



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

National Assessment of City Delivery Efficiency 2011 – Office Performance

Management Advisory Report

July 19, 2011

Report Number DR-MA-11-002



HIGHLIGHTS

IMPACT ON:

City Delivery Office Efficiency

WHY THE OIG DID THE AUDIT:

To assess the overall efficiency of city delivery office operations and identify opportunities to reduce operating costs.

WHAT THE OIG FOUND:

In fiscal year (FY) 2010, the U.S. Postal Service made substantial progress by reducing 14.7 million carrier workhours from city delivery operations from the previous year. Moreover, during the same period, the Postal Service maintained or improved delivery service. However, our benchmarking comparison determined that 21 districts operated at a percent to standard above the national average (mean) of 104.37 for the period January 1, 2010, through December 31, 2010. In other words, these districts used more minutes per route than the average carrier route in the nation. If Postal Service least productive districts were brought up to the average productivity level, they could save more than \$88 million in 1 year.

WHAT THE OIG RECOMMENDED:

The OIG recommends the vice president, Delivery and Post Office

Operations and the vice president, Network Operations Management work jointly to reduce over 2 million workhours during FY 2012 with an associated impact of \$88,192,138. In addition, we recommended promoting office efficiency by coordinating with plants to ensure mail arrives timely and in a condition to promote maximum office efficiency. We also recommended reinforcement of Postal Service policies and procedures for supervising city delivery operations and elimination of inefficient practices.

WHAT MANAGEMENT SAID:

Management agreed with the finding, recommendations and opportunities to capture workhour savings. However, they disagreed with the source system, eFlash, used for calculating the workhour savings and savings amount associated with recommendation.

AUDITOR'S COMMENT:

The source system, eFlash, is widely used, accurate, and representative of office performance.

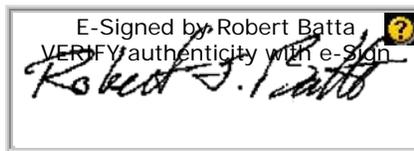
[Link to review the entire report.](#)



July 19, 2011

MEMORANDUM FOR: DEAN J. GRANHOLM
VICE PRESIDENT, DELIVERY AND POST OFFICE
OPERATIONS

DAVID E. WILLIAMS, JR.
VICE PRESIDENT, NETWORK OPERATIONS
MANAGEMENT



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

SUBJECT: Management Advisory Report – National Assessment of City
Delivery Efficiency 2011 – Office Performance
(Report Number DR-MA-11-002)

This report presents the results of our nationwide city delivery office efficiency review based on results and recommendations from prior U.S. Postal Service Office of Inspector General (OIG) audits¹ (Project Number 11XG021DR000).

The OIG considers recommendation 1 significant, and therefore requires OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. This recommendation should not be closed in the U.S. Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendation 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.

Attachments

¹ The OIG has issued six district city delivery efficiency review audits over the past 2 years highlighting opportunities for enhanced delivery efficiency and reduced workhour costs.

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Introduction

This report presents the results of our nationwide city delivery office efficiency review based on results and recommendations from prior U.S. Postal Service Office of Inspector General (OIG) audits² (Project Number 11XG021DR000). Our objectives were to assess the overall efficiency of city delivery office operations and identify opportunities to reduce operating costs. This self-initiated audit addresses operational risk and is the seventh in a series conducted by the OIG. See [Appendix A](#) for additional information about this audit.

During fiscal years (FYs) 2010 and 2011, we reported on city delivery office efficiency in six district audits and recommended the U.S. Postal Service reduce almost 1.2 million workhours. The goal of the audits was to identify actions city delivery units needed to take to increase efficiency and reduce costs using the national average percent to standard measure as a baseline.³ We took a similar approach in this report and plan to conduct this type of analysis annually.

Conclusion

In FY 2010, the Postal Service made substantial progress by reducing 14.7 million carrier workhours from city delivery operations from the previous year. However, our benchmarking comparison determined that 21 districts⁴ operated at a percent to standard above the national average of 104.37 for the period January 1 through December 31, 2010. In other words, these districts used more minutes per route than the average carrier route in the nation. If Postal Service least productive districts were brought up to the average productivity level, they could save over \$88 million in 1 year. See [Appendix B](#) for details.

Operating Efficiency

Further opportunities exist for the Postal Service to increase operating efficiency and reduce 2,002,690 city delivery workhours in the 21 districts operating above the national average⁵ percent to standard measure of 104.37. We found 21 districts could save between 4 and 14 minutes⁶ per day on each carrier route if they operated at the national average percent to standard level. (See Table 1).

² The OIG has issued six district city delivery efficiency review audits over the past 2 years highlighting opportunities for enhanced delivery efficiency and reduced workhour costs.

³ A measure of carrier office workhour performance in relation to mail volume and delivery points. A figure of 100 percent indicates that office performance is at the stated performance goal. A figure greater than 100 percent indicates performance is less than the desired standard.

⁴ There were a total of 27 districts that operated above the national average percent to standard. The OIG reviewed six of these districts in separate audits.

⁵ Period from January 1 through December 31, 2010.

⁶ Estimated workhours above the national average percent to standard multiplied by 60 minutes per hour divided by the number of routes in each district divided by 302 annual delivery days per year equals the approximate number of minutes per route per day that could be saved.

Table 1: Estimated Workhours Savings

Districts	Number of Routes	Percent to Standard Compared to National Average of 104.37	Estimated Annual Workhour Savings	Estimated Minutes Saved Per Day Per Route
San Francisco ⁷	2,285	115.83	160,066	14
Capital	1,969	110.90	129,504	13
Alaska	291	112.22	17,802	12
Southeast Michigan	1,898	113.11	110,865	12
Mid-America	1,824	108.28	100,827	11
Richmond	1,572	110.45	85,933	11
Sierra Coastal	2,901	111.42	136,550	9
Triboro	3,053	109.79	143,107	9
Sacramento	2,295	111.71	104,784	9
Baltimore	1,793	109.26	78,060	9
San Diego	3,178	110.76	132,081	8
Long Island	2,294	108.50	86,265	8
Connecticut Valley	3,130	107.50	117,602	8
Seattle	2,914	109.50	115,822	8
Santa Ana	4,443	109.91	163,495	7
Colorado/Wyoming	2,693	111.04	93,277	7
Albuquerque	709	106.95	23,625	7
Louisiana	1,800	107.51	59,086	7
Caribbean	726	104.95	23,347	6
Greater Boston	3,475	104.64	84,099	5
Detroit	1,964	104.96	36,493	4
Totals	47,207		2,002,690	

Although numerous factors were involved, our reviews of randomly selected units in six districts determined that unit management did not always provide sufficient guidance and adherence to Postal Service standard operating procedures (SOPs). Specifically, supervisors did not:

- Sufficiently work jointly with processing facilities to:

⁷ The workhour savings for the San Francisco District exclude the Napoleon Street Station, which was previously reviewed by OIG - *City Delivery Efficiency Review San Francisco Napoleon Street Station* (Report Number DR-AR-10-002, dated December 18, 2009).

- Ensure delivery units received the proper mail mix from processing facilities based on an effective integrated operating plan (IOP).⁸ This helps carriers to spend less time waiting for mail and accountable items.
- Ensure the condition of DPS mail was sufficient so that clerks and carriers did not have to re-handle mail transport containers to identify and retrieve delivery point sequence (DPS)⁹ mail.
- Always discuss morning and afternoon office expectations with carriers.
- Ensure afternoon (p.m.) office time was managed more effectively, and carriers timely and correctly clocked in to the proper operation.

Title 39 U.S.C. § 101, Part 1, Chapter 1, states that the Postal Service “. . .shall provide prompt, reliable, and efficient services to patrons in all areas. . . .” Further, the September 2005 Postal Service *Strategic Transformation Plan* states, “The Postal Service will continue to provide timely, reliable delivery to every address at reasonable rates.” The Postal and Accountability Enhancement Act, P.L. 109-435, Title II, dated December 20, 2006, states “. . . the need for the Postal Service to increase its efficiency and reduce its costs, including infrastructure costs, to help maintain high quality, affordable postal services.”

Our six previous district audits identified areas of improvement for increased efficiency. Through our benchmark analysis of performance data, observations, and discussions with various delivery unit and district personnel nationally, we determined these specific areas of improvement are contributing to the districts’ operating inefficiencies.

Mail Arrival and Condition

Delivery unit and processing plant personnel need to work jointly to improve the arrival time and condition of the mail to facilitate a more efficient morning operation. Our reviews of individual districts identified that efficient mail arrival and condition was a key factor affecting office performance. When mail arrives at a delivery unit later than expected or not in the agreed upon mail mixture, carriers are delayed in the office. The IOP¹⁰ is designed to help stabilize mail flows and is critical in establishing appropriate staffing and reporting times to ensure carriers are not delayed.

⁸ A contract that covers mail arrival from the plant and identifies the product of mail agreed for each individual trip. The primary purpose is to stabilize mail flow (for example, arrival time of DPS, auto letters, and auto flats) based on other requirements for mail arrival such as the mail mix/unit distribution percentage.

⁹ A process for sorting bar-coded letter mail at the processing plants and delivery units into the carrier’s line-of-travel. Mail is taken directly to the street, with no casing time in the office.

¹⁰ A contract that covers mail arrival from the plant and identifies the product of mail agreed for each individual trip. The primary purpose is to stabilize mail flow (for example, arrival time of DPS, auto letters, and auto flats) based on other requirements for mail arrival such as the mail mix/unit distribution percentage.

Postal Service policy¹¹ also states that accountable items must be available for carriers in a timely manner so as not to delay them. Late arriving mail can also impact a clerk's availability to timely sort and finalize 'hot case' mail.¹² When this happens, carriers often have to wait for mail and/or accountable items before departing to the street, because clerks are still sorting letter mail or parcels, see Illustration 1.

Illustration 1: Clerk Sorting Letter Mail Not Arriving in Proper Mixture



Source: OIG

In addition, ensuring the condition of DPS letters processed by the plants and having them arrive in mail transport containers that are staged for easy retrieval helps prevent carriers from being delayed unnecessarily. When clerks and sometime carriers have to unload and sort through transport containers this unnecessarily delays carriers and decreases office efficiency. Postal Service policy¹³ states mail processing plants should stage DPS letters for transport in shelved or modified containers so that individual trays do not have to be re-handled at the delivery unit, see Illustration 2.

¹¹ Field Operations Standardization, *Morning (AM) Standard Operating Procedures (AMSOP) II Guidebook*, 2007, Section 3.1.

¹² Hot case mail is a special distribution case in a delivery unit for last-minute sorting of First-Class Mail®. The letter carrier collects this mail before leaving the office for street duties.

¹³ Field Operations Standardization Development, *Morning (AM) Standard Operating Procedures (AMSOP) II Guidebook*, 2007, Section 2-6.

Illustration 2: DPS Letters in Unshelved Containers and Not Staged by Route



Source: OIG

Setting of Office Expectations

Supervisors can improve their setting of expectations for morning and office operations and reviewing the previous day performance with carriers regarding issues that could save time or otherwise make routes more efficient.

- Supervisors are required to discuss with each carriers their expectations for the day based on workload and volume recorded on the *DOIS Daily Workload Status Report*.
- In addition, supervisors must not only print and review the *DOIS Route/Carrier Daily Performance/Analysis Report* but also must discuss this report with carriers. AMSOP II instructions state that if a carrier does not meet performance standards, a supervisor must investigate and discuss deficiencies with the carrier.

Afternoon Office Time Management

Supervisors have an opportunity to capture greater efficiency by providing more appropriate oversight to carriers in the afternoon. Carriers are generally allotted 5 minutes to perform afternoon office duties. Observations and reviews of *DOIS Route/Carrier Daily Performance/Analysis Report* show two opportunities for office efficiency:

- Carriers are clocking into afternoon office duties and spending sometimes up to 30 minutes without an explanation for the extra time.

- Carriers are not clocking directly to 'office time' upon returning to the unit in the afternoon, resulting in much of this additional 'office time' being included in street operations.

By emphasizing and reinforcing city delivery SOPs, the Postal Service could further improve operational efficiency and save more than 2 million workhours annually. This would allow the Postal Service to achieve at least the average productivity level in the network, and avoid costs of more than \$88 million over 1 year.

Recommendations

We recommend the vice president, Delivery and Post Office Operations work jointly with the vice president, Network Operations Management to:

1. Reduce 2,002,690 workhours during fiscal year 2012 with an associated economic impact of \$88,192,128.
2. Promote office efficiency by ensuring that processing facility managers and delivery managers coordinate, review, and update all integrated operating plans to ensure mail arrives timely and in the condition necessary to maximize office efficiency.
3. Reinforce Postal Service Headquarters and district policies and procedures for supervising city delivery office operations and eliminate inefficient practices as appropriate.

Management's Comments

Management agreed with the findings and two of three recommendations. In response to recommendation 1, management agreed savings could be achieved but did not agree with our estimates. The basis for this disagreement lies with the data source used for calculating the workhour savings.

Management agreed with recommendation 2, and stated that Delivery and Post Office Operations will coordinate with Network Operations to update the integrated operations plans SOP and template with a completion date of September 30, 2011. In addition, management will continue to review and monitor the implementation and adherence to the IOPs within delivery units through AM-SOP reviews and randomly selected visits by district offices.

Management agreed with recommendation 3, and stated ongoing needs exist for the field to remain vigilant in effective day-to-day management of delivery units. Management plans to develop a series of foundation skills training to delivery units through webinars with a scheduled completion date by the end of FY 2012.

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

Evaluation of Management's Comments

The OIG considers management's comments responsive to the overall findings and recommendations. However, we do not agree with management's comments regarding the source system and the reduced savings amount associated with recommendation 1. The OIG believes the eFlash system is a more valid data source for the following reasons:

- eFlash system is the weekly reporting system used throughout the organization by finance and operations and is the primary source for the collection of standardized field non-payroll data.
- eFlash appears to be more accurate based on our evaluation of Enterprise Data Warehouse (EDW). Our review found the percent to standard national average in EDW to be a number lower than each of the individual area averages, which is statistically impossible and points to integrity issues with the data and calculations.
- Review of the EDW percent to standard numbers for the audit period showed 16 districts with a percent to standard of less than 100 percent and yet also showed a positive office hour variance, which is statistically impossible.
- Our observations of the actual office performance of more than 130 delivery units in six districts were more reflective of the eFlash percent to standard than the comparable EDW value for those units.

Appendix A: Additional Information

Background

The Postal Service is delivering fewer pieces of mail to a growing number of addresses as new households and businesses are added to the delivery network each year. Accommodating this new growth, while facing financial loss from declining mail volume and rising costs, demands that the Postal Service achieve unprecedented levels of efficiency.

The Postal Service had been working numerous years on establishing policies and procedures to more efficiently manage delivery operations. On September 30, 2005, the vice president, Delivery and Retail, issued a letter stating that all delivery and retail units would officially implement the AM SOP beginning in FY 2006. The SOP consists of procedures to manage city delivery functions and standardize daily city carrier functions to align actual workhours to base workhours. Postal Service officials were not only to implement the SOP but also establish a review process to validate that the programs are operable.

The follow-up to AM SOP, AM SOP II, is an important continuation of monitoring city delivery operations. AM SOP II strives to maintain delivery performance at or above targeted performance factors in daily customer service and delivery operations. The achievement for this status requires a high level of commitment and cooperation between mail processing, in-plant support, transportation, district operations program support, and local management.

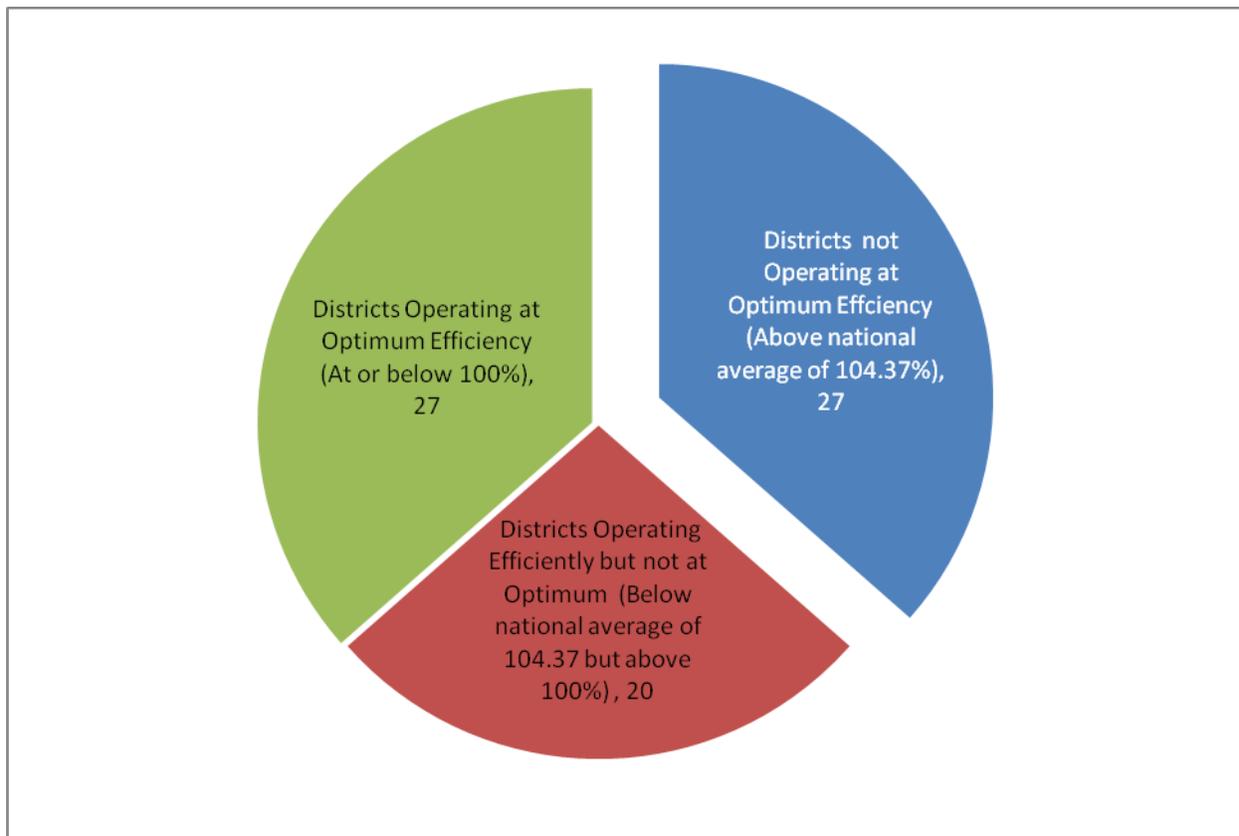
In December 2010, the Postal Service released a new guide to help districts manage delivery optimization efforts. *The Delivery Unit Optimization (DUO) Guidelines* creates Postal Service standards for the uniform implementation of policies and procedures. Decisions on delivery optimization are made at the district level. A major goal of the DUO guide is to make sure elements of the decision-making process are uniform nationwide. The intent is that following the guide will result in improved operational efficiencies and savings opportunities by including a blueprint designed to create opportunities for efficiencies through consolidations.

The 74 districts were placed in three groups based on their percent to standard relative to the national average of 104.37 percent, which was the mean. Districts operating at or below 100 percent to standard are considered to be at optimum efficiency, while districts operating above the national average (mean) are considered not operating efficiently. The third group, those operating below the mean, but above 100 percent, are considered efficient but not operating at the optimum efficiency level. This report summarizes 21¹⁴ of the 27 districts that operated above the mean (national average).

¹⁴ OIG issued individual district audit reports on six of these 27 districts. These six districts had the highest percent to standard in this group.

Chart 1 shows the number of districts operating in each group. See [Appendix C](#) for a list of the 74 districts and their percent to standard in relation to the national average.

Chart 1: Districts Grouped Based on Optimum Office Percent to Standard Relative to the National Average



Source: OIG

Objectives, Scope, and Methodology

Our objectives were to assess the overall efficiency of city delivery office operations and identify opportunities to reduce operating costs. This is a cooperative effort with the Postal Service and addresses operational risk. To accomplish our objectives, we must:

- Ranked the 74 Postal Service districts from highest to lowest in terms of percent to standard from January 1, 2010, through December 31, 2010. We used the eFlash national percent to standard measurement of 104.37 for January 1, 2010, through December 31, 2010, as a baseline guide.
- Performed a benchmarking comparison of eFlash data and determined that 27 of the 74 districts, operated at a percent to standard higher than the national average of 104.37. This report addresses 21 of the districts; the other six were previously reviewed by the OIG.

- Reviewed the number of units, routes, and city delivery workhours used by the 21 districts. We calculated the amount of workhours that could be saved if the districts operated more efficiently by achieving the national percent to standard average of 104.37 percent.
- Identified systemic issues and opportunities for efficiency resulting from prior reviews that could be applied nationwide and require Postal Service Headquarters actions.

To conduct this review, we relied on computer-processed data maintained by Postal Service operational systems, primarily eFlash.¹⁵ We did not test the validity of controls over these systems. However, we verified the accuracy of the data by confirming our analysis and results with Postal Service managers and other data sources.

We conducted this review from February 2011 through July 2011 in accordance with the Council of the Inspectors General on Integrity and Efficiency, *Quality Standards for Inspection and Evaluation*. We discussed our conclusions with management on May 4, 2011, and included their comments where appropriate.

¹⁵ 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.

Prior Audit Coverage

The OIG identified seven audits related to our objectives that were issued over several years.

Report Title	Report Number	Final Report Date	Monetary Impact	Report Results
<i>City Delivery Efficiency – Chicago District</i>	DR-AR-11-004	03/30/11	\$65,362,706	The Chicago District has opportunities for enhanced delivery efficiency and reduced workhour costs. Our benchmarking comparison determined the Chicago District’s percent to standard measurement was 120.04 or 14.9 percentage points above the national average of 105.14 percent ¹⁶ . In other words, the Chicago District used approximately 16 minutes more per carrier route than the average carrier route in the nation. Management agreed to the findings, recommendations and monetary impact.
<i>City Delivery Efficiency – Northern Virginia District</i>	DR-AR-11-003	01/20/11	\$32,171,718	The Northern Virginia District was not operating at peak efficiency and could reduce city delivery operating costs. Our benchmarking comparison determined the Northern Virginia District percent to standard measurement was 123.24 or 17 percentage points above the national average of 105.05 percent. In other words, the district used approximately 16 minutes more than the average carrier route in the nation. Management agreed to the findings, recommendations, and monetary impact.

¹⁶ Each prior audit comprised different time frames, and so the national average percent to standard varied.

<p><i>City Delivery Efficiency – New York District</i></p>	<p>DR-AR-11-002</p>	<p>01/18/11</p>	<p>\$93,143,986</p>	<p>The New York District has opportunities for enhanced efficiency and reduced workhours. Our benchmarking comparison determined the New York District's percent to standard measurement was 127.05 or 21.1 percentage points above the national average of 105.95 percent. In other words, the district used approximately 37 minutes more than the average carrier route in the nation. However, because of unique delivery issues specific to the New York District, we used 25 minutes per carrier route. Management agreed to the findings, recommendations, and monetary impact.</p>
<p><i>City Delivery Efficiency – Atlanta District</i></p>	<p>DR-AR-10-009</p>	<p>09/24/10</p>	<p>\$27,374,309</p>	<p>The Atlanta District was not operating at peak efficiency and could reduce city delivery operating costs. Our benchmarking comparison determined the Atlanta District used approximately 9 minutes more per day than the national average for each carrier route, compared to the standard for that route. The measurement for this factor, called percent to standard, was 111.18, about 5 percentage points above the national average of 106.49 percent. Management agreed to findings, recommendations, and monetary impact.</p>
<p><i>City Delivery Efficiency – Bay Valley District</i></p>	<p>DR-AR-10-007</p>	<p>08/26/10</p>	<p>\$79,016,988</p>	<p>The Bay Valley District was not operating at peak efficiency and could reduce city delivery operating costs. Our benchmarking comparison determined the Bay Valley District used approximately 13 minutes more per day than the national average for each carrier route, compared to the standard for that route. The measurement for this, called percent to standard, was 115.93, 9 percentage points above the national average of 106.49. Management agreed to findings, recommendations, and monetary impact.</p>

<p><i>City Delivery Efficiency – Los Angeles District</i></p>	<p>DR-AR-10-006</p>	<p>07/01/10</p>	<p>\$105,056,064</p>	<p>The Los Angeles District was not operating at peak efficiency and could save workhours and reduce city delivery operating costs. Management agreed to findings, recommendations, and monetary impact. Our benchmarking comparison determined the Los Angeles District used approximately 26 minutes more per day than the national average for each carrier route as compared to the standard for that route. The measurement for this, called percent to standard was 124.17 - about 17 percentage points above the national average of 107.19 percent.</p>
<p><i>City Delivery Efficiency Review – San Francisco Napoleon Street Station</i></p>	<p>DR-AR-10-002</p>	<p>12/18/09</p>	<p>\$21,308,433</p>	<p>The audit concluded the Napoleon Street Station was not operating at peak efficiency and management could reduce city delivery costs. Our benchmarking comparison of five similar delivery units showed this station used 54,975 hours more than necessary. We also found management did not adjust workhours to the changes in workload. Management agreed with our findings and recommendations to correct the issues identified.</p>

Appendix B: Monetary Impacts

Finding	Impact Category	Amount
Operating Efficiency	Calculation of Questioned Costs ¹⁷	\$88,192,128

We estimated the monetary impact of \$88,192,128 in questioned costs by reducing 2,002,690 workhours in 21 districts. This amount comes from a reduction of delivery office workhours over 1 year using the city carrier level 2 labor rate for FY 2010, see Table 2.

Table 2: Districts Estimated Monetary Savings

District	Delivery Units	Total Number of Routes	Estimated Annual City Delivery Workhours Saved ¹⁸	Estimated Annual Monetary Savings
San Francisco	58	2,285	160,066	\$7,271,327
Santa Ana	109	4,443	163,495	7,178,031
Triboro	102	3,053	143,107	6,284,433
Sierra Coastal	110	2,901	136,550	6,071,555
San Diego	106	3,178	132,081	5,840,729
Capital	63	1,969	129,504	5,797,047
Seattle	132	2,914	115,822	5,037,094
Southeast Michigan	61	1,898	110,865	4,971,611
Sacramento	113	2,295	104,784	4,607,049
Mid-America	159	1,824	100,827	4,523,782
Connecticut Valley	136	3,130	117,602	5,134,822
Colorado/Wyoming	132	2,693	93,277	4,031,111
Long Island	112	2,294	86,265	3,658,692
Richmond	93	1,572	85,933	3,744,992
Greater Boston	125	3,475	84,099	3,687,730
Baltimore	80	1,793	78,060	3,480,818
Louisiana	128	1,800	59,086	2,472,166
Detroit	73	1,964	36,493	1,577,733
Albuquerque	46	709	23,625	1,033,892
Caribbean	90	726	23,347	1,023,039
Alaska	23	291	17,802	764,475
Totals	2,051	47,207	2,002,690	\$88,192,128

¹⁷ A questioned cost is categorized as unnecessary, unreasonable, unsupported or an alleged violation of law, regulation or contract.

¹⁸ The amount of estimated workhours districts can save if they improve their percent to standard down to the national average of 104.37.

Appendix C: Postal Service Districts in Relation to Percent to Standard Based on National Average

Districts Not Operating at Optimum Efficiency (Exceed National Average of 104.37 Percent to Standard)		
Number	District	Percent to Standard
1	New York	127.64
2	Northern Virginia	124.21
3	Los Angeles	119.58
4	Chicago	119.17
5	San Francisco	115.83
6	Southeast Michigan	113.11
7	Alaska	112.22
8	Sacramento	111.71
9	Sierra Coastal	111.42
10	Colorado/Wyoming	111.04
11	Capital	110.90
12	San Diego	110.76
13	Richmond	110.45
14	Santa Ana	109.91
15	Triboro	109.79
16	Seattle	109.50
17	Baltimore	109.26
18	Atlanta	109.02
19	Long Island	108.50
20	Mid-America	108.28
21	Louisiana	107.51
22	Connecticut Valley	107.50
23	Albuquerque	106.95
24	Bay-Valley	105.05
25	Detroit	104.96
26	Caribbean	104.95
27	Greater Boston	104.64

Districts Operating Efficiently but not Optimum (Below National Average of 104.37 Percent but Exceed Goal of Percent)		
Number	District	Percent to Standard
1	Hawkeye	104.01
2	Greater Michigan	103.95
3	Nevada-Sierra	103.91
4	Northern Illinois	103.72
5	Arizona	103.71
6	Portland	103.43
7	Salt Lake City	103.18
8	Houston	103.17
9	Greater South Carolina	102.78
10	Lakeland	102.57
11	Northland	101.91
12	North Florida	101.84
13	Tennessee	101.77
14	Gateway	100.96
15	Northern New England	100.67
16	South Florida	100.56
17	Columbus	100.50
18	Mid-Carolinas	100.22
19	Northern New Jersey	100.16
20	Westchester	100.11

Districts Operating at Optimum Efficiency (At or below 100 Percent to Standard)		
Number	District	Percent to Standard
1	Honolulu	99.97
2	Dallas	99.91
3	Greensboro	99.61
4	Alabama	99.33
5	Dakotas	98.97
6	Central Illinois	98.94
7	Appalachian	98.53
8	Northern Ohio	98.41
9	South Georgia	98.39
10	Fort Worth	98.31
11	Central Plains	98.24
12	Oklahoma	98.10
13	Suncoast	98.07
14	Rio Grande	97.92
15	Central Pennsylvania	97.90
16	Cincinnati	97.61
17	Kentuckiana	97.24
18	Philadelphia Metropolitan	96.96
19	Big Sky	96.22
20	Southeast New England	95.45
21	Greater Indiana	95.22
22	South Jersey	94.35
23	Western Pennsylvania	94.14
24	Arkansas	93.43
25	Western New York	93.36
26	Albany	93.10
27	Mississippi	90.57

Appendix D. Management's Comments



June 21, 2011

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SUBJECT: Audit Report – National Assessment of City Delivery Efficiency 2011
(Report Number DR-MA-11-DRAFT)

Thank you for the opportunity to respond to the recommendations contained in the City Delivery Efficiency Audit recently conducted by the Office of the Inspector General (OIG). The audit attempts to identify and "assess the overall efficiency of city delivery office operations and opportunities to reduce operating costs" within the U. S. Postal Service (USPS). The goal of the audits was "to identify actions city delivery units needed to take to increase efficiency and reduce costs using the national average percent to standard measure as a baseline." The OIG conducted efficiency audits for the period January 1, 2010 through December 31, 2010, in seven districts and identified savings opportunities based on a performance indicator of percent to standard within each district. The OIG then applied those identified issues to all districts operating at or above standards for that time period. This resulted in an assertion that 2,002,690 city delivery work hours amounting to \$88,192,128 monetary impact can be reduced in one year in 21 districts currently "operating above the national average percent to standard measure of 104.37." The OIG does recognize however, that for recommendations numbers one and two below, to be successfully implemented in delivery units, these units are largely dependent on mail arrival times and mail condition from the dispatching plant.

Audit recommendations are addressed in the following narrative and where agreed, suggested courses of actions are described. We provide the following response to the OIG recommendations numbers one through three for the Vice President, Delivery and Post Office Operations:

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Recommendation 1

Reduce 2,002,690 work hours during fiscal year 2012 with an associated economic impact of \$88,192,128.

Response

Disagree

The USPS disagrees with the hours and dollar figure used. We do agree there are savings to be achieved however, not to the degree indicated by the OIG.

Delivery and Post Office Operations will coordinate with Network Operations to update the Integrated Operation Plans SOP to ensure timely arrival and properly prepared mail is received in delivery units. The OIG used eFlash as the source for percent to standard. This source applies a 38 minute default for Fixed Office Time (FOT) rather than the actual time that the EDW uses and is fed by DOIS. Using actual FOT in the percent to standard calculation is more accurate and reduces the OIG opportunity hours by more than half.

Delivery and Post Office Operations along with Network Operations will continue to review and monitor the implementation and adherence to the IOPs within delivery units through AM-SOP reviews, inplant operation reviews, and randomly conducted unit/office visits by district offices.

Recommendation 2

Promote office efficiency by ensuring that processing facility managers and delivery managers coordinate, review, and update all Integrated Operation Plans to ensure mail arrives timely and in the condition necessary to maximize office efficiency.

Response

Agree

Delivery and Post Office Operations will coordinate with Network Operations to update the Integrated Operation Plans SOP and template. The revamping of the SOP and the national roll-out will be complete by COB September 30, 2011.

Delivery and Post Office Operations along with Network Operations will continue to review and monitor the implementation and adherence to the IOPs within delivery units through AM-SOP reviews and randomly conducted unit/office visits by district offices.

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Recommendation 3

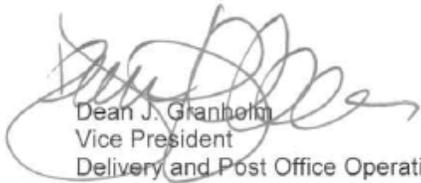
Reinforce Postal Service Headquarters and district policies and procedures for supervising city delivery office operations and eliminate inefficient practices as appropriate.

Response

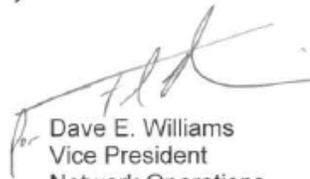
Agree

Delivery Operations agrees there are ongoing needs for the field to remain vigilant in effective day to day management of delivery units. We will develop a series of foundation skills training that cover day to day management of city delivery units. We will conduct national webinars with the field starting no later than October 1, with a scheduled completion date by the end of fiscal year 2012. After completion; the training will be posted on the City Delivery web page,

Delivery and Post Office Operations will continue to review and monitor the implementation and adherence to the IOPs in delivery units through AM-SOP reviews and randomly conducted unit/office visits by district offices.



Dean J. Granholm
Vice President
Delivery and Post Office Operations



Dave E. Williams
Vice President
Network Operations

cc: Ms. Schaefer
Mr. Knoll
Mr. Sullivan
Ms. Haring