



November 24, 2008

ASHLEY LYONS
MANAGER, CORPORATE FINANCIAL PLANNING

SUBJECT: Audit Report – Statistical Tests for Fiscal Year 2008 – Cost
and Revenue Analysis (Report Number FF-AR-09-024)

This report presents the results of our audit of the statistical tests for fiscal year (FY) 2008 Cost and Revenue Analysis (Project Number 08BD003FF000). We reviewed tests of the Origin-Destination Information System-Revenue, Pieces, and Weight (ODIS-RPW); the In-Office Cost System (IOCS); the Transportation Cost System (TRACS); and the System for International Revenue and Volume Outbound-International Origin-Destination Information System (SIRVO-IODIS). We conducted the audit in support of the U.S. Postal Service's request for information on the adherence of districts' compliance with testing procedures.¹ [Appendix A](#) presents additional information about this audit.

Conclusion

The Postal Service generally conducted tests of the ODIS-RPW, IOCS, TRACS, and SIRVO-IODIS in accordance with established data collection policies and procedures. However, we identified errors during 38 of 201 tests observed in 12 of the 14 districts.² In this report, we discuss in detail only the most frequent testing errors, which we define as those that occurred in at least 5 percent of the tests observed for a system. See [Appendix B](#) for our summary of observations and testing errors by district.

The testing errors include the following.

Data collectors for 21 of 53 ODIS-RPW tests did not:

- Follow proper random start and skip intervals (23 errors).
- Identify, isolate, and capture mail to be tested (15 errors).
- Verify the information keyed into the [REDACTED] laptop (14 errors).

¹ This report does not present the results of audit work required under the Postal Accountability and Enhancement Act of 2006.

² We observed ODIS-RPW, IOCS, and TRACS tests in 13 districts and SIRVO-IODIS tests in two districts. In one of the two districts in which we observed SIRVO-IODIS tests, we also observed the other tests, for a total of 14 different districts.

- Adhere to sampling procedures (8 errors).
- Bring required test material to the site (3 errors).

For one of 12 TRACS tests, data collectors did not identify, isolate, and capture Express Mail to be tested.³

Data collectors for eight of 18 SIRVO tests did not:

- Verify the information keyed into the [REDACTED] laptop (12 errors).³
- Follow proper random start and skip intervals (2 errors).³
- Follow procedures for Weigh-Only receptacles (1 error).

In addition to the testing errors, data collectors in seven districts did not always follow procedures for protecting data collection equipment. In March 2008, the Postal Service issued a policy memorandum⁴ and instructed managers of Statistical Programs to provide quarterly training to data collectors to properly secure and protect data collection equipment. Therefore, we are not making a recommendation at this time. We will continue to monitor this issue during our FY 2009 audits.

See [Appendix C](#) for our detailed analysis of these issues; [Appendix D](#) for the detailed issues by district; and [Appendix E](#) for the conditions previously reported in our FY 2006⁵ and 2007⁶ reports. Our findings this year indicate continued noncompliance with prescribed policies and procedures.

We recommend the Manager, Corporate Financial Planning, direct managers of Statistical Programs to:

1. Reinforce data collection procedures by training data collectors to:

- Use the proper random start and skip intervals when conducting Origin-Destination Information System-Revenue, Pieces and Weight (ODIS-RPW) and System for International Revenue and Volume Outbound-International Origin-Destination Information System (SIRVO-IODIS) tests.
- Verify information keyed into the [REDACTED] laptop when conducting ODIS-RPW and SIRVO-IODIS tests.
- Follow the correct sampling methodology for containers and mailpieces when conducting ODIS-RPW tests.

³ We also identified this issue during ODIS-RPW observations.

⁴ *Policy Memo – Statistical Programs Letter #4, Fiscal Year 2008, Administration.*

⁵ *Audit of Statistical Tests for Fiscal Year 2006 – Cost and Revenue Analysis* (Report Number FF AR-07-093, dated February 16, 2007).

⁶ *Audit of Statistical Tests for Fiscal Year 2007 – Cost and Revenue Analysis* (Report Number FF-AR-08-084, dated January 30, 2008).

- Bring all necessary materials to the test site when conducting ODIS-RPW tests.
- Follow procedures for capturing mail in Weigh-Only receptacles when conducting System for International Revenue and Volume Outbound tests.

Management's Comments

Management agreed with our finding and recommendation and by January 9, 2009, will instruct district managers, Statistical Programs, to reinforce at the next quarterly training day, the proper data collection procedures, including those items listed in our recommendation. We have included management's comments, in their entirety, in [Appendix F](#).

We recommend the Manager, Corporate Financial Planning, direct managers of Statistical Programs to:

2. Develop a plan to establish and maintain oversight to ensure data collectors properly identify, isolate, and capture the required test mail.

Management's Comments

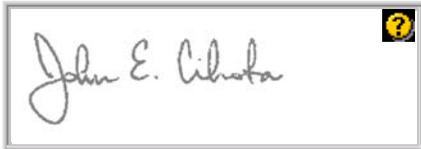
Management agreed with our finding and recommendation and by February 6, 2009, will issue instructions to district managers, Statistical Programs, to develop plans to establish and maintain oversight to ensure data collectors properly identify, isolate, and capture the required test mail.

Evaluation of Management's Comments

The U.S. Postal Service Office of Inspector General (OIG) considers management's comments responsive to the recommendations and the corrective actions should resolve the issues in the report.

The OIG considers both recommendations significant and, therefore, requires OIG concurrence before closure. The OIG requests written confirmation when corrective actions are completed for the recommendations. These recommendations should not be closed in the follow-up tracking system until the OIG provides written confirmation they can be closed.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Linda Libician-Welch, Director, Field Financial – West, or me at (703) 248-2100.

A rectangular box containing a handwritten signature in cursive that reads "John E. Cihota". In the top right corner of the box, there is a small yellow square icon with a question mark.

John E. Cihota
Deputy Assistant Inspector General
for Financial Accountability

Attachments

cc: H. Glen Walker
J. Ron Poland
Vincent H. DeVito, Jr.
Katherine S. Banks

APPENDIX A: ADDITIONAL INFORMATION

BACKGROUND

Under the Postal Reorganization Act of 1970, the Postal Service was required to break even financially over time. Total revenue was to equal total costs incurred by the Postal Service. Each class or type of mail service was to bear the direct and indirect costs attributable to that class or type. Because Postal Service revenue and cost accounting systems do not provide revenue and cost information at the mail category level, the Postal Service develops and uses various statistical systems and special studies to estimate the costs, revenues, and volumes for categories of mail. The Postal Service uses these estimates to develop rates and budgets, conduct cost studies, measure mail flow and service performance, and report on cost coverage of its products.

Under the Postal Accountability and Enhancement Act of 2006 (the Postal Act of 2006), the Postal Service's products have been divided into two categories: market-dominant and competitive. Market-dominant product price increases cannot exceed the increase in the Consumer Price Index (CPI) and apply to each class of mail. The price increase for the category as a whole must not exceed the increase in the CPI. For competitive products, the Postal Regulatory Commission (PRC) has set rules for a pricing floor that must cover the product's costs and a required contribution to institutional costs. The Postal Service will have the flexibility to change pricing on competitive products as it wishes, consistent with the PRC rules, as long as it is published in the *Federal Register* at least 30 days before the effective date.

The Postal Act of 2006 requires the Postal Service to submit annual reports to the PRC regarding its costs, revenues, rates, and quality of service. The act also requires the OIG to regularly audit the data collection systems and procedures the Postal Service uses to collect such information and to submit these reports to the Postal Service and the PRC. This report does not present the results of the audit work called for under the Postal Act of 2006. The OIG issues other reports on an ongoing basis for the audit work required under the act.

ODIS-RPW is the primary probability sampling system used to assist in estimating revenue, volume flow, weight, and performance measurement. The Postal Service uses data from tests to develop new rates, assist in budget preparation, conduct management studies, and support management decisions concerning mailflow and service performance in transportation and operations. The ODIS-RPW test requires data collectors to systematically select mailpieces using a random start for all mail available on the randomly selected day. Data collectors record various mailpiece characteristics, such as revenue, weight, shape, indicia, barcode, postmark time, and origin and mail class.

IOCS is an employee work sampling system used to distribute the labor costs of clerks, mail handlers, city delivery carriers, and supervisors to the activities carried out by those employees and to classes and subclasses of mail and special services.

TRACS is a statistical sampling and data collection system that provides information to estimate purchased transportation costs for major classes and subclasses of mail and type of service. Although the Postal Service's total purchased transportation costs are available from the accounting records, the records do not indicate how much of the transportation costs should be attributed to each specific class and subclass of mail and special service. Since the characteristics of purchased transportation vary significantly by mode of transportation, TRACS has four separate sampling systems – highway, commercial air, network air, and rail.

SIRVO-ODIS is one of two sampling systems that estimates revenue, volume, and weight of international mail for the Postal Service. Management uses SIRVO-ODIS data to assist in budgeting and planning, forecasting mail volume, developing workload, and measuring productivity.

OBJECTIVE, SCOPE, AND METHODOLOGY

The objective of our audit was to determine whether the Postal Service conducted statistical tests to collect cost, revenue, and volume data in accordance with established policies and procedures. We observed 106 selected data collectors performing cost and revenue analysis tests in 14 judgmentally selected districts.

Specifically, we judgmentally selected and observed a total of 201 tests, consisting of:

- 53 ODIS-RPW tests
- 118 IOCS tests
- 12 TRACS tests
- 18 SIRVO-ODIS tests

We interviewed the data collectors performing selected tests and reviewed the reports of each test district the Statistical Programs managers provided.

We conducted this audit from March through November 2008 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 October 29, 2008, and included their comments where appropriate. We also issued interim reports to 14 district managers.

PRIOR AUDIT COVERAGE

Report Title	Report Number	Final Report Date	Monetary Impact	Report Results
<i>Audit of Statistical Tests for Fiscal Year 2006 – Cost and Revenue Analysis</i>	FF-AR-07-093	2/16/07	N/A	<p>The Postal Service generally conducted tests of ODIS-RPW, IOCS, TRACS, and SIRVO-IODIS in accordance with established policies and procedures. However, data collectors did not always:</p> <ul style="list-style-type: none"> • Use marking slips to identify test mail. • Follow mail exit point (MEP) and special instructions while conducting ODIS-RPW tests. • Observe the entire contents of vehicles when collecting utilization data in TRACS testing. <p>In addition, data collectors did not always follow procedures for protecting data collection equipment; data collectors had not attended the required training before conducting tests; and Statistical Programs managers did not properly define MEPS.</p> <p>We recommended management use training to reinforce data collection procedures to ensure the integrity of the statistical data. We also recommended management reinforce policies for protecting [REDACTED] laptops and other test equipment, require training for data collectors prior to their conducting tests, and properly define MEPS.</p>
<i>Transportation Cost System</i>	MS-AR-07-002	3/20/07	N/A	<p>Overall, internal controls over TRACS were effective and TRACS data was valid and reliable. We did not make any recommendations in this report.</p>

<p><i>Audit of Statistical Tests for Fiscal Year 2007 – Cost and Revenue Analysis</i></p>	<p>FF-AR-08-084</p>	<p>1/30/08</p>	<p>N/A</p>	<p>The Postal Service generally conducted tests of ODIS-RPW, IOCS, TRACS, and SIRVO-IODIS in accordance with established policies and procedures. However, for ODIS-RPW tests, data collectors did not always:</p> <ul style="list-style-type: none"> • Identify, isolate, and capture mail to be tested. • Tag sampled mail after testing to release for processing. <p>For TRACS tests, a data collector entered one Express Mail piece as a Global Priority Mail® piece.</p> <p>For SIRVO-IODIS, we identified one testing error that involved two data collectors in two districts who incorrectly entered revenue into the [REDACTED] laptops.</p> <p>In addition to testing errors:</p> <ul style="list-style-type: none"> • Data collectors did not always follow procedures for protecting data collection equipment. • Unit management did not always ensure that electronic scales were leveled and calibrated and did not document calibration results.
<p><i>In-Office Cost System Telephone Readings</i></p>	<p>CRR-AR-08-004</p>	<p>3/31/08</p>	<p>\$12,355</p>	<p>The Postal Service has adequate policies for conducting telephone readings and recent management actions have improved the quality of telephone readings. We noted issues in three districts for which we made recommendations to strengthen controls over the integrity of IOCS data collection.</p>
<p><i>In-Office Cost System Phone Readings Additional Analysis</i></p>	<p>ESS-MA-08-001</p>	<p>8/11/08</p>	<p>N/A</p>	<p>We found differences in the distributions of the IOCS costs to mail categories based on telephone and on-site readings. Management agreed with the finding but disagreed whether the differences were due to the sampling method. Management performed some additional analysis but disagreed whether further analysis and monitoring for errors in IOCS cost distribution caused by the sampling methodology would be useful.</p>

**APPENDIX B: FY 2008 COST AND REVENUE ANALYSIS – SUMMARY OF
OBSERVATIONS OF DATA COLLECTION PROCEDURES⁷**

		ODIS-RPW		IOCS		TRACS		SIRVO-IODIS	
District ⁸	Report Date	Number of Tests Observed	Total Number of Errors	Number of Tests Observed	Total Number of Errors	Number of Tests Observed	Total Number of Errors	Number of Tests Observed	Total Number of Errors
Greater Indiana	4/22/2008	4	1	10	0	1	0	0	0
Arizona	4/15/2008	4	8	10	1	1	0	0	0
Salt Lake	4/14/2008	4	5	9	1	1	1	0	0
Honolulu	4/21/2008	0	0	0	0	0	0	10	11
	4/22/2008	4	14	9	1	1	0	0	0
Cincinnati	6/24/2008	4	11	9	0	1	0	0	0
Sierra Coastal	7/17/2008	4	16	10	2	1	0	0	0
Mid-Carolinas	7/30/2008	4	0	8	0	0	0	0	0
Long Island	8/19/2008	4	2	8	1	1	0	0	0
Baltimore	8/14/2008	4	2	11	3	1	0	0	0
Houston	7/31/2008	4	0	8	0	1	0	0	0
Louisiana	8/8/2008	4	4	10	0	1	0	0	0
New Hampshire/ Vermont	8/27/2008	5	0	8	0	1	0	0	0
Triboro	8/25/2008	0	0	0	0	0	0	8	4
Central Illinois	9/4/2008	4	0	8	0	1	0	0	0
Total		53	63	118	9	12	1	18	15

⁷ Although the percentage of tests with errors appears high, each test contains multiple records and fields. Therefore, the percentage of erroneous test entries is much lower than the total number of tests containing errors.

⁸ The two shaded districts had no reported errors.

APPENDIX C: DETAILED ANALYSIS

Origin-Destination Information System-Revenue, Pieces, and Weight

We observed 53 ODIS-RPW tests and identified 63 errors in 21 tests (see [Appendix D](#)) during which data collectors incorrectly applied procedures. Specifically, data collectors did not:

- Follow procedures to determine the appropriate random start and mailpiece and/or container skip intervals in six districts (23 errors). Data collectors must select the required mailpiece by applying the mailpiece skip interval through all containers selected using the container skip interval.⁹ In most instances, data collectors stated the errors were due to an oversight; however, some data collectors stated they did not follow sampling procedures because of time constraints.
- Identify, isolate, and capture mail to be sampled/tested in seven districts (15 errors). The data collector is responsible for identifying, isolating, counting, sampling, and recording the necessary mailpieces at the appropriate MEP.¹⁰ Data collectors cited various causes for the errors: in most instances, data collectors stated the errors were due to an oversight; two data collectors stated they were not aware of the requirements for identifying, isolating, and capturing mail; and one data collector stated she was confused about how to execute the special instructions for sampling mixed containers. We reported this issue previously in our FY 2006 and 2007 reports, indicating continued noncompliance with prescribed policies and procedures.
- Verify the information keyed into the [REDACTED] laptop in six districts (14 errors). The data collector must verify the information is correct when entering mailpieces into the [REDACTED] laptop.¹¹ In most instances, the data collectors stated the data entry errors were due to an oversight.
- Adhere to container subsampling or mailpiece sampling procedures in four districts (eight errors). Data collectors must select the appropriate containers and/or mailpieces and record the information.¹² In most instances, data collectors stated the errors were due to an oversight; however, one data collector stated she was confused about how to execute the special instructions for sampling mixed containers, and one data collector stated he was in a rush to pull the sample.

⁹ Handbook F-75, *Data Collection User's Guide for Revenue, Volume, and Performance Measurement System*, Section 3.7.2, page 3-46, October 2003.

¹⁰ Handbook F-75, Chapter 3, pages 3-5 through 3-207.

¹¹ Handbook F-75, Chapter 3, page 3-65.

¹² Handbook F-75, Section 3.6 and 3.7.

- Bring the required test material to the site in two districts (3 errors). Data collectors should always bring the MEP History Report printout to assist in establishing skip intervals.¹³ In one district, the data collector stated not bringing the report was an oversight. The Manager, Statistical Programs, at the other district stated a new employee forgot to include the reports in the two ODIS-RPW test packets.

When data collectors do not follow ODIS-RPW test procedures, there is an increased risk of jeopardizing the Postal Service's ability to accurately estimate revenue and mail volume.

In-Office Cost System

We observed 118 IOCS tests and did not identify any issues in at least 5 percent of the tests observed. See [Appendix D](#) for all errors identified in IOCS testing.

Transportation Cost System

We observed 12 TRACS tests and identified one error in one test (see [Appendix D](#)). The data collector did not properly identify, isolate, and capture three hampers containing Express Mail® prior to dispatch. The data collector must communicate with facility personnel to ensure the type of mail to be tested is identified, flagged, and isolated.¹⁴ The data collector stated he was unaware that clerks would dispatch the mail before the test was conducted.

When collectors do not sample all mail intended for the TRACS test, there is an increased risk the sample will not be representative of Express Mail pieces.

This is the same error type identified in this report under the ODIS-RPW heading and was previously reported in our FY 2006 and 2007 reports, indicating continued noncompliance with prescribed policies and procedures.

System for International Revenue and Volume Outbound-International Origin-Destination Information System

We observed 18 SIRVO-IODIS tests in two districts and identified 15 errors in eight tests (see [Appendix D](#)) in which data collectors applied procedures incorrectly. Specifically, data collectors did not:

- Verify the information keyed into the [REDACTED] laptop in two districts (12 errors). Data collectors must enter receptacle, mailpiece, and service information into the

¹³ Handbook F-75, Chapter 3, page 3-6, October 2003.

¹⁴ Handbook F-65, *Data Collection User's Guide for Cost Systems*, Section 8.1.1, page 8-5, September 2001.

mode. In one district, the data collector believed that by closing the laptop monitor, he had placed the computer in hibernation mode; and in one district, the data collector believed the laptop was within sight until the auditor brought it to her attention that the laptop was not visible. When employees do not safeguard [REDACTED] laptops, there is an increased risk of data loss.

In March 2008, the Postal Service issued a policy memorandum²⁰ and instructed managers of Statistical Programs to provide quarterly training to data collectors to properly secure and protect data collection equipment. Therefore, we are not making a recommendation at this time. We will continue to monitor this issue during our FY 2009 audits.

²⁰ Policy Memo – Statistical Programs Letter #4, FY 2008, Administration.

APPENDIX D: DETAIL OF FY 2008 TEST ERRORS AND OBSERVATIONS BY DISTRICT

The table below presents the detailed test errors²¹ and observations identified by district.²²

Test Errors/Observations	Greater Indiana District	Arizona District	Salt Lake District	Honolulu District	Cincinnati District	Sierra Costal District	Long Island District	Baltimore District	Louisiana District	New Hampshire / Vermont District	Triboro District	Central Illinois District	Total Test Errors
ODIS-RPW													
Data collector did not follow procedures to determine appropriate random start and mailpiece/container skip intervals.		X (3)	X (2)	X (4)	X (3)	X (10)			X (1)				23*
Data collector did not properly identify, isolate and capture mail to be sampled/ tested.	X (1)	X (2)	X (2)	X (2)		X (5)	X (2)		X (1)				15*
Data collectors did not verify the information keyed into the [REDACTED] laptop.		X (3)	X (1)	X (1)	X (7)	X (1)			X (1)				14*
Data collector did not adhere to container sub-sampling or mailpiece sampling procedures.				X (5)	X (1)			X (1)	X (1)				8*
Data collector did not bring the required test material to the site.				X (2)				X (1)					3*
IOCS													
Data collector did not follow scripted questions and/or ask leading questions.				X (1)		X (1)		X (2)					4
Data collector added time to the total reading for administrative time spent preparing for the test.		X (1)				X (1)							2
Data collector did not identify and record a special service endorsement on a mailpiece during reading.			X (1)										1
Data collector did not follow procedures to record a reading when employee was late.							X (1)						1
Data collector did not have an electronic scale during IOCS reading.								X (1)					1
TRACS													
Data collector did not communicate effectively with unit personnel to ensure test mail was identified, flagged, and isolated.			X (1)										1*

²¹ The numbers of tests with errors are shown in parentheses.

²² Two of 15 district reports had no reported testing errors. See [Appendix B](#) for a complete list of districts and the test errors in each district.

Statistical Tests for Fiscal Year 2008 –
Cost and Revenue Analysis

FF-AR-09-024

Test Errors/Observations	Greater Indiana District	Arizona District	Salt Lake District	Honolulu District	Cincinnati District	Sierra Costal District	Long Island District	Baltimore District	Louisiana District	New Hampshire / Vermont District	Triboro District	Central Illinois District	Total Test Errors
SIRVO-IODIS													
Data collector did not verify the information keyed into the [REDACTED] laptop.				X (8)							X (4)		12*
Data collector did not follow procedures relating to skip intervals.				X (2)									2*
Data collector did not follow procedures for Weigh-Only receptacles.				X (1)									1*
Other Observations													
Data collector did not follow procedures to protect data integrity and data collection equipment.		X	X	X	X	X	X					X	7
The Manager, Statistical Programs, did not document training received by the employee.										X			1
Unit management did not always ensure that scales used in conjunction with [REDACTED] were leveled and/or calibrated.				X									1
Data collectors did not consistently process short-paid mail.											X		1

* Most frequent test error, occurring in more than 5 percent of the total tests for a system.

**APPENDIX E: SUMMARY OF TESTING ERRORS
AND MANAGEMENT ISSUES PREVIOUSLY REPORTED**

<i>Description of Testing Error/Management Issue²³</i>	<i>Number of Testing Errors</i>		
	FY 2008	FY 2007	FY 2006
Testing Error			
ODIS-RPW – Number of Tests Observed	53	57	76
Data collector did not follow procedures to determine appropriate random start and mailpiece/container skip intervals.	23	-	3
Data collector did not properly identify, isolate, and capture mail to be sampled/tested.	15	5	17
Data collectors did not verify the information keyed into the [REDACTED] laptop.	14	2	2
Data collector did not adhere to container sub-sampling or mailpiece sampling procedures.	8	2	-
Data collector did not bring the required test material to the site.	3	1	2
Data collector did not tag sampled mail after testing to release for processing.	-	3	-
Data collector did not properly measure/record sampled mailpieces.	-	2	-
Data collector did not communicate effectively with unit personnel to ensure test mail was identified, flagged, and isolated.	-	1	3
Data collector did not notify unit management prior to conducting test.	-	-	1
Data collector did not follow MEP and Special Instructions.	-	-	5
IOCS – Number of Tests Observed	118	128	177
Data collector did not follow scripted questions and/or asked leading questions.	4	2	6
Data collector added time to the total reading for administrative time spent preparing for test.	2	-	-
Data collector did not identify and record special service endorsement on a mailpiece during reading.	1	-	-
Data collector did not follow procedures to record a reading when the employee was late.	1	2	-
Data collector did not have an electronic scale during IOCS reading.	1	1	-
Data collector did not begin test by requesting to speak with a supervisor.	-	-	1
TRACS – Number of Tests Observed	12	14	17
Data collector did not communicate effectively with unit personnel to ensure test mail was identified, flagged, and isolated.	1	-	-
Data collector was unfamiliar with entering Express Mail data into the [REDACTED] laptop.	-	1	-
Data collector did not observe the entire contents of the vehicle.	-	-	1
SIRVO-IODIS – Number of Tests Observed	18	34	15
Data collector did not verify the information keyed into the [REDACTED] laptop.	12	-	-
Data collector did not follow procedures relating to skip intervals.	2	-	-
Data collector did not follow procedures for Weigh-Only receptacles.	1	-	-
Data collector recorded revenue from postage amounts located elsewhere on the mailpiece when the mailpiece contained an unreadable postage paid amount.	-	2	-
Data collector did not send a mailpiece with postage due to the revenue protection unit.	-	1	-
Data collector recorded packages with special drawing rights value as insured under special services while other data collectors did not.	-	1	-
TOTAL NUMBER OF ERRORS	88	26	41

²³ The cells highlighted in gray occurred in at least 5 percent of our observations.

Description of Error/Management Issue ²⁴	Number of Districts		
	FY 2008	FY 2007	FY 2006
Number of Districts	14	13	18
Management Issue			
Manager, Statistical Programs, did not properly define MEPs.	-	-	2
Manager, Statistical Programs, did not ensure data collectors were properly trained prior to conducting the test.	-	-	2
Manager, Statistical Programs, did not document training the employee received.	1	-	-
Other			
Data collector did not follow procedures to protect data integrity and data collection equipment.	7	3	7
Unit management did not always ensure that scales used in conjunction with [REDACTED] were leveled and/or calibrated.	1	1	-
Data collector allowed another data collector to use his [REDACTED] logon identification to enter mailpiece data.	-	1	-
Data collectors did not consistently process short-paid mail.	1	-	-
TOTAL	10	5	11

²⁴ The cells highlighted in gray are reportable repeat findings.

APPENDIX F: MANAGEMENT'S COMMENTS

FINANCE



November 19, 2008

JOHN E. CIHOTA

SUBJECT: Audit of Statistical Tests for Fiscal Year 2008 – Cost and Revenue Analysis
(Report Number FF-AR-09-DRAFT)

Management agrees with the findings in the report on the audit of FY2008 Statistical Tests.

Recommendation # 1

Reinforce data collection procedures by training data collectors to:

- Use the proper random start and skip intervals when conducting Origin-Destination Information System-Revenue, Pieces and Weight and System for International Revenue and Volume Outbound-International Origin-Destination Information System tests.
- Verify information keyed into the Computerized On-Site Data Entry System laptop when conducting Origin-Destination Information System-Revenue, Pieces and Weight and System for International Revenue and Volume Outbound-International Origin-Destination Information System tests.
- Follow the correct sampling methodology for containers and mailpieces when conducting Origin-Destination Information System-Revenue, Pieces and Weight tests.
- Bring all necessary materials to the test site when conducting Origin-Destination Information System-Revenue, Pieces and Weight tests.
- Follow procedures for capturing mail in Weigh-Only receptacles when conducting System for International Revenue and Volume Outbound tests.

Response

We agree with the finding and recommendation. By January 9, 2009, Statistical Programs will instruct the district managers, Statistical Programs to reinforce at the next quarterly training day, the proper procedures for: (1) using the proper random start and skip intervals, verifying information keyed into the Computerized On-Site Data Entry System [REDACTED] laptop, following the correct sampling methodology for containers and mailpieces, and bringing all necessary materials to the test site when conducting Origin-Destination Information System-Revenue, Pieces and Weight tests; and (2) using the proper random start and skip intervals, verifying information keyed into the [REDACTED] laptop, and following procedures for capturing mail in Weigh-Only receptacles when conducting System for International Revenue and Volume Outbound-International Origin-Destination Information System tests.

Recommendation # 2

Develop a plan to establish and maintain oversight to ensure data collectors properly identify, isolate, and capture the required test mail.

475 L'Enclaire Plaza SW
Washington DC 20260-5000
www.usps.com

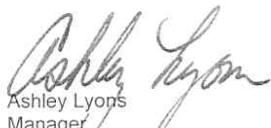
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Response

We agree with this finding and recommendation. By February 6, 2009, Statistical Programs will issue instructions to district managers, Statistical Programs, to develop plans to establish and maintain oversight to ensure data collectors properly identify, isolate and capture the required test mail.

Finally, note that this report and management's response do not contain information that may be exempt from disclosure under the Freedom of Information Act.

If you have any questions, please contact J. Ron Poland at (202) 268-2634.


Ashley Lyons
Manager
Corporate Financial Planning

cc: Katherine S. Banks
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