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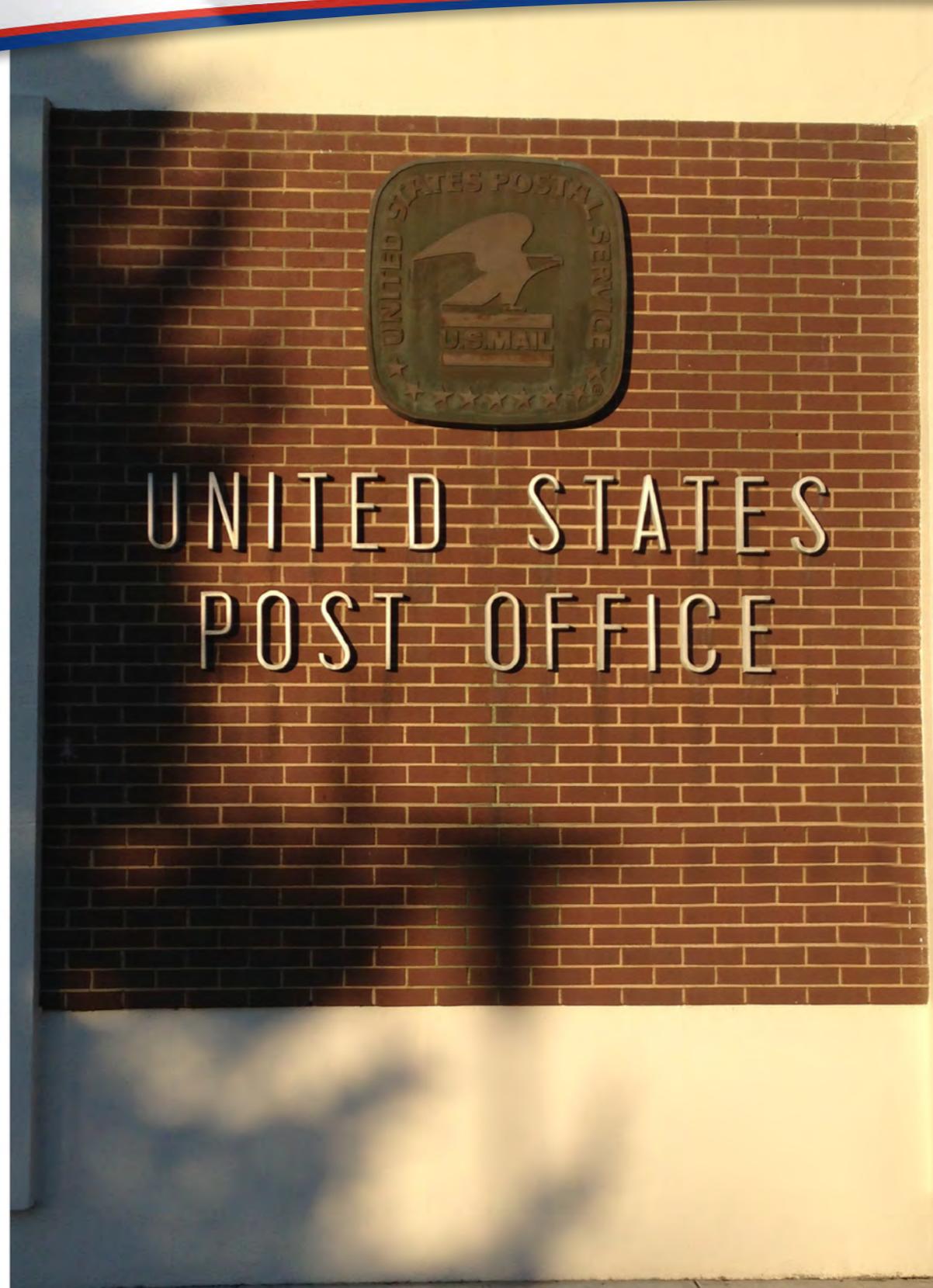
UNITED STATES POSTAL SERVICE

City Delivery Office Efficiency – Greensboro District

Audit Report

Report Number
DR-AR-16-008

August 22, 2016





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UNITED STATES POSTAL SERVICE

Highlights

The Greensboro 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 (keys, postage due, customs duty, and special services mail). 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.

From fiscal year (FY) 2015, Quarter (Q) 2, through FY 2016, Q1, Greensboro District city carriers delivered over 846 million mailpieces on 1,448 routes to more than 928,000 delivery points. Carriers used over 654,511 city delivery office workhours.

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

What The OIG Found

The Greensboro District has opportunities to enhance efficiency in city delivery office operations. From FY 2015, Q2, through FY 2016, Q1, the district's percent to standard, a measurement used to assess office efficiency, was 117.57 percent. This is 10 percentage points above the national average of 107.55. A percent to standard score greater than 100 indicates performance is less than the desired standard.

Greensboro District

Percent to standard is a measurement used to assess office efficiency. The desired standard is 100%

FY 2015 Quarter 2 → FY 2016 Quarter 1

The Greensboro District percent to standard was

117.57%

↑ 10% higher

than the national average of

107.55%



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For the same period, 18 of the district's 90 delivery units (20 percent) used 85,304 more office workhours than necessary. This averages about 23 more minutes of office time per day, or 588 more minutes per month, on each city carrier route. These additional workhours cost the district more than \$3.73 million annually.

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, integrated operating plans (used to establish staffing levels and mail arrival times by type and quantity) were nonexistent, 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 \$4.44 million annually.

In FY 2015, the Greensboro District implemented a Lean Six Sigma project to improve the office percent to standard. The goal of the project is to improve productivity, which will lower operating costs for the Postal Service. The project was initially started at the Greensboro City delivery units with plans to replicate it throughout the district.

We also identified inadequate safeguards over stamp stock at four delivery units. Because management immediately initiated corrective action on these matters we are not making a recommendation on this issue.

What The OIG Recommended

We recommended management eliminate 85,304 workhours at delivery units by eliminating inefficient office practices, preparing up-to-date integrated operating plans, and ensuring policies and procedures are followed.

Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

August 22, 2016

MEMORANDUM FOR: DAVID WEBSTER
ACTING DISTRICT MANAGER, GREENSBORO DISTRICT

E-Signed by Janet Sorensen
VERIFY authenticity with eSign Desktop


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

SUBJECT: Audit Report – City Delivery Office Efficiency – Greensboro
District (Report Number DR-AR-16-008)

This report presents the results of our audit of City Delivery Office Efficiency – Greensboro District (Project Number 16XG023DR000).

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.

Attachment

cc: Vice President, Delivery Operations
Vice President, Capital Metro Area
Corporate Audit and Response Management

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Findings

From FY 2015, Quarter 2, through FY 2016, Quarter 1, Greensboro District's 18 delivery units (20 percent) used 85,304 more office workhours than necessary (at a cost of 3.73 million), about 23 more minutes per day or 588 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 Greensboro District (Project Number 16XG023DR000). Our objective was to assess the office efficiency of city delivery operations in the Greensboro 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 volume while maintaining efficiency.

Summary

The Greensboro District has opportunities to enhance efficiency in city delivery office operations. For fiscal year (FY) 2015, Quarter (Q) 2, through FY 2016, Q1, the district's percent to standard,² a measurement used to assess office efficiency, was 117.57 percent, which is 10 percentage points above the national average of 107.55 percent. A percent to standard score greater than 100 percent indicates performance is less than the desired standard. For FY 2015, Q2, through FY 2016, Q1, 18³ of the district's 90 delivery units (20 percent) used 85,304 more office workhours than projected. This averages about 23⁴ more minutes of office time per day, or 588⁵ more minutes per month, on each city carrier route. The Greensboro District's use of additional workhours resulted more than \$3.73 million in questioned cost.



- 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 90 delivery units in the Greensboro District, we identified 18 delivery units with 15 or more routes with a percent to standard higher than the national average. We selected all 18 units to observe.
- ⁴ Computation was based on 5,118,251.91 minutes (85,304.20 hours above the national average percent to standard multiplied by 60 minutes per hour) divided by 725 city routes divided by 302 annual delivery days, which equals about 23 minutes per route per day.
- ⁵ Computation was performed by individual delivery unit based on each unit's hours above the national average percent to standard multiplied by 60 minutes per hour multiplied by 25.17 average delivery days per month divided by the unit's routes divided by 302 annual delivery days, which equals about 588 minutes per route per month for the 18 units in our universe.

Excess workhours were used because mail sometimes arrived late and the mail mix was sometimes incorrect, or carriers engaged in time-wasting practices. Also, integrated operating plans (IOP),⁶ which are used to stabilize mail flow, were non-existent, unsigned,⁷ or outdated. Finally, managers did not enforce policies and procedures. Eliminating the 85,304 workhours would increase overall efficiency at the delivery units and allow a future cost avoidance of almost \$4.44 million annually.

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

Office Efficiency

For FY 2014, Q2, through FY 2016, Q1, Greensboro District city carriers delivered over 846 million mailpieces on 1,448 routes to more than 928,000 delivery points. City delivery office workhours totaled 654,511 for this period. During FY 2015, Q2, through FY 2016, Q1, the Greensboro District's percent to standard was 117.57 percent, 10 percentage points above the national average of 107.55.

The Greensboro District could increase office efficiency and eliminate 85,304 workhours annually – about 23 minutes per day, or 588 minutes per month, of office time per city carrier route. We visited 18 city delivery units (see [Appendix B](#)) and identified instances of:

- Late mail arrival or incorrect mail mix or mail condition at 15 units.
- Time-wasting practices by carriers at 14 units.
- IOPs not used, outdated, or not approved at all 18 units.
- Managers not enforcing policies and procedures for supervising carriers at 11 units.

In FY 2015, the Greensboro District implemented a Lean Six Sigma (LSS)⁸ project to improve the office percent to standard. The goal of the project is to improve productivity, which will lower operating costs for the Postal Service. The project was initially started at the Greensboro City delivery units with plans to replicate it throughout the district. We did not observe any Greensboro City facilities, but station management in a few of our sites focused on activities designed to improve the percent to standard.

We observed station management emphasizing city carrier office efficiency in the morning by having timely and organized vehicle inspections, setting expectations for the day, talking to carriers about their previous day's activities, and paying attention to city carriers returning in the evening to ensure office time was efficient. During our visit, station management stated there is an emphasis from the district on identifying the root causes for the lower-than-expected city carrier office productivity performance.

6 The IOP contract covers mail arrival from the plant and identifies the mail product agreed for each individual trip. The primary purpose is to stabilize mail flow (for example, arrival time of delivery point sequence (DPS) mail, auto letters, and auto flats), based on other requirements for mail arrival, such as the mail mix/unit distribution percentage.

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

8 LSS is a complete approach that use principles of both Lean and Six Sigma to focus on finding and eliminating waste to improve the customer experience.

Mail Arrival

At 15 of 18 delivery units (83 percent) we visited, mail did not always arrive from the processing and distribution centers on time or in the correct mail mix. As a result, we observed carriers in several units sorting through incorrectly sequenced DPS⁹ 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 Unit



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



Source: OIG photograph taken April 20, 2016.

Inefficient Office Practices

We observed time-wasting practices by carriers at 14 units. Specifically, we observed city carriers at four of the 18 delivery units (22 percent) loading mail into vehicles on office time rather than clocking¹⁰ to street time and carriers at 11 of the 18 delivery units (61 percent) sorting through DPS mail instead of taking this mail directly to the street for delivery. We also observed carriers at eight of the 18 units (44 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.

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 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, *Carrier Withdrawal of Letters and Flats*, Section 116.

Also, carriers at five of the 18 delivery units (28 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 18 delivery units we visited showed 86 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.

Integrated Operating Plans

We observed IOPs that were not used, outdated, or not approved at all 18 units. At five of the 18 delivery units we visited, IOPs were outdated, while at seven units management could not provide an IOP and at six units the IOP was unsigned. The delivery unit manager or designee is responsible for maintaining a current copy of the IOP to ensure carriers are not delayed.

Enforcing Policies and Procedures

We observed that managers did not enforce policies and procedures for supervising carriers at 11 units. Specifically, management did not always set daily expectations for carrier route performance at seven of the 18 delivery units (39 percent) we visited. Additionally, supervisors at 11 of the 18 delivery units (61 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 ensure Postal Service standards are preserved.¹⁵

For FY 2014, Q2, through FY 2016, Q1, and the Greensboro District used 85,304 more workhours than necessary, resulting in over \$7.4 million in questioned costs. Further, increasing overall efficiency at these delivery units would allow a cost avoidance of almost \$22 million over the next 5 years.

Assets at Risk

Employees did not always properly secure and lock stamp stock inventory at four of the 18 locations we visited. This inventory was worth \$162,867 (see [Figures 3 and 4](#)). 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.

¹⁴ *Field Operations Standardization Development, Morning (AM) Standard Operating Procedures (AMSOP) II Guidebook*, Section 5-5, March 2011.

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

Figures 3 and 4. Assets at Risk



Source: OIG photograph taken on April 7, 2016.



Source: OIG photograph taken on April 20, 2016.

Recommendations

We recommend management eliminate 85,304 workhours at delivery units by eliminating inefficient office practices, preparing up-to-date integrated operating plans, and ensuring policies and procedures are followed.

We recommend the district manager, Greensboro District:

1. Eliminate 85,304 workhours at delivery units.
2. Eliminate inefficient office practices such as sorting through delivery point sequence mail on office time.
3. Increase mail arrival efficiency by preparing up-to-date integrated operating plans with facility processing managers.
4. Ensure city delivery supervisors follow policies and procedures.

Management's Comments

Management agreed with the findings and recommendations, and agreed that city delivery office performance was not consistent with the national average and needs to be addressed by local management. However, they disagreed with the methodology and calculation of monetary impact and assets at risk.

Management disagreed with the calculation of Questioned Costs in the amount of \$7,478,168, stating that our calculation only compares offices and routes that performed worse than the national average and unfavorably compares these across all routes in the district. Management stated the national percent to standard average factors into all routes including those performing favorably. Also, they stated that this calculation only includes data back to 2014 when package shipments increased significantly. Management explained the dynamic nature of the package business created new challenges that had to be addressed, but these changes did not happen quickly. They stated the only way to document this growth that affects office efficiency is by conducting contractually mandated reviews and inspections, a process that involves both management and union cooperation and sufficient time to perform and make changes. Management also disagreed that all instances where office time is extended are simply the result of carrier inefficiency and can be otherwise impacted by daily, weekly or even seasonal events.

Management also disagreed with the methodology and calculation used to determine the Funds Put to Better Use amount of \$22,233,958. Management stated from the time of the audit until the end of Quarter 3, suggestions made by the OIG have been implemented and the Greensboro District Percent to Standard has trended favorably, indicating that processes have been put in place and any future monetary impacts will be significantly reduced if not eliminated completely.

Finally, management disagreed with the calculation of assets at risk of \$162,867. Management did not agree that having an open safe door during working hours would result in the loss of all stamp stock in each facility. While they agreed that it is not acceptable to leave the stock unsecured, they stated these incidents do not normally result in the full loss of stock.

In response to recommendation 1, management agreed that reducing office workhours is necessary. Management stated that to improve office performance, they have started an aggressive Lean Six Sigma project approach to identify defects within the current processes at the delivery units and develop solutions to improve and sustain results. Management plans to implement the initiative by March 30, 2017.

In response to recommendation 2, management agreed with the need to eliminate inefficient office practices such as loading vehicles on office time. Management has implemented a procedure utilizing daily DOIS reports to identify individual units and carriers that are underperforming in office percent to standard. Also, emphasis has been re-established to the delivery units on the proper handling of Delivery Point Sequence mail. Managements target implementation date is March 30, 2017.

In response to recommendation 3, management agreed with the need to have updated integrated operating plans. Management stated they have begun the process of updating all integrated operating plans that will be signed by the management representative of both the delivery unit and the servicing mail processing facility. Management also stated that late trips have been a major contributing factor driving poor office percent to standard performance as carriers are forced to wait for mail to be distributed by Customer Service (Function 4) staff in the delivery units. The district has focused on improving clearance times in the processing facilities and improving on-time dispatches to the delivery units, which were below 70 percent at the time of the audit. District management implemented strategies to improve this performance and over a recent seven week period sustained on-time dispatches above 90 percent. Managements target implementation date is March 30, 2017.

In response to recommendation 4, management agreed with the need to adhere to Postal Service policies and procedures. The district will re-issue established policies and procedures followed up by auditing process to ensure compliance. Management will develop a daily/weekly supervisor road map to assist supervisors in their daily and weekly activities to be incorporated into established standard work practices for delivery unit supervisors. Managements plans to implement these plans by November 30, 2016.

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

Evaluation of Management's Comments

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

Regarding management's disagreement with questioned costs, the OIG's use of a national average percent to standard is an established audit methodology to review those individual units where the most opportunity for office efficiency improvements exists. By using the national average, the OIG applied a conservative approach to measure the performance of individual units by using the actual national average, in this case 107.55 percent, versus the Postal Service's own stated goal of 100 percent to standard. While we agree that package shipments have increased significantly in recent years, this is a national trend and the Postal Service has made no special accommodations or changes regarding percent to standard goals as a result of that increase. We believe the national average is the best source for demonstrated city delivery office performance, therefore, our analysis is fair for evaluating delivery units' office performance. The OIG agrees that other factors can result in increased office time and included those factors in this report. For example, the lack of integrated operating plans, late arriving mail and supervisors who do not enforce policy are also factors which also contribute to the excessive carrier office time.

Postal management also disagreed with the methodology to calculate Funds Put to Better Use. Regarding the OIG projections, we based our calculations on demonstrated past performance which represent a conservative estimate of the amount of funds that could be better utilized if no action is taken. The calculation of funds put to better use, the findings in the report and their related recommendations are intended to encourage management action to correct the deficiencies identified during the audit in an effort to avoid incurring these projected costs. We agree that Greensboro district management's actions to address the issues identified in the audit report, their favorable trend in reducing percent to standard and their commitment to continue monitoring and improving this indicator, should significantly reduce or eliminate the inefficient use of funds in this area.

Regarding managements concerns about Assets at Risk, the intent of including the amount at risk in the report is to show the full risk associated with the failure to follow Postal Service procedure. While management stated that an open safe door does not typically lead to a full loss of stock, we believe an open safe door leaves all stock in the safe susceptible to loss and therefore we report the total of all stock in the safe at the time as at risk.

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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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 (keys, postage due, customs duty, and special services mail). 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 Greensboro 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, Q2, through FY 2016, Q1. We used the eFlash¹⁶ national percent to standard measurement of 107.55 percent as a baseline guide.
- Selected the Capital Metro Area and, within that area, selected the Greensboro District for review because it has the 12th highest percent to standard in the nation based on data from eFlash.¹⁷ The Greensboro District's percent to standard was 117.57, compared with the national average of 107.55 percent. Additionally, according to the OIG's quarterly Performance and Results Information System *City Delivery Efficiency Risk Model* for FY 2015, Q2, through FY 2016, Q1, the Greensboro District was one of the most at risk districts with higher percent to standard calculations.
- Analyzed the percent to standard for 90 delivery units in the Greensboro District and identified a universe of 18 delivery units with 15 or more routes with a percent to standard higher than the national average of 107.55 percent.
- Obtained, reviewed, and analyzed delivery unit data from eFlash and the Enterprise Data Warehouse (EDW)¹⁸ for all city delivery routes.
- Conducted interviews on-site and obtained information on city carrier office operation, unit operations, processes, and procedures.
- Reviewed documentation and applicable policies and procedures for city delivery and Postal Service handbooks M-39¹⁹ and M-41.²⁰

We conducted this performance audit from March through August 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 July 21, 2016, and included their comments where appropriate.

¹⁶ 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.

¹⁷ We selected the Greensboro District over the top 11 districts because (1) We recently conducted city efficiency audits in the Greater Boston, Connecticut Valley, Sierra Coastal, Colorado/Wyoming and Houston districts, (2) We have previously conducted an office efficiency audit in the San Francisco District, (3) We have not had any presence recently in the Capital Metro Area.

¹⁸ 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.

¹⁹ Handbook M-39, *Management of Delivery Services*, March 1998 – updated March 2004.

²⁰ Handbook M-41, *City Delivery Carriers Duties and Responsibilities*, March 1998 – updated April 2001.

We relied on data primarily from eFlash. We obtained data for all of FY 2015, Q2, through FY 2016, Q1. 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- Houston District</i>	DR-AR-16-005	6/9/2016	\$43,973,715
<p>Report Results: The Houston District has opportunities to enhance efficiency in city delivery office operations. During FY 2015, 50 of the district's 114 delivery units (44 percent) used 174,912 more office workhours, or about 17 more minutes of office time per day, per city carrier route, than necessary. These additional workhours cost the district more than \$8.3 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 8.4 million the following year. We also identified inadequate safeguards over stamp stock and money orders valued at \$199,046 at seven delivery units. Management agreed with our findings and recommendations, and conditionally agreed with the workhour savings identified in the report.</p>			
<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 than necessary (at a cost of \$8.6 million), or about 17 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 (MAPs) used to establish staffing levels and mail arrival times by type and quantity, were non-existent, unsigned, 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. Management agreed with the findings and recommendations; however, they disagreed with the workhour savings identified 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. Also, IOPs were outdated or non-existent. Finally, 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 \$7.2 million in 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 the findings and recommendations, and conditionally agreed with the OIG calculations of monetary impact identified 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, or some carriers engaged in time-wasting practices. IOPs were unsigned or non-existent. Additionally, 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 \$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 the findings and recommendations; however, they disagreed with the workhour savings identified in the report.</p>			
<i>City Delivery Efficiency – Connecticut Valley District</i>	DR-AR-15-008	1/24/2015	\$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 (or \$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, 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 the findings and recommendations; however, they 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, recommendations, and monetary impact.</p>			

Appendix B: Units Selected for Site Observations

	Delivery Units	FY 2015, Q2, through FY 2016, Q1, Percent to Standard	Number of City Routes
1	Asheboro Post Office	112.08%	18
2	Burlington Post Office	164.29%	36
3	Carrboro Post Office	109.02%	19
4	Cary Post Office	153.17%	37
5	Chapel Hill Post Office	213.51%	30
6	Durham-Enno Valley Station	117.65%	33
7	Durham-Shannon Plaza Station	124.43%	36
8	Highpoint Post Office	159.40%	53
9	Raleigh-Avant Ferry Station	160.66%	62
10	Brentwood Station	126.47%	75
11	Raleigh-Capitol Station	118.39%	24
12	Raleigh-Kilburn Station	167.95%	32
13	Raleigh-North Ridge Station	162.82%	30
14	Raleigh-Sunnybrook Station	171.15%	39
15	Roanoke Rapids Post Office	124.92%	18
16	Winston Salem-Manor Station	127.27%	64
17	Winston Salem-North Point Station	136.30%	80
18	Winston Salem-Waugh town Station	118.67%	39

Appendix C: Management's Comments



August 10, 2016

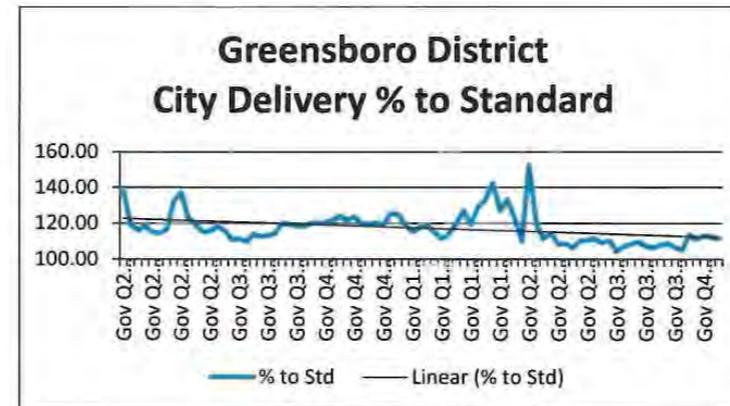
Sherry Fullwood
Acting Director Audit Operations
Office of Inspector General
United States Postal Service

Subject: Response to Draft Audit Report – City Delivery Office Efficiency - Greensboro District (Report Number DR-AR-16-DRAFT)

Thank you for the opportunity to respond to the OIG Audit of City Delivery Office Efficiency in Greensboro District. Greensboro District does generally agree with the findings and recommendations noted in the audit pertaining to city delivery office performance as noted during the time frame of this audit. We do agree that city delivery office performance was not at a level consistent with the national average and needs to be addressed by local management.

Regarding the Monetary Impacts listed as Questioned Costs in the amount of \$7,478,168 Greensboro District disagrees with the methodology and calculation used to determine this amount as part of the calculation only compares offices and routes that performed worse than the national average. As the national average factors in all routes including those performing favorably, this amount unfavorably compares routes across the district. Also, this calculation includes data back to 2014 when Amazon and other parcel shipments increased significantly. The dynamic nature of the parcel delivery business created new challenges that had to be addressed however these changes do not happen automatically or quickly. The only way to document this growth that affects office efficiency is by conducting contractual mandated reviews and inspections. This process involves both management and union cooperation and sufficient time is needed to perform both and make the changes. We disagree that all instances where office time is extended are simply the result of carrier inefficiency and can be otherwise impacted by daily, weekly or even seasonal events.

Regarding the Monetary Impacts listed as Funds Put to Better Use in the amount of \$22,233,958 Greensboro District disagrees with the methodology and calculation used to determine this amount. From the time of the audit until the end of Quarter 3, suggestions made by the OIG have been implemented and the Greensboro District Percent to Standard has trended favorably, indicating that processes have been put in place and any future monetary impacts will be significantly reduced if not eliminated completely. For weeks 42 through 45 (last four weeks) Greensboro District has led the area by achieving a percent to standard of 108.34, more than 10 percentage points under the area average of 119.09. Greensboro District will continue to implement plans to monitor and improve this indicator as shown in the graph below.



Regarding Other Impacts listed as Assets at Risk in the amount of \$162,867 related to securing stamp stock at four locations Greensboro District does not agree that having an open safe door during workhours would result in the total loss of all stamp stock in each facility. While it is not acceptable to leave the stock unsecured, these incidences do not typically lead to a full loss of stock. Proper procedures have been and will be reinforced to ensure all stamp stock is appropriately safeguarded.

Recommendation #1

We recommend the district manager, Greensboro District eliminate 85,304 workhours at delivery units.

Management Response/ Action Plan

Greensboro District generally agrees that the current city delivery office efficiency at the time of this audit was at an unacceptable level and needs to be reduced to save unearned workhours in the delivery units. We agree with this recommendation and will put it into place within the Greensboro District. We have since started an aggressive Lean Six Sigma project approach (as noted in the audit) to identify defects within the current processes at the delivery units and develop solutions to improve and sustain results. Again, as stated in the audit, a successful pilot was initiated in the Greensboro City delivery units and results are currently being rolled out to other high impact delivery units within the district through replication and Kaizen events to ensure specific anomalies in these units are addressed.

Target Implementation Date

March 30, 2017

Responsible Official

David Webster, A/District Manager
Gary Eubanks, A/MOPS

Recommendation #2

We recommend the district manager, Greensboro District eliminate inefficient office practices such as sorting through delivery point sequence mail on office time.

Management Response/ Action Plan

Greensboro District agrees that eliminating inefficient offices practices is a key driver in reducing unearned office time within the delivery units consequently reducing workhours and will implement this recommendation. To ensure this recommendation is implemented we have begun an aggressive strategy of identifying individual units and carriers that are underperforming in office percent to standard. Operations Programs Support implemented a procedure utilizing daily DOIS reports to identify these units and specific carriers and requires an 1838C be performed by the management staff on carriers the following day that are over 115.00% to standard in the office to identify inefficient and time wasting practices. To ensure compliance and follow-up, units are required to enter the 1838C results to the DOIS mainframe daily.

Standard Work has been re-established to the delivery units on the proper handling of Delivery Point Sequence mail. All units have been revisited through the Lean Mail Delivery process to establish efficient floor layouts specifically addressing the staging of DPS mail locations within the units that help ensure management oversight of the established procedures in regards to handling DPS mail.

Target Implementation Date

March 30, 2017

Responsible Official

David Webster, A/District Manager
Gary Eubanks, A/MOPS
MPOO's/DRPM's

Recommendation #3

We recommend the district manager, Greensboro District increase mail arrival efficiency by preparing up-to-date integrated operating plans with facility processing managers.

Management Response/ Action Plan

Greensboro District agrees that having updated agreed upon integrated operating plans are a key component to improving mail flows between mail processing facilities and delivery units allowing for proper Function 2B scheduling and improving carrier office efficiencies and will implement this recommendation. We have begun the process of updating all integrated operating plans that will be signed by the management representative of both the delivery unit and the servicing mail processing facility.

The Greensboro District also recognizes that late trips have been a major contributing factor driving poor office percent to standard performance in the delivery units resulting in waiting time for carriers as mail is being distributed by Function 4 staffing in the units. Much focus has been placed on improving clearance times within our three processing facilities and improving our on-time percentage of our dispatches to the delivery units. At the time this audit timeline was conducted, Quarter 2 of FY 15 thru Quarter 1 of FY 16, the Greensboro District had an average on time dispatch percentage of 69.35%. As stated previously, strategies were implemented to improve this performance over the past several months and we have seen a significant increase

in on-time dispatches over the past several months with a sustained result of 93.0% on time over the last seven weeks. During this same time period the Greensboro District has seen steady improvement in city delivery office efficiency from the baseline cited in this report of 117.57% to 110.69% over the past seven weeks.

Target Implementation Date

March 30, 2017

Responsible Official

David Webster, A/District Manager
Gary Eubanks, A/MOPS
Jason DeChambeau, Senior Plant Manager

Recommendation #4

We recommend the district manager, Greensboro District ensure city delivery supervisors follow policies and procedures.

Management Response/ Action Plan

Greensboro District agrees that it is imperative that all city delivery supervisors follow the established policies and procedures outlined in the Postal Service manuals and standard operating procedures and will implement this recommendation. The district will re-issue established policies and procedures followed up by auditing process to ensure compliance. Operations Programs Support will develop a daily/weekly supervisor road map to assist supervisors in their daily and weekly activities to be incorporated into established standard work practices for delivery unit supervisors.

Target Implementation Date

November 30, 2016

Responsible Official

David Webster, A/District Manager
Wendy Monk, A/HR Manager
Gary Eubanks, A/ MOPS


for/ David Webster
Acting Greensboro District Manager



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