



June 14, 2007

KATHLEEN AINSWORTH  
VICE PRESIDENT, DELIVERY AND RETAIL

SUBJECT: Management Advisory – Management of Retail Workhours in Relation to the Workload for Mobile Units – Triboro District  
(Report Number DR-MA-07-004)

This report presents the results of our review of the management of retail workhours in relation to the workload for mobile units (Project Number 05YG020DR000). Officials of the New York Metro Area's Triboro District, Cadman Plaza Station, asked the U.S. Postal Service Office of Inspector General (OIG) to evaluate the workhours and the related workload on mobile units. We began the review in November 2006 in response to their request.

### **Background**

The Postal Service is striving to improve customer service and reduce operating costs through optimum staffing by managing workhours in relation to the workload and encouraging the right behavior at postal units. The Postal Service uses mobile units to take the retail window services to customers in communities. The mobile units support the Postal Service's strategy of generating revenue through Alternative Access Channels.

There are 216 mobile units assigned to postal facilities nationwide, with 65 of them (30 percent) assigned to the New York Metro Area. (See Appendix A.) In fiscal year (FY) 2006, the New York Metro Area mobile units generated \$8.6 million in retail revenue and had operation costs of approximately \$482,095.<sup>1</sup> (See Table 1, Appendix B.) The Triboro District had 11 of these mobile units, generating \$1.9 million in retail revenue.

The mobile units offer customers a wide range of postal products and services, including stamps, money orders, Certified Mail™, Express Mail®, Priority Mail®, Air Mail®, delivery confirmation, and international mail. The mobile retail stock is accountable to an individual retail associate. The mobile units have integrated retail

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<sup>1</sup> \$7,416.82 per vehicle.

terminal (IRT) machines that record revenue generated from the retail transactions processed.

In FY 2006, the Postal Service implemented standard operating procedures to assess retail efficiency. The Postal Service measures retail workload based on the number and types of transactions processed through the Point-of-Service (POS) ONE system. This information is converted to earned workhours<sup>2</sup>, and the results are used to help retail managers align actual and earned workhours to improve their chances of meeting retail efficiency goals. Mobile unit workhours are recorded in retail operation labor distribution code (LDC) 45. During FY 2006, the New York Metro Area exceeded earned retail workhours by 30 percent (1.67 million of 5.57 million hours). During the same period, the Triboro District's retail actual workhours exceeded earned workhours by 31 percent (280,826 of 907,883 hours). (See Table 2, Appendix B.)

### **Objective, Scope, and Methodology**

Our objective was to determine whether retail managers were effectively managing workhours in relation to the workload on mobile units in the Triboro District.

We selected the New York Area's Triboro District based on the request from officials of the Triboro District's Cadman Plaza Station. The Cadman Plaza Station has a large variance between actual and earned workhours. We obtained data from the Postal Service's Enterprise Data Warehouse (EDW)<sup>3</sup> for FY 2006 to analyze total workhours and earned hours. We obtained workhour data from the Postal Service's Time and Attendance Collection System (TACS) for FY 2006<sup>4</sup> to analyze total workhours, overtime, penalty overtime, and retail operation code time charges. We interviewed postal officials and reviewed documentation, policies and procedures pertaining to our objective.

We conducted this review from November 2006 through June 2007 in accordance with the President's Council on Integrity and Efficiency, *Quality Standards for Inspections*. We relied on data obtained from Postal Service database systems. We did not directly audit the systems. We reviewed a sample of source documentation from the systems to determine whether the data was sufficiently reliable to meet the objectives of this review. We discussed our observations and conclusions with management officials on April 23, 2007, and included their comments where appropriate.

### **Prior Audit Coverage**

The OIG has issued three audit reports directly related to our review objective. Appendix D lists the reports.

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<sup>2</sup> Earned workhours are budgeted workhours.

<sup>3</sup> The EDW is the repository for managing the Postal Service's corporate data assets.

<sup>4</sup> The TACS provides for daily and weekly recording of employees' time and attendance data.

## Results

We could not determine whether Triboro District retail managers effectively managed workhours in relation to the workload for mobile units. Currently, mobile unit retail transactions are recorded in the IRT versus the POS. Therefore, detailed workload information (number and type of transactions) are not captured and converted to earned workhours. Since actual workhours cannot be matched to a mobile unit's earned workhours, data is not readily available to analyze the effectiveness of mobile unit workload management. During FY 2006, the Cadman Plaza Station's actual workhours totaled 35,776, of which 7,371 hours were associated with mobile units. In comparing the FY 2006 earned workhours of 17,921 to the actual workhours (35,776), Cadman Plaza Station used almost twice the amount of their earned workhours. Since the actual workhours included the mobile unit's time but the earned workhours did not, we could not determine the impact mobile unit operations had on the Cadman Plaza Station workhour efficiency.

In addition, we noted that there are no standard operating procedures for mobile units. The current *Handbook for Retail Operations*, Handbook PO-209 (the *Handbook*) does not include standard procedures for mobile units incorporating, at a minimum, instructions on site selections, revenue goals, or workhour management. Also, mobile unit associates do not have performance standards or revenue goals to measure expected results. Further, officials said they did not perform periodic site visits to monitor mobile unit activity and assess the associates' performance.

We discussed our results with Postal Service Headquarters officials, who agreed with our finding. In December 2006, Postal Service Headquarters officials stated that they were developing a methodology for incorporating IRT data into the workhour analysis, as well as mobile unit standard procedures; however, as of April 2007, this had not been distributed to Area officials for implementation.

## Recommendations

We recommended the Vice President, Delivery and Retail:

1. Revise the *Handbook for Retail Operations*, PO-209, to include standard procedures for mobile units incorporating, at a minimum, instructions on site selection, revenue goals, and workhour management.
2. Distribute the revised *Handbook for Retail Operations*, PO-209, to Area officials for implementation.

### **Management's Comments**

Management agreed with our finding and recommendations, and has initiatives planned addressing the issues in this report. Management provided comments based on our discussion draft, and in subsequent discussions with the OIG, management stated that by the end of Quarter 1 of FY 2008, they will revise the *Handbook for Retail Operations*, PO-209, to include standard procedures for mobile units incorporating, at a minimum, instructions on site selection, revenue goals, and workhour management. They will also distribute the revised *Handbook* to New York Metro Area officials for implementation. They will also distribute the revised *Handbook* to New York Metro Area officials for implementation. Management also stated they have a draft methodology for the Integrated Retail Terminals for implementation by end of the Quarter 3, FY 2007. All areas will be provided this information. Management's comments are included in Appendix C.

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

Management's comments are responsive to recommendations 1 and 2. Management's actions taken and planned should correct the issues identified in the finding. The OIG considers recommendations 1 and 2 significant, and therefore requires OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. These recommendations should not be closed in the follow-up tracking system until the OIG provides written confirmation the recommendations can be closed.

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, or me at (703) 248-2100.

E-Signed by Colleen McAntee   
VERIFY authenticity with Approve!  


Colleen McAntee  
Deputy Assistant Inspector General  
for Mission Operations

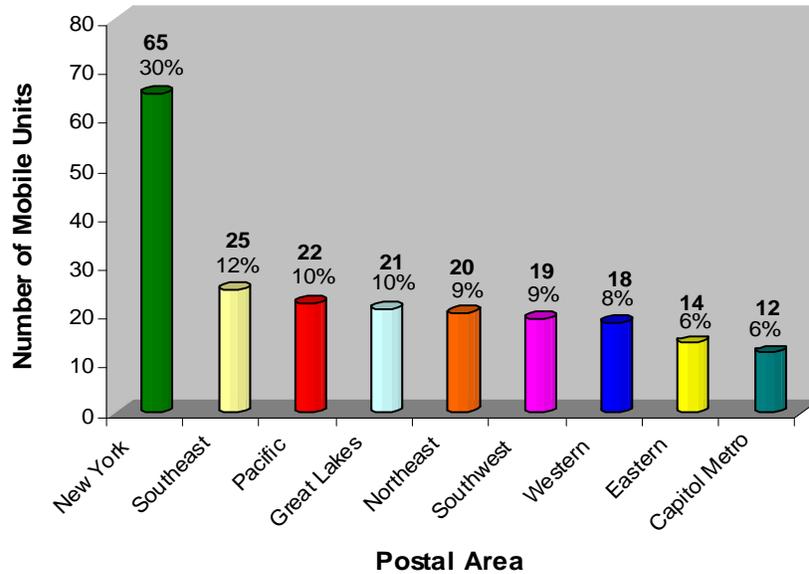
### Attachments

cc: Patrick R Donahoe  
William P. Galligan  
Fredrick J. Hintenach  
David L. Solomon  
Lily Jung Burton  
Katherine S. Banks

## APPENDIX A

### MOBILE UNIT FLEET BY POSTAL AREA AS OF NOVEMBER 2006

Chart 1. Mobile Unit Fleet by Postal Area  
As of November 2006



Source: U.S. Postal Service Vehicle Maintenance and Accounting System (VMAS)

## APPENDIX B

### SUMMARY OF REVENUE AND OPERATING COST AND ACTUAL WORKHOURS VERSUS EARNED WORKHOURS FOR FISCAL YEAR 2006

Table 1. New York Area Mobile Unit Fleet  
Summary of Revenue and Operating Costs for FY 2006

**Redacted**

Source: U.S. Postal Service VMAS and Enterprise Data Warehouse (EDW)

Table 2. New York Area  
Comparison of Actual Workhours to Earned Workhours for FY 2006

New York Area Districts	District's Actual Workhours for LDC <sup>5</sup> 45	District's Earned Workhours for LDC 45	Variance Between Actual and Earned Workhours	Percentage Variance of Actual to Earned Workhours	Retail Efficiency Percentage for LDC 45 (Ratio of Earned to Actual)
New York City	1,666,939	935,252	731,686	44	56
Triboro <sup>6</sup>	1,188,710	907,883	280,826	24	76
Caribbean	650,824	530,173	120,650	9	91
Northern New Jersey	1,310,373	1,119,657	190,715	15	85
Central New Jersey	735,873	642,529	93,343	13	87
Long Island	1,022,293	813,019	209,274	21	79
Westchester	682,266	630,704	51,561	8	92
<b>Grand Totals</b>	<b>7,257,278</b>	<b>5,579,220<sup>7</sup></b>	<b>1,678,057</b>	<b>23</b>	<b>77</b>

Source: U.S. Postal Service EDW

<sup>5</sup> Labor Distribution Code (LDC).

<sup>6</sup> Triboro District's retail actual workhours exceeded earned workhours by 31 percent (280,826 of 907,883 hours).

<sup>7</sup> Difference due to rounding.

## APPENDIX C

### MANAGEMENT'S COMMENTS

KATHY AINSWORTH  
VICE PRESIDENT, DELIVERY AND RETAIL



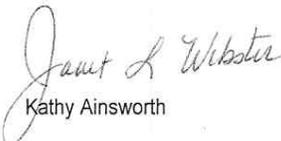
May 11, 2007

KIM H. STROUD

SUBJECT: Transmittal of Draft Management Advisory Report  
Management of Retail Work Hours in Relation to the Workload  
for Mobile Units - Triboro District  
(Report Number DR-MA-07-XXX)

In response to the April 17 memorandum reference above, attached please find our comments on the specific findings.

If you have any questions, please feel free to contact Fred Hintenach at (202) 268-5045.

*for*   
Kathy Ainsworth  
Attachment

Management Response to the Office of Inspector General  
Draft Management Advisory Report  
Management of Retail Work Hours in Relation to the Workload for Mobile Units  
Triboro District  
(Report Number DR-MA-07-XXX)

We recommend the Vice President, Delivery and Retail:

- 1) Revise the Handbook for Retail Operations, PO 209, to include standard procedures for mobile retail units that incorporate at a minimum: instructions on site selections, revenue goals, work hour management, and operation code charging.

*We agree with this recommendation. Estimated completion of the revision of this handbook will be the end of Quarter 1, FY 2008*

*Additionally, Retail Operations initiated an assessment of the Mobile vans some time ago. We have a draft methodology for using Integrated Retail Terminals (IRT) as well as a draft Standard Operating Procedure. The draft has been reviewed recently by the NY Metro Area office, and their comments will be assessed in the next revision. The IRT scenario is much more complex than originally envisioned.*

*A short-term solution using IRTs will be provided by the end of Quarter 3, FY 2007, and the long-term solution offered with a POS ONE solution will be integrated into the revised handbook that is scheduled for end of Quarter 1, FY 2008.*

- 2) Distribute the revised Handbook for Retail Operations, PO 209, to Area Officials for implementation.

*We agree with this recommendation. Estimated completion of Standard Operating Plans on Mobile Vans is by the end of Quarter 1, FY 2008.*

*Since all Areas utilize the mobile vans we will route the short-term solution referenced above as well as the revised handbook to the Area Managers, Delivery Operations for review prior to issuance.*

## APPENDIX D

### PRIOR AUDIT COVERAGE

Audit	Report Number	Issued Date	Findings
<i>Function 4 – Customer Service Operations</i>	DR-AR-04-014	September 30, 2004	The Postal Service can improve the effectiveness and efficiency of the Function 4 customer service process in meeting or exceeding its program goals of monitoring and measuring potential savings in customer service operations. Specifically, Postal Service managers could improve customer service operations by fully using the Standardized Function 4 Reviews and sharing proven practices.
<i>Management of Retail Workhours in Relation to the Workload – New York Area, Triboro District</i>	DR-AR-06-006	August 9, 2006	Opportunities exist for the Triboro District to improve the management of workhours to workload by implementing best management practices from the Southwest Area, Rio Grande District. From January through May 2005, retail managers in the New York Area’s Brownsville, Bushwick, Cadman Plaza, and Flatbush postal facilities could not support approximately 46 percent of their retail associate employee LDC 45 workhours by the workload. As a result, the Triboro District incurred LDC 45 overtime expenses that were not supported by workload. Unsupported overtime cost approximately \$20,166 for 75 days of a 5-month period.
<i>Fiscal Year 2005 New York Metro Area Financial Installation Audits</i>	FF-AR-06-140	April 24, 2005	In the New York Metro Area, based on the items reviewed, financial transactions for these audits were reasonably and fairly presented in the accounting records, and generally, the internal controls examined were in place and effective. Accountability examinations of six mobile units were conducted at a total value of \$90,335. The audit report identified shortages totaling \$2,772 and overages totaling \$157.