



March 20, 2006

ELLIS A. BURGOYNE
VICE PRESIDENT, DELIVERY AND RETAIL

SUBJECT: Audit Report – AM Standard Operating Procedures – Fiscal Year
2005 Financial Installation Audit (Report Number FF-AR-06-096)

This report summarizes the results of our review of AM Standard Operating Procedures (SOP) performed in conjunction with our fiscal year (FY) 2005 (Project Number 06BO010FF000) financial installation audits of post offices, stations, and branches. We performed this work at the request of U.S. Postal Service Headquarters.

RESULTS IN BRIEF

At 28 of the 36 post offices, stations, and branches where AM SOP applied,¹ management had begun implementing the AM SOP. Of those, 11 had obtained certification, and 17 were at various stages of becoming certified. At the time of our work, eight units had not begun implementation. Several factors contributed to units not being certified. These factors included issues with the mail arrival agreement with the processing and distribution plant, posting and following the AM SOP, and Function 4 activities.

OBJECTIVE, SCOPE, AND METHODOLOGY

Our overall audit objective was to give Postal Service Headquarters information on the status of AM SOP implementation and certification.

To accomplish this objective, we performed fieldwork during FY 2005 in conjunction with our statistically selected sample of 92 post offices, stations, and branches, and three post offices outside of our statistical sample (see Appendix A for a list of the units and project numbers). We did not review AM SOP implementation and certification for 51 units that did not have city letter carriers and eight units that did not use the Delivery Operations Information System (DOIS). The audits performed at these units were unannounced.

¹ AM SOP applied to 36 of the 95 post offices we visited during our FY 2005 financial installation audits. Our FY 2005 financial installation audits consisted of a statistically selected sample of 92 post offices, stations, and branches and 3 post offices outside the statistical sample.

In FY 2005, when we conducted our work, the former vice president, Delivery and Retail, issued a memorandum² to the field outlining the criteria for becoming an AM SOP-certified site. Certification requires achieving two performance indicators³ and a score of 95 percent or higher on the revised AM SOP Certification Audit. We were asked to consider only whether a unit had achieved the minimum score of 95 percent or better on the certification audit scorecard. Therefore, in this report, we refer to certification when a unit achieved the third element – a score of 95 percent or better on the district’s certification audit.

We verified whether a plant agreement was in place and a current SOP was posted. We asked management whether or not the carriers followed the SOP. We reviewed applicable documentation to verify whether post offices complied with requirements for mail volume and arrival, dispatch times, and scheduled reporting times for carriers. Finally, we observed the post office’s carrier casing configuration and the design of the workroom floor and discussed the status of the AM SOP with unit management.

We conducted this audit from October 2004 through March 2006. We discussed our observations and conclusions with management officials and included their comments where appropriate. We issued individual reports to management at each unit.

PRIOR AUDIT COVERAGE

The U.S. Postal Service Office of Inspector General has issued the following reports on AM SOP and delivery operations:

- *City Letter Carrier Operations – Chicago District* (Report Number DR-AR-05-019, September 29, 2005); *Santa Ana District* (Report Number DR-AR-05-013, August 8, 2005); *San Diego District* (Report Number DR-AR-05-014, August 8, 2005); *Rio Grande District* (Report Number DR-AR-05-009, December 2, 2004). The four reports outlined opportunities to improve the management of city letter carrier operations in each district. Specifically, delivery facility supervisors and managers did not adequately match workhours with workload. We also noted that supervisors and managers did not always view DOIS reports in a timely manner to manage operations; consistently use managed service points to monitor city letter carriers’ street time to correct negative trends; or

² Vice president, Delivery and Retail, memorandum to managers, Delivery Programs Support (Area), Subject: *AM SOP* update, January 25, 2005.

³ The criteria for achieving the performance indicators were as follows: (1) Carriers returning by 1700 – for offices ending FY 2004 above 82 percent, the goal was 88 percent; for offices ending FY 2004 below 82 percent, the goal was to improve by 1/3 of the difference between the percentage at the end of FY 2004 and 100 percent; and (2) Total efficiency indicator (TEI) performance - Each office had to meet or exceed the same period last year TEI. These two indicators had to be achieved 3 out of 4 weeks concurrently, and achieving 95 percent or higher on the certification audit must have occurred within a 4-week period immediately, prior to, or subsequent to achieving the two performance indicators.

properly document letter carriers' unauthorized overtime and take corrective action. We agreed with headquarters delivery management to unrecoverable costs of \$5,664,713 for the four districts.

- *City Letter Carrier Office Preparation in the Dallas District* (Report Number DR-AR-04-005, July 26, 2004). The audit showed that the Dallas District could improve city letter carriers' office preparation. Specifically, delivery supervisors and managers could not adequately match workhours with workload. In addition, city letter carriers' work activities did not always ensure that they departed the delivery unit as scheduled. Further, supervisors and managers did not use DOIS to help manage office activities.

RESULTS

At most units, delivery operations managers and supervisors had begun implementing the AM SOP to create consistency and standardization among city delivery carriers. As shown in the table below, management at 28 of the 36 units had begun the AM SOP implementation. Of the 28 units, 11 had obtained certification and 17 had not yet been certified. At the time of our work, eight units had not begun implementation.

Status of AM SOP at Units Visited

Status: ⁴	Number of units	
Begun implementation:		
Obtained certification ⁵	11	
Not yet certified	17	
Subtotal		28
Not begun implementation		8
Total		36

Observations at Units Not Yet Certified

Several factors contributed to units not yet being certified. We grouped these into three main categories.

The first category of factors is the mail arrival agreement with the processing and distribution plant. In this category, four units did not have contracts with the plants; mail arrived late at three units; two units did not have a method for reporting or resolving discrepancies; and dispatch transportation arrival was late at five units.

⁴ Appendix A shows the status of AM SOP implementation and certification at each unit.

⁵ We defined a unit that had obtained certification as one that scored 95 percent or higher on the district's certification audit.

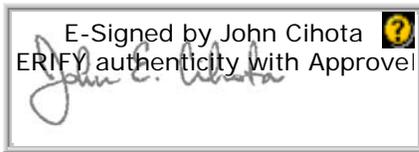
The second category concerns the AM SOP. In this category, three units did not post the AM SOP; at two units, the AM SOP was not placed in the route books; and carriers did not follow the AM SOP at two units.

The third category covers Function 4 distribution operations. In this category, two units were not properly configured; at one unit, the clerks' starting times coincided with the carriers' dispatch times; and at one unit, the supervisor did not have a clear line of sight to the carriers.

Appendix B gives detailed information for each unit that had not yet been certified at the time of our work.

Management agreed with the information contained in this report. Management's comments, in their entirety, are included in Appendix C.

We appreciate the cooperation and courtesies provided by your staff during the audit. If you have any questions or need additional information, please contact Linda Libician-Welch, director, Field Financial - West, or me at (703) 248-2300.



E-Signed by John Cihota 
VERIFY authenticity with Approve!
John E. Cihota

John E. Cihota
Deputy Assistant Inspector General
for Financial Operations

Attachments

cc: Robert D. Williamson
James Kiser
Donald R. Ryalls
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APPENDIX A

AM STANDARD OPERATING PROCEDURE STATUS

This appendix shows the status of AM SOP implementation and certification at the time of our audits.

Post Office/ Project Number	District	Begun Implementation		Had Not Begun Implementation	
		Certified	Not Yet Certified	Planned Date to Begin	No Planned Date to Begin
Southside 05XD001FF046	Richmond	X			
Mebane 05XD001FF076	Greensboro	X			
Vincentown 05XD001FF084	South Jersey	X			
Champaign 05XD001FF027	Central Illinois	X			
Wanamaker Branch 05XD001FF091	Greater Indiana	X			
Manistee 05XD001FF078	Greater Michigan	X			
Linden Main Office 05XD001FF011	New Jersey	X			
North Side Station 05XD001FF001	Alabama	X			
Brookhaven Station 05XD001FF002	Atlanta	X			
East Point Station 05XD001FF023	Atlanta	X			
Ocala 05XD001FF017	North Florida	X			
Bergenfield Main Office ⁶ 05XD001FF009	New Jersey		X		
East Greenbush ⁷ 05XD001FF086	Albany		X		
New Haven Main Office ⁸ 05XD001FF053	Connecticut		X		
Farmingdale Main Post Office ⁹ 05XD001FF082	Long Island		X		

⁶ Unit managers did not know whether the unit had completed certification.

⁷ Unit could not provide documentation for certification.

⁸ Unit was in the process of obtaining final certification

⁹ Unit could not provide documentation for certification.

Post Office/ Project Number	District	Begun Implementation		Had Not Begun Implementation	
		Certified	Not Yet Certified	Planned Date to Begin	No Planned Date to Begin
Thousand Oaks Main Post Office 05XD001FF059	Van Nuys		X		
Apalachicola 05XD001FF025	North Florida		X		
Ludlam Branch 05XD001FF026	South Florida		X		
Punta Gorda 05XD001FF064	Suncoast		X		
Bonham Main Post Office ^c 05XD001FF018	Dallas		X		
Highlands Ranch 05XD001FF031	Colorado/ Wyoming		X		
New York Main Office 05XD001FF085	New York		X		
Canandaigua 05XD001FF077	Western New York		X		
Centereach Main Post Office 05XD001FF052	Long Island		X		
Westwood Main Post Office 05XD001FF066	Northern New Jersey		X		
Los Angeles Main Post Office 05XD001FF089	Los Angeles		X		
Placerville 05XD001FF047	Sacramento		X		
Eastside Station 05XD001FF043	Louisiana		X		
Wheaton Branch 05XD001FF005	Capital			X	
Hope Mills Post Office 05XD001FF062	Mid-Carolinas			X	

Post Office/ Project Number	District	Begun Implementation		Had Not Begun Implementation	
		Certified	Not Yet Certified	Planned Date to Begin	No Planned Date to Begin
Pontiac Main Post Office 05XD001FF044	Southeast Michigan			X	
San Carlos Main Post Office 05XD001FF041	San Francisco			X	
Ripley 05XD001FF067	Tennessee			X	
Austin Downtown Station 05XD001FF029	Rio Grande			X	
Rice Lake 05XD001FF050	Northland			X	
Plainville 05XD001FF081	Connecticut				X
Total		11	17	7	1

**APPENDIX B
DETAILED INFORMATION FOR UNITS NOT YET CERTIFIED**

Post Office	Mail Agreement With Plant				AM SOP			Function 4		
	No Contract With Plant	Late Mail Arrival at Plant	No Standard Method for Reporting or Resolving Discrepancies	Transportation Arrived Late	Not Posted	Not in Route Book	Not Followed	Unit Not Properly Configured	Clerk and Carrier Start Time Coincide	No Clear Line of Sight
New York Main Office	X	X		X						
Bergenfield					X					
East Greenbush					X					
New Haven Main Office ¹⁰										
Farmingdale Main Post Office										
Canandaigua	X									
Thousand Oaks Main Post Office		X		X						
Apalachicola ¹¹										
Ludlam Branch						X				

¹⁰ We did not obtain detailed information.

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Post Office	Mail Agreement With Plant				AM SOP			Function 4		
	No Contract With Plant	Late Mail Arrival at Plant	No Standard Method for Reporting or Resolving Discrepancies	Transportation Arrived Late	Not Posted	Not in Route Book	Not Followed	Unit Not Properly Configured	Clerk and Carrier Start Time Coincide	No Clear Line of Sight
Punta Gorda				X						
Bonham										
Highlands Ranch				X					X	
Centereach Main Post Office			X				X			
Westwood Main Post Office								X		X
Los Angeles Main Post Office	X	X	X	X	X	X	X			
Placerville	X							X		
Eastside Station ¹²										
Total	4	3	2	5	3	2	2	2	1	1

¹² We did not obtain detailed information.

APPENDIX C. MANAGEMENT'S COMMENTS

ELLIS A. BURGOYNE
VICE PRESIDENT, DELIVERY AND RETAIL



March 3, 2006

DARRELL E. BENJAMIN, JR.
ACTING DEPUTY ASSISTANT INSPECTOR GENERAL
FOR FINANCIAL OPERATIONS

SUBJECT: AM Standard Operating Procedures –
(Report Number FF-AR-06-DRAFT)

The objective of the subject report was to give Postal Service Headquarters information on status of AM SOP implementation and certification in the field. This review accomplished that objective.

Although there were no recommendations made with this report, I wanted to make clear that certification as described in the audit consisted of passing the AM SOP audit only, and the actual AM SOP program requires additional productivity indicators to be met in order to be considered certified. Also, the goal for AM SOP in fiscal year (FY) 2005 was implementation of the program contrasted with the FY2006 goal of certification in all Level 22 and above offices.

Some of the primary findings included:

- Not having an IOP between the P&PC and delivery unit
- Not having a carrier SOP posted in the unit or in the carrier book
- Function 4 operations did not properly support Function 2 activities

We will heighten our focus on these issues during field visits.


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