadequate safeguards over cash, money orders, and stamp stock at seven 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, Houston District, eliminate 174,912 workhours at delivery units by eliminating inefficient office practices, preparing up-to-date mail arrival profiles, and ensuring policies and procedures are followed.

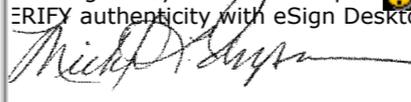
Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

June 9, 2016

MEMORANDUM FOR: KIM E. QUAYLE
DISTRICT MANAGER, HOUSTON DISTRICT

E-Signed by Michael Thompson
VERIFY authenticity with eSign Desktop


FROM: *for*
Janet M. Sorensen
Deputy Assistant Inspector General
for Retail, Delivery, and Marketing

SUBJECT: Audit Report – City Delivery Office Efficiency – Houston District
(Report Number DR-AR-16-005)

This report presents the results of our audit of City Delivery Office Efficiency – Houston District (Project Number 16XG009DR000).

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

Attachment

cc: Corporate Audit and Response Management

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Findings

For FY 2015, 50 of the Houston District's 114 delivery units (44 percent) used 174,912 more office workhours than necessary (at a cost of \$8.3 million), about 17 more minutes per day or 440 more minutes per month of office time per city carrier route.

Introduction

This report presents the results of our self-initiated audit of city delivery office efficiency in the Houston District (Project Number 16XG009DR000). Our objective was to assess the office efficiency of city delivery operations in the Houston District. See [Appendix A](#) for additional information about this audit.

City delivery office operations are all duties a U.S. Postal Service letter carrier performs in the office. These duties include casing¹ mail, 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 volumes while maintaining efficiency.

Summary

The Houston District has opportunities to enhance efficiency in city delivery office operations. For fiscal year (FY) 2015, the district's percent to standard² – a measurement used to assess office efficiency – was 117.21 percent, which was 9.19 percentage points above the national average of 108.02 percent. A percent to standard score greater than 100 percent indicates performance is less than the desired standard. For FY 2015, 50³ of the district's 114 delivery units (44 percent) used 174,912 more office workhours than necessary. This averages about 17⁴ more minutes of office time per day, or 440⁵ more minutes per month, on each city carrier route. The Houston District's usage of additional workhours resulted in over \$11.1 million in questioned costs for the 2-year period of FYs 2014⁶ and 2015.

Excess workhours were used because mail sometimes arrived late and the mail mix was sometimes incorrect, or carriers engaged in time-wasting practices. Also, mail arrival profiles (MAP),⁷ which are used to establish staffing levels and mail arrival times by type and quantity, were non-existent, unsigned,⁸ or outdated. Finally, managers did not enforce policies and procedures. Eliminating the 174,912 workhours would increase overall efficiency at the delivery units and allow a future cost avoidance of almost \$8.4 million in the next year.

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

1 Placing mail in proper separations (wickets) in a letter or flat case.

2 We did not include street efficiency in our review.

3 From the 114 delivery units in the Houston District, we identified 50 delivery units with 15 or more routes with a percent to standard higher than the national average. We selected 30 of the 50 units to observe.

4 Computation was based on 10,494,720 minutes (174,912 hours above the national average percent to standard multiplied by 60 minutes per hour) divided by 2,011 city routes divided by 302 annual delivery days, which equals about 17 minutes per route per day.

5 Computation was based on 10,494,720 minutes per day multiplied by 25.17 average delivery days per month divided by 2,011 routes divided by 302 annual delivery days, which equals about 440 minutes per route per month.

6 We also calculated the office workhours savings for FY 2014 based on our universe of 29 of 114 delivery units with more than 15 routes with a percent to standard higher than the national average. Questioned costs for FY 2014 was \$2,855,087.

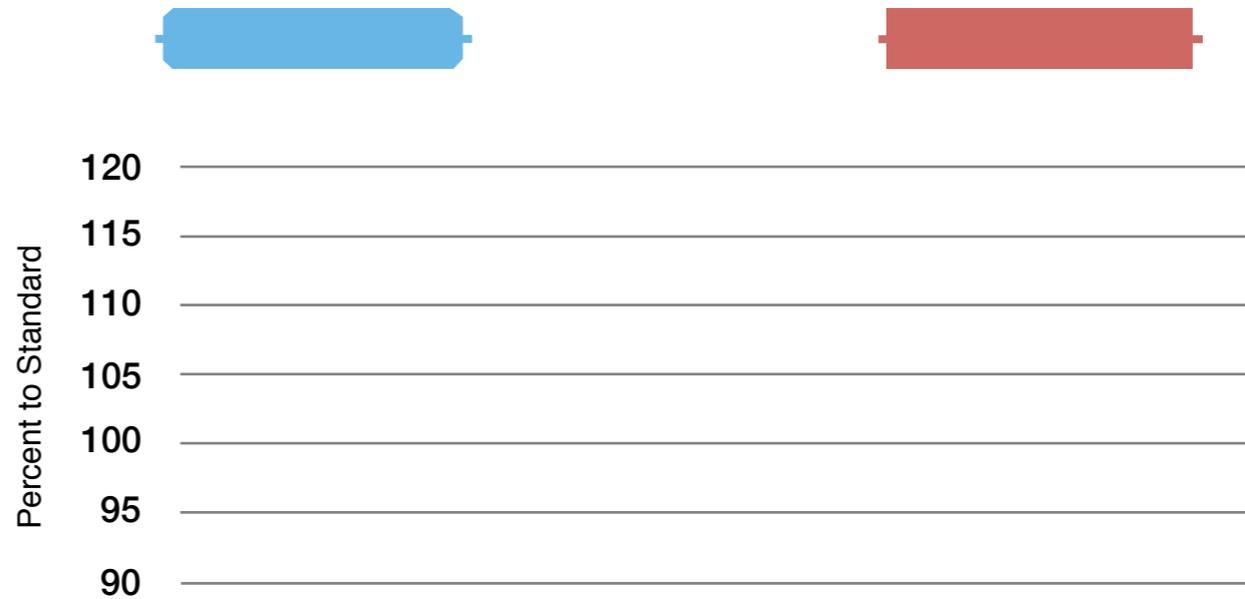
7 The MAP documents the specific requirements of the integrated operating plan (IOP) between the plant and delivery units. The plan includes track arrival times, as well as what mail, by type and quantity, will arrive on each trip in order for the unit to be successful.

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

Office Efficiency

For FY 2015, Houston District city carriers delivered over 2.1 billion mailpieces on 3,181 routes to more than 2.1 million delivery points. City delivery office workhours totaled 1,830,307 for this period. During FY 2015, the Houston District's percent to standard was 117.21 percent, 9.19 percentage points above the national average of 108.02. In addition, from FYs 2013 to 2015, the percent to standard for delivery units in the Houston District increased significantly and trended negatively compared to the national average (see Table 1).

Table 1. Comparison of National Percent to Standard to Houston District FYs 2013 to 2015



Source: Postal Service e-Flash Data System.

The Houston District could increase office efficiency and eliminate 174,912 workhours annually – about 17 more minutes per day, or 440 minutes per month, of office time per city carrier route. We visited 30 randomly selected city delivery units (see [Appendix B](#)) and identified instances of:

- Late mail arrival or incorrect mail mix or mail condition at all 30 units.
- Time-wasting practices by carriers at all 30 units.
- MAPs that were not used, outdated, or not approved at all 30 units.
- Managers not enforcing policies and procedures for supervising carriers at 21 units.

Mail Arrival

We observed late mail arrival or incorrect mail mix or mail condition at all 30 units. At 28 of 30 delivery units (93 percent) we visited, mail did not always arrive from the processing and distribution centers on time, and at all 30 delivery units mail did not always arrive in the correct mail mix, as outlined in the MAP. We observed carriers in several units sorting through incorrectly sequenced delivery point sequence⁹ (DPS) mail from the plant. This practice extended carriers' time in the office (see Figures 1 and 2).

Figures 1 and 2. Carriers Sorting Through DPS Mail at Delivery Units



Source: U.S. Postal Service Office of Inspector General (OIG) Photograph taken February 4, 2016.



Source: OIG photograph taken February 23, 2016.

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.

Inefficient Office Practices

We observed time-wasting practices by carriers at all 30 units. Specifically, we observed city carriers at 18 of the 30 delivery units (60 percent) loading mail into vehicles on office time rather than clocking¹⁰ to street time and carriers at 25 of the 30 delivery units (83 percent) sorting through DPS mail instead of taking this mail directly to the street for delivery. We also observed carriers at 16 of the 30 units (53 percent) making multiple trips to withdraw or return mail at distribution cases.

These inefficient practices resulted in unnecessary office time at the units. Postal Service policy¹¹ states carriers should proceed directly to their vehicles and load the mail in an orderly fashion after clocking onto street time. Postal Service policy¹² also states that DPS mail is not to be distributed to carriers but staged near the exit for transport to vehicles. According to Postal Service policy,¹³ 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.

Also, carriers at 21 of the 30 delivery units (70 percent) were not efficient during afternoon office time because supervisors were not adequately monitoring them. We observed some carriers spending more than the allotted time in the office after returning from their routes. Further, our review of the *Route/Carrier Daily Performance/Analysis Reports* for the 30 delivery units we visited showed 418 routes with zero minutes for p.m. office time. This indicates carriers were not clocking back to office time when returning to the unit in the afternoon, resulting in office operations being recorded as street time. This practice can artificially lower a unit's percent to standard score.

Mail Arrival Profiles

We observed MAPs that were not used, outdated, or not approved at all 30 units. In 23 of the 30 delivery units we visited, MAPs (used to establish staffing levels and mail arrival times by type and quantity) were outdated. Also, at 7 of the 30 units management could not provide a MAP and at one unit the MAP was unsigned. The delivery unit manager or designee is responsible for maintaining a current copy of the MAP to ensure carriers are not delayed.

Enforcing Policies and Procedures

We observed that managers did not enforce policies and procedures for supervising carriers at 21 units. Specifically, management did not always set daily expectations for carrier route performance at 17 of the 30 delivery units (57 percent) we visited. Additionally, supervisors at 19 of the 30 delivery units (63 percent) did not review previous day performance with carriers during morning office operations. Some supervisors had the required reports¹⁴ 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 preserved.¹⁵

¹⁰ 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.

¹¹ Handbook M-39, *Management of Delivery Services*, Section 125.1, March 1998 – Updated March 2004.

¹² *Field Operations Standardization Development, Morning (AM) Standard Operating Procedures (AMSOP) II Guidebook*, Section 5-5, 2007.

¹³ Handbook M-39, *Management of Delivery Services*, Section 125.1, March 1998 – Updated March 2004.

¹⁴ *Field Operations Standardization Development, Morning (AM) Standard Operating Procedures (AMSOP) II Guidebook*, Section 5-5, 2007

¹⁵ Handbook M-39, *Management of Delivery Services*, Section 111.1, March 1998 – Updated March 2004.

For FY 2015, the Houston District used 174,912 more workhours than necessary, resulting in over \$11.1 million in questioned costs for FYs 2014 and 2015. Increasing overall efficiency at these delivery units would allow a cost avoidance of almost \$44 million over the next 5 years.

Assets at Risk

Employees did not always properly secure and lock stamp stock inventory at seven of the 30 locations we visited. This inventory included cash, money orders, and stamp stock worth \$199,046 (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.

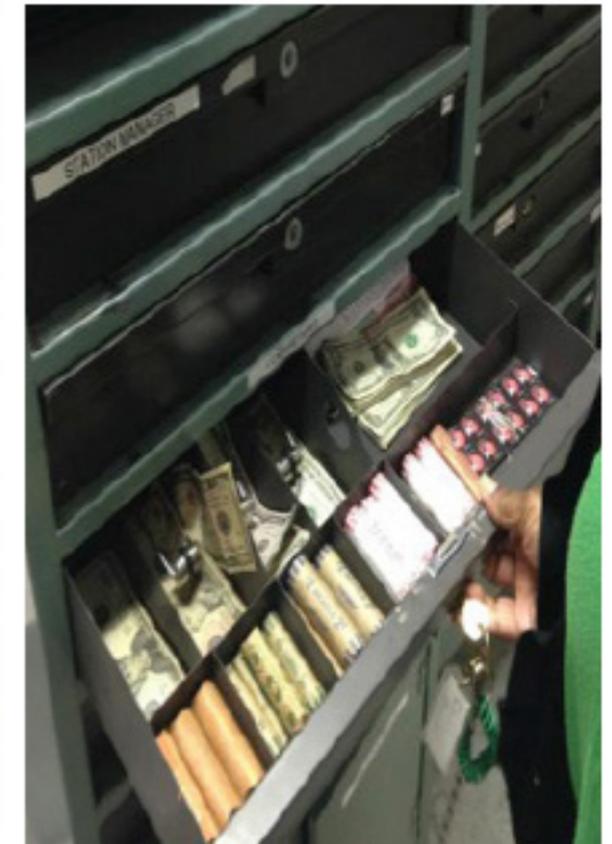
Figures 3, 4, and 5. Assets at Risk



Source: OIG photograph taken February 23, 2016.



Source: OIG photograph taken February 26, 2016



Source: OIG photograph taken February 2, 2016

Recommendations

We recommend management eliminate 174,912 workhours at delivery units by eliminating inefficient office practices, preparing up-to-date mail arrival profiles, and ensuring policies and procedures are followed.

We recommend the district manager, Houston District:

1. Eliminate 174,912 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 city delivery unit supervisors follow policies and procedures.

Management's Comments

Management agreed with the findings, recommendations, and that office workhour savings reductions are necessary, but disagreed with the monetary impact.

Management stated they did not agree with the methodology used to calculate the additional work hours cost of \$8,259,588 based on 174,912 workhours. Management indicated that this amount is based on data from FY 2015, which included a major impact from the Area Mail Processing (AMP) consolidation. Management stated there were disconnects associated with the AMP consolidation and mail arrived at the delivery units as late as noon which adversely affected carrier office times but was being reported accurately. Additionally, in the year analyzed by the OIG (FY 2015), the Houston District achieved a 117.21 percent to standard compared with the national target for a major metropolitan district of 108.02 percent. Management also stated that the district has achieved a percent to standard of 107.47 for the past 4 weeks and the units visited are showing improvements.

In response to recommendation 1, management agreed that reducing office workhours is necessary. Management stated that to improve office performance, they changed carrier start times to align with the updated MAPs in the delivery units visited by the OIG. Management stated that a daily percent to standard performance report is sent to Managers of Post Office Operations and Customer Service Operations Managers to review and take appropriate action and correct performance. Management stated they will also monitor office performance daily and also weekly to ensure positive trends in workhour reductions. In subsequent correspondence, management stated this would be completed by January 31, 2017.

In response to recommendation 2, management agreed with the need to eliminate inefficient office practices such as loading vehicles on office time. The district sends out a daily report from operations that generates load time variances. The district will also review carrier flow charts to ensure they are in place in each unit. Also, the Managers of Post Office Operations and Customer Service Operations Managers will make site visits to the delivery units with 15 or more routes with a percent to standard higher than the national average to review opportunity. Management completed as of May 31, 2016.

In response to recommendation 3, management agreed that updated mail arrival profiles will improve mail arrival efficiency. Management stated that the North Houston Plant has scheduled meetings with the Customer Service sites they service to prepare updated MAPs to ensure the proper mail mix; management stated they have completed over 45 percent of the district. Management will also review Postal Service Form 1994, Employee's Work Schedule, to ensure clerks are scheduled in line with the MAPs. Also, at the district's daily production control meeting they are discussing the mail arrival impacts, DPS racks and late trips. In addition, a web-based survey was implemented to report irregularities associated with DPS staging and DPS racks to ensure compliance. Management stated this would be completed by May 27, 2016.

In response to recommendation 4, management agreed with adherence to Postal Service policies and procedures for supervising city delivery. Management stated additional training will be provided on managing office performance beginning with the 30 delivery units the OIG visited in the district. Management indicated the expected completion date for this recommendation is June 30, 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.

Regarding the impact of the consolidation, preparation for the North Houston Processing and Distribution Center (P&DC) consolidation started September 30, 2010, with the completion of an Area Mail Processing (AMP) study. The North Houston P&DC began processing mail from the Beaumont, TX, and Houston, TX, P&DCs in October 2011 and May 2013, respectively. Additionally, the North Houston P&DC began processing mail from the Houston P&DC in April 2015.¹⁶ Overall, these consolidations have resulted in a 51 percent increase in the North Houston P&DC's mail volume.

Postal Service policy states that AMPs centralize mail processing operations to better use resources, including space, staffing, processing equipment, and transportation; take advantage of state-of-the-art technologies available at the gaining facility so mail can be processed more efficiently; support network rationalization and reduce redundancies. AMPs should have minimal impact to customer services, including delivery services.¹⁷ According to the policy, a successful transition period should be 6 months or less for an AMP consolidation.¹⁸ OIG observations at delivery units occurred in January and February 2016, after the AMP consolidation and transition periods.

In regard to the workhour savings and monetary impact, the OIG based workhour savings calculations on the national average percent to standard for city delivery office efficiency. The OIG calculated the national average using the percent to standard for each of the 67 districts. The OIG's use of the percent to standard national average is more conservative than comparing districts to the Postal Service's percent to standard, which is 100 percent. The national percent to standard average the OIG used is representative of all city carrier operations throughout the country regardless of geographical location.

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.

¹⁶ The Postal Service has not yet determined the date for the consolidation of some of its mail from the Beaumont P&DC into the North Houston P&DC.

¹⁷ Handbook PO-408 *Area Mail Processing Guidelines*, Section 1.2, March 2008.

¹⁸ Handbook PO-408 *Area Mail Processing Guidelines*, Section 6.3, March 2008.

Appendices

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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.

Objectives, Scope, and Methodology

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

- Ranked each of the seven areas from highest to lowest in terms of percent to standard for FY 2015. We used the eFlash¹⁹ national percent to standard measurement of 108.02 percent as a baseline guide.
- Selected the Southern Area and, within that area, selected the Houston District for review because it had the 12th highest percent to standard in the nation based on data from eFlash.²⁰ The Houston District's percent to standard was at 117.21, compared with the national average of 108.02 percent. Additionally, according to the OIG's quarterly Performance and Results Information System (PARIS) *City Delivery Efficiency Risk Model* for FY 2015, the Houston District was one of the most at risk districts for city delivery overtime, delayed mail, and carriers returning to the office after 5 p.m.²¹
- Analyzed the percent to standard for 114 delivery units in the Houston District and identified a universe of 50 delivery units with 15 or more routes with a percent to standard higher than the national average of 108.02 percent. We randomly selected the 30 units from this universe of 50 to conduct onsite observations of city delivery office operations.
- Obtained, reviewed, and analyzed city delivery unit data from eFlash and the Enterprise Data Warehouse²² (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-39²³ and M-41.²⁴

We conducted this performance audit from January 2016 through June 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

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 Houston District over other districts in the Southern Area because we have not conducted city office district efficiency audits since we completed the *City Delivery Efficiency-South Florida District* audit (project DR-AR-14-004) on March 4, 2013. Additionally, we have conducted city office efficiency audits at several of the other districts in the remaining Postal Service areas since FY 2013.

21 Houston District rankings obtained from PARIS *City Delivery Efficiency Risk Model* reports for FY 2015 Quarter (Q) 1, Q2, Q3, and Q4.

22 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.

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

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

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 May 4, 2016, and included their comments where appropriate.

We relied on data primarily from eFlash. We obtained data for all of FY 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 – Colorado/Wyoming District</i>	DR-AR-16-002	1/20/2016	\$46,262,152
<p>Report Results: The Colorado/Wyoming District has opportunities to enhance efficiency in city delivery office operations. 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, or about 17 more minutes of office time per day per city carrier route, than necessary. These additional workhours cost \$8.6 million during this time period. These conditions occurred because mail sometimes arrived late, the mail mix was incorrect, or carriers engaged in time-wasting practices; and IOPs 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 \$8.8 million the following year. We also identified inadequate safeguards over stamp stock and money orders valued at \$210,871 at 12 delivery units. Management agreed with our findings and recommendations and conditionally agreed with the workhour savings in the report.</p>			
<i>City Delivery Efficiency – San Francisco District</i>	DR-AR-15-011	9/15/2015	\$14,200,854
<p>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 IOPs 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.</p>			

Report Title	Report Number	Final Report Date	Monetary Impact (in millions)
<i>City Delivery Efficiency – Sierra Coastal District</i>	DR-AR-15-010	9/1/2015	\$15,054,626
<p>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 one-time 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.</p>			
<i>City Delivery Efficiency – Connecticut Valley District</i>	DR-AR-15-008	7/24/2015	\$20,635,056
<p>Report Results: 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 the extra workhours would increase overall efficiency at the delivery units and allow a one-time cost avoidance of about \$10.3 million in 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 the findings and recommendations, however, they disagreed with the monetary impact.</p>			
<i>City Delivery Efficiency – Greater Boston District</i>	DR-AR-15-007	5/28/2015	\$24,698,591
<p>Report Results: 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, carriers' time-wasting practices, and improperly staged DPS letters. We also found IOPs were outdated or non-existent and managers did not always enforce 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 the findings and recommendations, but disagreed with the monetary impact.</p>			
<i>City Delivery Efficiency -South Florida District</i>	DR-AR-14-004	3/4/2014	\$30,587,250
<p>Report Results: 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. Also, 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>			

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

	Delivery Units	FY 2015 Percent to Standard	Number of City Routes
1	Spring-Woodlands Metro Branch	201.51%	47
2	Richmond Post Office	171.87%	18
3	Rosenberg Post Office	166.34%	16
4	Sugar Land-First Colony Station	164.05%	18
5	Spring-Panther Creek Branch	160.84%	50
6	Houston-Memorial Park Station	150.08%	53
7	Houston-Oak Forest Station	146.29%	69
8	Houston-James Griffith Station	137.20%	50
9	Spring-Klein Branch	132.95%	61
10	Pasadena-D L Atkinson Station	131.70%	42
11	Sugar Land Post Office	131.54%	40
12	Lake Jackson Post Office	128.88%	30
13	Stafford Post Office	126.93%	19
14	Orange Post Office	126.93%	18
15	Houston-North Shepherd Station	123.44%	98
16	Houston-Windmill Station	123.11%	65
17	Houston-Jensen Drive Station	122.78%	18
18	Houston-De Moss Station	120.03%	73
19	Houston-Ashford West Station	119.56%	64
20	Humble Post Office	115.87%	25
21	Houston-Cornerstone Station	115.44%	36
22	Houston-Granville Elder Station	115.00%	62
23	Houston-Rich Hill Station	114.80%	70
24	Houston-University Station	113.34%	23
25	Houston-Westfield Station	112.87%	33
26	Houston-Denver Harbor Station	112.72%	18
27	League City Post Office	112.38%	43
28	Houston-Medical Center Station	111.79%	35
29	Beaumont-Tobe Hahn Station	111.57%	47
30	Houston-Eastwood Station	108.20%	44

Source: Postal Service e-Flash Data System for FY 2015.

Appendix C: Management's Comments

DISTRICT MANAGER
HOUSTON DISTRICT



May 24, 2016

LAURIE DILLARD
DIRECTOR, AUDIT OPERATIONS

SUBJECT: City Delivery Office Efficiency – Houston District (Report Number DR-AR-16-Draft)

We would like to thank the OIG for the opportunity to respond to the audit of City Delivery Office Efficiency in Houston District. We agree in general to the three recommendations on the audit report and have provided the action plans for each below.

Regarding the monetary impacts cited as a result of the review we do not agree as the Methodology utilized to calculate the additional work hour cost of \$8,259,588 million (174,912 hours) is based on data from FY 2015 that included a Major AMP impact. There were disconnects associated with the AMP with mail arrival occurring at the delivery units as late as noon on many occasions which adversely affected the office time but was being reported accurately.

Additionally, in the year analyzed, the OIG reported that Houston achieved 117.21 % to Std with the National Target for a Major Metro District being 108.02%. Houston is currently achieving 113.27 YTD % to Std. Over the last 4 weeks (Week 30 – 34) we achieved 107.47%. The attachment shows the 30 Offices visited with their FY 15 and current FY 16 % to Standard.

Recommendation No. 1:

We recommend the District Manager, Houston District; eliminate 174,912 Work hours at Delivery Units.

Management Response/Action Plan:

We agree that the reduction of office work hours is necessary, and have we improved office performance by changing carrier times to align with the MAP (Mail Arrival Profiles) that we updated in the cited units to reduce waiting time.

We, also, send out a daily report to the CSOM/POOMs, for review and appropriate action, from EDW that generates % to Standard Performance by District/Area and Office including stand by time. They are following up with the Installation Heads to ensure errors are corrected and performance is addressed.

Additionally, we monitor office performance daily and weekly to ensure positive trends in work hour reductions.

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Target Implementation Date:
October 2015 and On-going

Responsible Official:
Chenise LeDoux, PM, Houston
Michael Bonnette, MPOO 1
Edward Muniz, MPOO 2
Teresa Brady, MPOO 3
Stephanie Anderson, MPOO D

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

Management Response/Action Plan:

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

We send out a daily report from Operations that Generates Load Time Variances.

The District will review carrier flow charts to ensure they are in place in each unit. The CSOM/POOM and Operations will make site visits to the Delivery Units with 15 or more routes with a percent to standard higher than the National Average to review opportunity.

Target Implementation Date:
May 2016

Responsible Official:
Rhonda Wright, Manager, Operations Program Support

Recommendation No. 3: Increase mail arrival efficiency office practices 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 improve mail arrival efficiency.

The North Houston Plant has scheduled meetings with the Customer Service Sites they service to prepare MAPS to ensure the proper mail mix. We have completed over 45% of the District with the remaining being completed by May 27, 2016.

We will review our 1994's to ensure F4 staffing is in alignment with the MAPS.

Mail Arrival Impacts (I.E. DPS Racks) and Late Trips are discussed daily on a Production Control Meeting.

A web-based survey was implemented in the District to report irregularities associated with DPS Staging- DPS Racks are in place to ensure compliance.

Target Implementation Date:
May 27, 2016

Responsible Official:
Karlett Gilbert, 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 should be followed.

Provide additional training focusing on managing office performance; starting with the 30 offices that were visited during audits.

Target Implementation Date:
June 30, 2016

Responsible Official:
Rhonda Wright, Manager, Operations Program Support



Kim Quayle

Cc: Shaun E. Mossman, Vice President Area Operations, Southern Area
Lisse Fish, Manager, Delivery Programs Support, Southern Area
Sally Haring, Manager, Corporate Audit and Response Management
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