OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

Function 4 Customer Service – Connecticut Valley District

Audit Report

Report Number
MS-AR-16-002

April 13, 2016

OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

Highlights

The Postal Service tracks customer service activities at post offices, stations, and branches. These activities are known as Function 4 operations.

Background

As part of its ongoing effort to provide cost-effective, high-quality customer service, the U.S. Postal Service tracks customer service activities at post offices, stations, and branches. These activities are known as Function 4 operations and include Post Office boxes, retail windows, vending equipment; and miscellaneous administrative and mail forwarding operations, as well as scanning incoming mail and distributing it to carriers.

In March 2010, the Postal Service unveiled a comprehensive action plan for the next decade to increase efficiency and manage costs. In line with this plan, the Postal Service uses a customer service variance (CSV) model to monitor retail customer service productivity at select retail facilities.

The CSV model uses actual labor workhours from the Time and Attendance Collection System, mail volume manually entered daily by unit management, and target productivity goals to determine the target workhours for a given activity. The CSV model compares target to actual workhours. If actual workhours exceed the target, the excess workhours are attributed to inefficient operations.

The U.S. Postal Service Office of Inspector General's (OIG) Retail Customer Service risk model identified the Connecticut Valley as a high-risk district for the last 2 fiscal years.

Our objective was to assess Function 4 operations for efficiency and customer service in the Connecticut Valley District. We focused on the 330 district post offices with delivery operations that were monitored using the CSV model. During fiscal year (FY) 2015, 113 of these offices (34 percent) were considered at risk, with 611,761 actual workhours attributed to inefficient operations.

What the OIG Found

The Connecticut Valley District could improve customer service and efficiency in Function 4 operations. Specifically, for the eight facilities we visited:

- One unit scanned undelivered packages as delivered and seven units did not perform all required scans on packages.
- Two units did not safeguard accountable mail items.
- All units received mail from the plants that was late and required rework because it was not properly prepared, increasing Function 4 clerk workhours.
- Five units did not use the required software variance models to manage clerk workhours and workload and one unit entered estimated information into the models instead of measuring mail volume.

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When the district and units do not use required staffing tools or follow prescribed procedures, the Postal Service is likely to experience operational inefficiencies.

- Three units did not follow efficient mail processing procedures.
- One unit experienced equipment related inefficiencies.
- The workroom floor was not efficiently arranged at three units.

These conditions occurred because the district did not monitor and coordinate mail arrival activities between delivery units and plants and supervisors and their employees did not follow required procedures. In addition, clerks duplicated efforts due to scanning equipment constraints and the workroom floor was not always arranged in an efficient manner due to space constraints, which increased Function 4 actual workhours.

When the district and units do not use required staffing tools or follow prescribed procedures, the Postal Service is likely to experience operational inefficiencies that increase costs and negatively impact customer service. During FY 2015, employees at the eight units we visited had 94,571 more workhours than the target, costing the Postal Service an estimated $3.9 million.

What the OIG Recommended

We recommended management instruct unit employees to follow required scanning procedures and secure accountable items; and monitor and coordinate mail arrival plans, profiles, and quality. We also recommended management instruct customer service supervisors to use the customer service variance model and emphasize the importance of entering accurate mail volume, eliminate inefficient office practices, assess equipment needs and examine facility workroom space layout and use.

Transmittal Letter

Office of Inspector General
United States Postal Service

April 13, 2016

MEMORANDUM FOR: DAVID D. MASTROIANNI
DISTRICT MANAGER, CONNECTICUT VALLEY DISTRICT

E-Signed by Janet Sorensen
VERIFY authenticity with eSign Desktop

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

SUBJECT: Audit Report – Function 4 Customer Service – Connecticut Valley District (Report Number MS-AR-16-002)

This report presents the results of our audit of Function 4 Customer Service – Connecticut Valley District (Project Number 15RG042MS000).

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Joseph Wolski, director, Retail, Marketing, and International, or me at 703-248-2100.

Attachment

cc: Corporate Audit and Response Management

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Findings

In March 2010, the Postal Service unveiled a comprehensive action plan for the next decade to increase efficiency and manage costs.

The Connecticut Valley District has opportunities to improve customer service and efficiency in Function 4 operations.

Introduction

This report presents the results of our self-initiated audit of Function 4 Customer Service – Connecticut Valley District (Project Number 15RG042MS000). Our objective was to assess Function 4 operations for efficiency and customer service in Connecticut Valley District post offices, stations, and branches. Function 4 operations include Post Office boxes, retail windows, vending equipment, and miscellaneous administrative and mail forwarding operations, as well as scanning incoming mail and distributing it to carriers. See Appendix A for additional information about this audit.

In March 2010, the U.S. Postal Service unveiled a comprehensive action plan for the next decade to increase efficiency and manage costs. To this end, the Postal Service uses a customer service variance (CSV) model to monitor retail customer service workhours and productivity at select post offices by establishing target workhours and comparing them to hours worked. For the past 2 fiscal years, the U.S. Postal Service Office of Inspector General's (OIG) Retail Customer Service risk model identified the Connecticut Valley District as one of the 10 most at-risk districts for actual workhours exceeding targets (see Appendix A). We focused our analysis on the 330 post offices in this district that were monitored using the CSV model and contained delivery operations.

Summary

The Connecticut Valley District has opportunities to improve customer service and efficiency in Function 4 operations. Specifically:

- One unit scanned undelivered packages as delivered and seven units did not perform all required scans on packages.
- Two units did not safeguard accountable mail items.
- All units received mail that was late from the plants and required rework because it was not properly prepared, which increased Function 4 clerk actual workhours.
- Five units did not use the required software variance models to manage clerk workhours and workload and one unit entered estimated information into the models instead of measuring mail volume.
- Three units did not follow efficient mail processing procedures.
- One unit experienced equipment related inefficiencies.
- The workroom floor was not efficiently arranged at three units.

These conditions occurred because the district did not monitor and coordinate mail arrival activities between delivery units and plants and supervisors and their employees did not follow required procedures. In addition, clerks duplicated efforts due to scanning equipment constraints and the workroom floor was not always efficiently arranged due to space constraints, which increased Function 4 actual workhours.

When the district and units do not use required staffing tools or follow prescribed procedures, the Postal Service is likely to experience operational inefficiencies that increase costs and negatively impact customer service. During fiscal year (FY) 2015, the eight units we visited experienced 94,571 excess Function 4 workhours, costing the Postal Service an estimated $3.9 million.

We identified undelivered packages that were scanned as delivered and other packages that were not scanned at all.

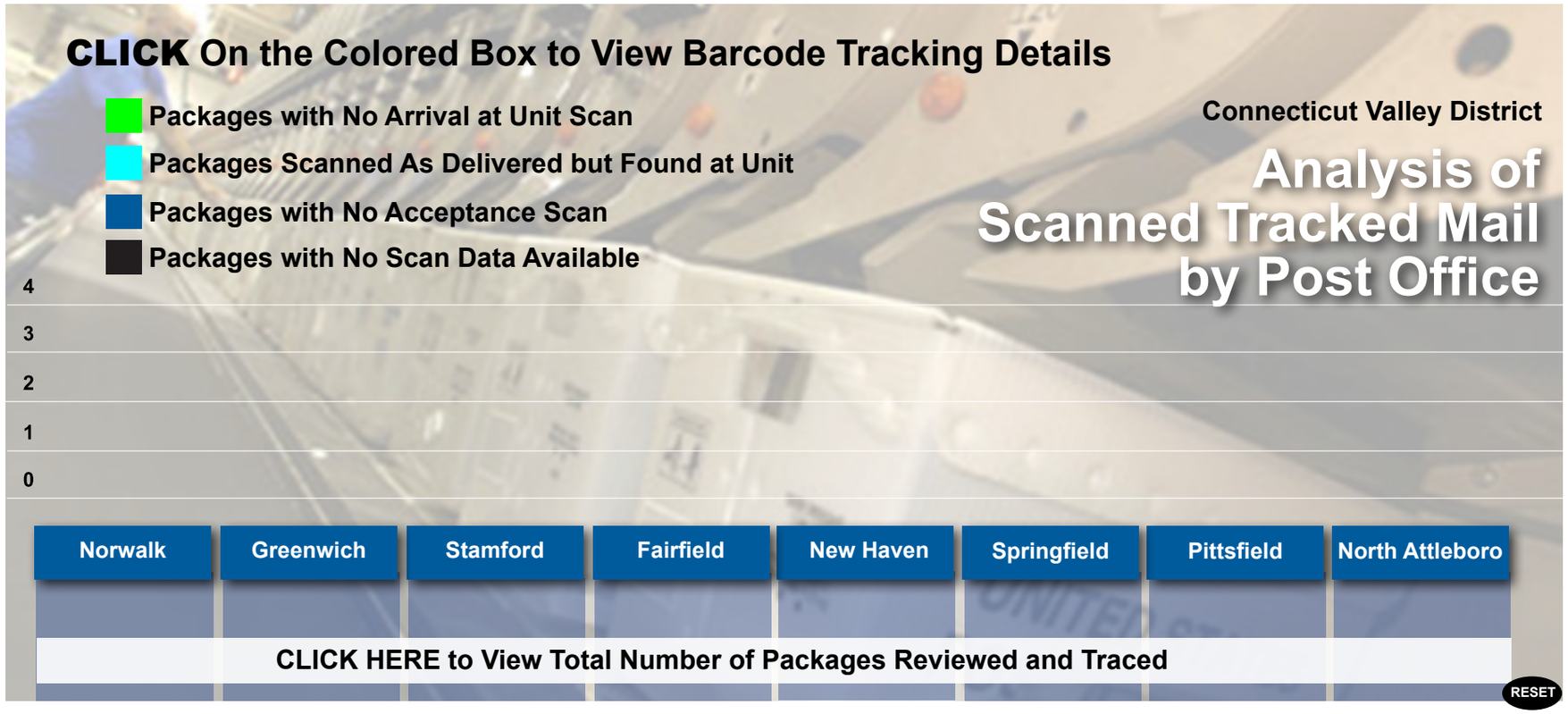
Office Efficiency and Customer Service Issues

The Connecticut Valley District could improve customer service and efficiency in Function 4 operations. We visited eight facilities and noted the issues described in detail below related to mail tracking, accountable items, mail received from plants, software variance models, mail processing procedures, and equipment and space constraints.

Mail Tracking

We identified undelivered packages that were scanned as delivered and other packages that were not scanned at all. Specifically, we tracked 589 packages at the eight sites we visited. At one site, four packages were scanned as delivered but were found at a carrier's station, at another, one package did not receive an acceptance scan by the clerk who accepted it at the counter, and at another a package did not receive an arrival-at-unit scan. At four sites, 10 packages had no tracking data available (See Table 1). Postal Service policy[1] requires clerks to scan every package when it enters the unit. This is called the "Arrival at Unit" scan. When employees do not scan items as required, customers are unable to determine the current status of undelivered mail. As a result, customer service is diminished, which impacts the Postal Service brand.

Table 1. Mail Barcodes Tracking Details



Source: OIG analysis of Postal Service information.

1 *Scanning at a Glance Delivering 100% Visibility,* August 2011, page 13.

Accountable Items

Management did not safeguard accountable mail items[2], as required, at two of the eight facilities we visited. At one site, the accountable mail was left stacked outside of the accountable mail cage and the doors were open (See Figure 1). At another site, accountable mail was not in a secured area even though there was an accountable mail cage section at the facility (See Figure 2). Postal Service policy requires that accountable mail be safeguarded in a locked area. The accountable mail cage must comply with U.S. Postal Inspection Service guidelines to secure the mail it houses.[3]

Figure 1. Accountable Mail Left Outside Cage

Source: OIG photograph taken November 17, 2015, at the Springfield Post Office.

Figure 2. Unsecured Accountable Mail Cage

Source: OIG photograph taken December 8, 2015, at the North Attleboro Post Office.

2 Handbook RE-5, *Building and Site Security Requirements,* Section 4-1.3.6, Workroom: Accountable Mail Cage (Registered, Cash on Delivery, and Certified Mail), dated September 2009.
3 Handbook M-39, *Management of Delivery Services,* Section 116.1 and 117.1h, updated through March 18, 2004.

Mail arrived from plants late and required rework.

Automation-compatible mail was not properly sorted.

Mail Received from Plants

Units were not prepared for mail that arrived from plants late and required rework. During our visits, mail arrived later than expected at two of eight units[4] and all units received automation-compatible mail that was not properly sorted. Based on our observations, units received about 10 percent or less of this type of mail. Also, Periodicals and Standard Mail arrived mixed in the same receptacle and clerks had to resort it to ensure time-sensitive delivery (see Figure 3), delivery point sequencing (DPS)[5] mail was unshelved/stacked and not in route order (see Figure 4), large parcels were mixed with small parcels and rolls, and large volumes of unsorted letters were on the last truck from the plant (see Figure 5).

Figure 3. Mixed Periodicals and Standard Mail Received From Processing and Distribution Center (P&DC)

Source: OIG photograph taken October 6, 2015, at the Norwalk Post Office.

Figure 4. DPS Mail Unshelved/Stacked From P&DC

Source: OIG photograph taken October 7, 2015, at the Norwalk Post Office.

4 Transportation Information Management Evaluation System (TimesWeb) mail delivery schedules did not always match the integrated operating plan (IOP)/mail arrival profile (MAP), therefore distorting plant mail delivery times.

5 DPS sorts barcoded 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.

Not using established tools to coordinate mail with the plant caused operating inefficiencies and negatively impacted customer service.

Figure 5. Raw (Manual) Mail Received on Last Truck From P&DC

Source: OIG photograph taken November 3, 2015, at the Fairfield Post Office.

These conditions occurred because the district did not monitor and coordinate mail arrival activities between delivery units and plants.[6] Of the eight units we visited:

- Six did not have an IOP.
- One IOP was not signed by the plant manager.
- One IOP was handwritten by a clerk but did not match the printed IOP provided by the postmaster.

Postal Service policy requires that districts set up IOPs between delivery units and plants to coordinate activities. The IOP is a contract between the mail processing plant and the delivery unit that stabilizes mail flow. A signed copy must be on file at the delivery unit and the dispatch schedule posted in a prominent place in the receiving dock to ensure employees are available and ready to receive mail when it arrives from the plant. The MAP, which is part of the IOP, is particularly important as it includes mail arrival times and the type and quantity of mail that will arrive on each trip from the plant. The unit manager or designee should ensure the MAP is current.

In a recent report the OIG determined that IOP agreements need to be current.[7] In response to that report's findings, district management stated that they had started new IOPs and would complete them by September 30, 2015; however, during our site visits in October through December 2015, we did not find evidence of current IOPs.

Not using established tools to coordinate mail with the plant caused operating inefficiencies and negatively impacted customer service. Coordination is an ongoing process. In addition to the IOP/MAP, the district, units, and plants may benefit from regularly scheduled meetings to resolve mail preparation issues, establish communication channels to alert units early if plants experience

6 A signed copy must be on file in the delivery unit. The current dispatch schedule must be posted in a prominent place on the receiving dock.
7 *City Delivery Office Efficiency – Connecticut Valley District* (Report number DR-AR-15-008, dated July 24, 2015).

We observed two clerks doing the work of one.

delays.[8] A signed copy must be on file in the delivery unit. The current dispatch schedule must be posted in a prominent place on the receiving dock. delays, and address other problems that may arise.

Software Variance Models

Managers did not always properly use the CSV and Customer Service Adjusted Work Schedule (CSAW)[9] software applications to manage clerk workhours and workload. The supervisors knew, but did not always follow, the procedures.

We found discrepancies at six of the eight units visited:

- Customer service supervisors at five of the units were not using reports from the variance model to manage clerk workhours and workload.
- The customer service supervisor at another unit was not entering accurate data in the model because he used an "eye-measuring" technique instead of a ruler to measure the mail.

Postal Service policy[10] states that management should use available variance models to identify the optimal number of workhours and to adequately staff the unit to avoid unnecessary overtime hours.[11] In addition, data should be accurately input into the CSV and CSAW applications because they compare actual to target productivity to identify staffing needs.[12] Mail must be compressed in a tray or container as it is being measured in inches with a ruler, tape measure, or yardstick to record accurate volume data in CSAW. When supervisors take shortcuts instead of using required staffing tools or recording accurate data, they may inefficiently staff units and raise operating costs.

Mail Processing Procedures

Employees were following inefficient mail processing procedures at three of the eight sites we visited. According to Postal Service policy,[13] clerks are supposed to scan mailpieces, toss them into hampers with designated route numbers for pickup by carriers. Instead:

- At two sites we observed two clerks doing the work of one. The first clerk scanned all mailpieces and tossed them into a single mixed mail hamper and a second clerk removed the mixed mailpieces from the first hamper and tossed them into carrier route hampers.
- At one site we observed employees scanning a single mailpiece, walking it across the workroom floor to its final carrier route location, and then walking back and repeating the process with another single mailpiece.

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8 For example, mail processing could be delayed if equipment requires maintenance or repair.
9 CSAW is designed to reflect the daily impact of workload changes. This tool assists managers and supervisors with retail customer service scheduling. Using data from the Time and Attendance Collection System and Retail Data Mart along with the manual input of daily volume, this tool provides the data necessary to balance actual workhours with actual workload.
10 *Field Operations Standardization Development - Morning (AM) Standard Operating Procedures (AMSOP) II Guidebook*, dated March 2011.
11 *Function 4 Guidebook - Post Office Operations,* February 2014.
12 CSV computes target workhours by applying national performance standards to actual workloads and comparing target to actual workhours.
13 *Field Operations Standardization Development - Morning (AM) Standard Operating Procedures (AMSOP) II Guidebook,* Section 3-13, dated March 2011.

Equipment and Space

Equipment and workspace constraints hindered efficiency at various post offices in the district. For example:

- At one site the clerks were using handheld Delivery Sortation System (DSS)[14] devices to scan mail items into the mailstream because the site did not have a Passive Adaptive Scanning System (PASS) scanner. The supervisor stated that the DSS system sometimes distorted the scanning and clerks had to duplicate procedures.

- At three sites clerks did not have adequate floor space to effectively work mail received from the plants. Limited floor space at the units and the resulting workroom floor layout led to workroom congestion, which hindered parcel and bulk mail distribution, supervisor oversight, and overall operational efficiency.

Overall Efficiencies

The conditions mentioned in this report diminished customer service and caused operational inefficiencies. The Postal Service had operational inefficiencies in retail customer service operations for each quarter during FY 2015 at all eight units we visited in the Connecticut Valley District. The CSV reports revealed that in FY 2015, employees at the eight units worked 94,571 hours more than the target (See Table 2), at a cost of about $3.9 million.

Table 2. FY 2015 CSV Hours

Post Office	Q1	Q2	Q3	Q4	Total Variance
New Haven	5,668	5,755	5,225	5,576	22,224
Greenwich	3,118	2,862	2,933	3,272	12,185
Springfield-Main	3,080	3,341	3,390	3,938	13,749
Stamford	3,594	3,017	2,616	3,329	12,556
Norwalk	2,888	2,480	2,549	2,477	10,394
Pittsfield	2,598	1,998	1,860	1,987	8,443
Fairfield	2,208	1,607	1,922	1,790	7,527
North Attleboro	1,999	1,959	1,730	1,805	7,493
Total Hours	**25,153**	**23,019**	**22,225**	**24,174**	**94,571**

Source: Postal Service FY 2015 CSV data.

The district manager was aware that Function 4 operations were not aligned with staffing requirements, but did not know the reasons for the misalignment. The recommendations outlined in this report will assist the Connecticut Valley District with improving customer service and efficiency in Function 4 operations.

14 DSS allows offices and other delivery units to efficiently capture arrival at unit scans on packages and tells the operator which route the package belongs on. DSS requires only a laptop computer, a headset, and a scanner.

Recommendations

We recommend the district manager, Connecticut Valley District:

1. Instruct unit employees to follow required scanning procedures and secure accountable items.

2. Monitor and coordinate units' integrated operating plans, mail arrival profiles, and the quality of mail received from the plants.

3. Instruct customer service supervisors to use the customer service variance model and its reports and emphasize the importance of entering accurate mail volume.

4. Eliminate inefficient office practices to enhance customer service.

5. Assess scanning equipment needs and examine facility workroom space layout and use to determine if the space can be more efficiently used or if additional space is required.

Management's Comments

Management agreed with the findings and generally agreed with the recommendations. Management agreed with the monetary impact in subsequent correspondence.

In response to recommendation 1, management agreed with the need for offices to follow the district's scanning Standard Operating Procedures (SOP); however, management disagreed with securing all accountable items, stating that employees are required to secure Domestic Registered mail at all times, but not other accountable items. Management also stated that they have begun taking corrective action. On March 14, 2016, management implemented a new Post Office service audit that reviews the scan performance and requires office management to know how to access scan performance reports. In addition, the Connecticut Valley District will send SOP to all offices outlining the process for handling domestic registered mail as specified in Handbook DM–901. The target implementation date is April 29, 2016.

In response to recommendation 2, management agreed with the need to establish updated MAP agreements and monitor the quality of mail received at post offices. However, management clarified that they now use the MAP function in the Staffing and Scheduling Tool (SST) program in lieu of the hardcopy form in the IOP agreements. Management started holding leadership meetings on March 7, 2016, to discuss the IOP process and establish agreed-upon MAP expectations for both post offices and processing plants. The Connecticut Valley District will establish a joint MAP for each office that will include signatures from both the plant manager and postmaster, with a copy posted in each dispatch area where it is visible to all employees. The target implementation date is May 27, 2016.

In response to recommendation 3, management agreed that customer service supervisors should be correctly using the CSV model and the accompanying CSAW computer program. Management stated that the CSAW program provides training for proper volume recording and posting of schedules, as well as an explanation of productivity calculations based on volume input. During the week of February 22, 2016, the Connecticut Valley District management conducted hourly training sessions for all Customer Service supervisors.

In response to recommendation 4, management agreed that they should eliminate inefficient office practices, specifically the double handling of small and large parcels. However, management disagreed with the draft report statement that clerks roll hampers to carrier stations and provided a flow chart indicating that the proper procedure for the carrier is to withdraw their own

parcel hamper. The Connecticut Valley District is in the process of implementing Lean Mail Customer Service, which will include certification of proper parcel sortation procedures and efficient parcel distribution layouts. The target implementation date is August 31, 2016.

In response to recommendation 5, management agreed that they need to monitor scanning equipment and optimize workroom space layouts for all customer service distribution operations. The Connecticut Valley District is in the process of implementing Lean Mail Customer Service, which will include certification of proper parcel sortation procedures and efficient parcel distribution layouts. Management uses daily and weekly DSS and PASS utilization reports to assess equipment needs and re-deploy underused DSS systems to offices that show a need for additional systems. DSS extension kits were shipped to target offices the week of March 30, 2016, to provide three additional ring scanners per DSS and a large monitor to view the route information. Management will re-evaluate current DSS needs and re-deploy to offices with sufficient volume that warrant an additional setup. The target implementation date is June 30, 2016.

See Appendix B for management's comments, in their entirety.

Evaluation of Management's Comments

The OIG considers management's comments responsive to our recommendations and management's corrective actions should resolve the issues identified in the report.

Regarding recommendation 1, management stated that employees are required to secure Domestic Registered mail at all times, but not other accountable items (Certified Mail, Priority Express, International Express, and Insured Mail). An accountable mail cage includes registered mail, cash on delivery, and certified mail. We agree that registered mail has the strictest control requirements and added a reference in Footnote 2 that makes this distinction.

Regarding recommendation 4, we agree with management concerning carriers retrieving their own hampers from the distribution area and have adjusted our report accordingly.

The recommendations requires OIG concurrence before closure. Recommendation 3 can be closed with the issuance of this report; however, we request written confirmation from management when corrective action is completed for recommendations 1, 2, 4, and 5. These recommendations should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendations can be closed.

Appendices

Click on the appendix title to the right to navigate to the section content.

Appendix A: Additional Information

Background

Postal Service financial systems track customer service operations as Function 4 operations. Function 4 includes customer service activities – both supervisory and nonsupervisory – of employees at post offices, stations, and branches involved in automated, mechanized, manual, and Post Office Box distribution of mail, Post Office window and vending equipment services, and miscellaneous administrative and central forwarding system operations. Customer service operations' workload includes mail volumes by type of mail, retail transactions, and retail revenue.

In March 2010, the Postal Service unveiled a comprehensive action plan for the next decade to increase efficiency and manage costs under its control. The Postal Service uses a CSV model to monitor retail customer service productivity. The program uses target productivity to determine workhours that should be used for a given workload.

The Postal Service's scanning performance goal is to scan every barcode that enters its system. This comprehensive scanning will enable it to achieve 100 percent visibility and is instrumental in retaining and growing the Postal Service's shipping business and providing valuable data to help improve operational performance and reduce costs. The strategy is to build systems that can get data to customers when and how they want it, which would put the Postal Service in a strong competitive position and help ensure the long-term stability of the mailing industry.

The OIG's Function 4 retail operations risk model identified the Connecticut Valley as a High Risk District for the last 2 years (see Table 3). During FY 2015, the Connecticut Valley District had 330 CSV offices with delivery operations that were measured using the CSV model.[15] Of those, 113 (or 34 percent) were considered at risk, with a total of 611,761 actual workhours attributed to inefficient operations.

Table 3. Top 10 High-Risk Districts

Top 10 High-Risk Districts (Last 2 Years)	Ranking
GREATER BOSTON	1
CENTRAL PENNSYLVANIA	2
ATLANTA	3
CONNECTICUT VALLEY	4
NORTHERN OHIO	5
KENTUCKIANA	6
BALTIMORE	7
WESTERN NEW YORK	8
NORTHERN NEW ENGLAND	9
CENTRAL PLAINS	10

Source: OIG Retail Customer Service risk models, FY 2013 – FY 2015.

15 CSV computes target workhours by applying national performance standards to actual workloads and comparing target to actual workhours.

Objective, Scope and Methodology

Our objective was to assess Function 4 operations for efficiency and customer service in the Connecticut Valley District. Specifically we:

- Reviewed documentation and applicable policies and procedures related to Function 4 and customer service operations.
- Interviewed appropriate retail operations managers at the area and district levels to obtain a general overview of their customer service and Function 4 operations.
- Performed audit steps using a Function 4 Audit Checklist.
- Interviewed customer service supervisors at the sites to determine if Function 4 operations are being completed according to Postal Service policy and procedures.
- Obtained, reviewed, and analyzed operational data such as mail security, arrival times, scanning, drop shipments, and supervision.
- Identified opportunities to decrease workhours for each fiscal year by subtracting earned workhours from actual workhours.
- Judgmentally selected and observed eight CSV offices with delivery operations in the Connecticut Valley District based on our FY 2015 Retail Customer Service risk model. Those units were Norwalk, Greenwich, Stamford, Fairfield, New Haven, Springfield, Pittsfield, and North Attleboro.
- We discussed observations, best practices, and low performance with district management to identify initiatives they had in place or had planned to improve performance.

We conducted this performance audit from September 2015 through April 2016, in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. We discussed our observations and conclusions with management on March 17, 2016, and included their comments where appropriate.

We relied on data from the Postal Service's CSV website and reports. We obtained data from FY 2013 through FY 2015. We did not directly audit the system, but performed a limited data integrity review to support our data reliance. We assessed the reliability of systems' data by reviewing existing information about the data and the systems that produce them and interviewing agency officials knowledgeable about the data. We determined that the data were sufficiently reliable for the purposes of this report.

Prior Audit Coverage

Report Title	Report Number	Final Report Date	Monetary Impact (in Millions)
City Delivery Office Efficiency – Connecticut Valley District	DR-AR-15-008	7/24/2015	$10.3

Report Results:
Our report found that the Connecticut Valley District has opportunities to enhance efficiency in city delivery office operations. We found the district's percent to standard was 118.45 percent, 11.36 percentage points above the national average. A percent to standard score greater than 100 percent indicates performance is less than the desired standard. These conditions occurred because mail sometimes arrived late, the mail mix was incorrect, carriers engaged in time-wasting practices, IOPs were non-existent, and managers did not enforce policies and procedures. Eliminating extra workhours would increase overall efficiency at the delivery units and allow a one-time cost avoidance of about $10.3 million in the following year. We recommend management eliminate unnecessary workhours at delivery units, eliminate inefficient office practices such as loading vehicles on office time and excessive P.M. office time, increase mail arrival efficiency by preparing up-to-date IOPs with facility processing managers, and ensure adherence to Postal Service procedures for supervising city delivery operations at delivery units. Management agreed with the findings and recommendations, but disagreed with the monetary impact.

Customer Service Operations Efficiency – Chicago District	MS-AR-15-005	4/28/2015	None

Report Results:
Our report determined that customer service operations in the Chicago District are inefficient. During FY 2014, 12 of 13 facilities had actual workhours in excess of estimated workhours and eight of 13 had efficiency rates below the national goal. Additionally, in FY 2013, all 13 facilities had actual workhours in excess of estimated workhours and 12 had efficiency rates below the national goal. Retail managers did not use reports from the variance model or refer to performance goals to manage workhours and employees did not always clock into a new operation when moving from one task to another. This distorted customer service efficiency variance results and made it difficult for managers to be effective. We recommend the area vice president, Great Lakes Area, train customer service supervisors on using the customer service variance model and reports and require unit management to emphasize the importance of following time clock procedures during scheduled stand-up talks with unit employees. Management agreed with the findings and recommendations.

Appendix B : Management's Comments

UNITED STATES POSTAL SERVICE

April 6, 2016

To: Laurie Dillard
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Function 4 Customer Service – Connecticut Valley District (MS-AR-16-DRAFT])

The following management responses are presented in response to the recent subject review.

Recommendation 1: Instruct unit employees to follow required scanning procedures and secure accountable items.

Management Response/Action Plan: We agree that offices need to follow established District scanning SOPS. We disagree with part of the securing accountable recommendation. Domestic Registered mail is required to be secured at all times and handled as per the DM – 901, but other accountable items are not required to be secured at all times (Certified Mail, Priority Express, International Express, and Insured Mail). Specific actions and information listed below:

1. District OPS sends daily reports to all offices that outline the performance by scan category, AAU, ADE and Acceptance. These reports drill down to the office level and identify where there is specific opportunity for improvement.

2. Beginning on March 14, the district implemented a new Post Office service audit that includes reviewing the composite scan performance with the office and requiring that the office management knows how to access the scan performance reports.

3. District OPS will send an SOP to all offices outlining the guidelines for handling domestic registered mail as specified in the DM – 901.

Target Implementation Date: Reports and sent daily for scan performance, the registered mail SOP will be sent to the field before April 29, 2016.

Responsible Official: The Manager of Operations Programs Support is responsible for administering the programs and the Post Office Operations Managers are responsible for compliance with the Post Offices.

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860-524-6137

Recommendation 2: Monitor and coordinate units' integrated operating plans, mail arrival profiles, and the quality of mail received from the plants.

Management Response/Action Plan: We agree with recommendation to establish updated Mail Arrival Profile agreements and the need to monitor quality of mail received in the Post Offices. However, we would like to clarify terminology – we utilize the MAP function in the SST program in lieu of a separate IOP agreement form as previously used and referenced in the draft report.

1. The District has re-established the use of LLT (Local Leadership Team) weekly meetings consisting of: Plant Manager, POOM, Operations Programs Support, Transportation Manager, and select Postmasters. These meetings are designed to discuss the IOP process and establish agreed upon mail arrival profile expectations for both the Post Offices and Processing Plants. We started these meetings on March 7, 2016.

2. Through the weekly LLT process we will establish a joint MAP for each office including signatures from both the Plant Manager and Postmaster, and a copy will be posted in each dispatch area visible to all employees. Once the MAPS have been completed we will use the LLT meetings to monitor compliance of the agreed expectations.

Target Implementation Date: The specific actions have been put in place, we expect to have all MAPS completed and signed by May 27, 2016

Responsible Official: Jointly the Plant Manager, POOM, Operations Programs Support, Transportation Manager, and Postmaster will be responsible for the process.

Recommendation 3: Instruct customer service supervisors to use the customer service variance model and its reports and emphasize the importance of entering accurate mail volume.

Management Response/Action Plan: We agree with recommendation that customer service supervisors should be correctly utilizing the CSV model and the accompanying CSAW computer program.

1. Training has been provided in the CSAW program for proper volume recording, posting of schedules and an explanation of productivity calculations based on volume input. This training was made available to all Customer Service EAS in the District and was conducted in hour segments during the week of February 22, 2016.

2. Additional training for CSV and CSAW is part of the NSP (National Supervisor Program) training curriculum and is facilitated by District OPS.

Target Implementation Date: Specific training has been completed and the NSP training has been in place for all of 2016.

Responsible Official: The Manager of Operations Programs Support is responsible for administering the programs / training, Post Office Operations Managers are responsible for compliance with the Post Offices and Postmasters are responsible for ensuring accurate information is entered into the variance programs.

Recommendation 4: Eliminate inefficient office practices to enhance customer service.

Management Response/Action Plan: We agree that inefficient office practices should be eliminated, specifically the double handling of Parcels / SPR when distributing to carrier hampers. However we disagree with the statement referring to footnote 15 on page 7. The reference made to the AMSOP II Guide book relates to handling Full Coverage Mailings and the statement in the draft report is referring to "roll hampers to the corresponding carrier route stations". Attached is a copy of the CT Valley District carrier flow chart indicating the proper procedure for the carrier is to withdraw their own parcel hamper.

1. The District is in the process of implementing Lean Mail Customer Service which will include the certification of proper parcel sortation procedures and efficient parcel distribution layouts in all Level 21 and above Post Offices and stations.

Target Implementation Date: This will be completed on or before August 31, 2016.

Responsible Official: The Manager of Operations Programs Support is responsible for administering the programs / training and the Post Office Operations Managers are responsible for compliance with the Post Offices.

Recommendation 5: Assess scanning equipment needs and examine facility workroom space layout and use to determine if the space can be more efficiently used or if additional space is required.

Management Response/Action Plan: We agree that scanning equipment needs to be monitored and workroom space layouts should be optimized for all customer service distribution operations

1. The District is in the process of implementing Lean Mail Customer Service which will include the certification of proper parcel sortation procedures and efficient parcel distribution layouts in all Level 21 and above Post Offices and stations. This will be completed on or before August 31, 2016.

2. OPS generates daily and weekly reports that show DSS and PASS utilization by 5 digit zone. We use these reports to assess equipment needs and re-deploy underutilized DSS systems to offices that show a need for additional systems.

3. Final DSS extension kits have been shipped to target offices on the week of March 30, 2016. This will provide an additional 3 ring scanners per DSS and a large monitor to view the route information. Once the kits are received in the offices we will re-evaluate the current DSS needs and re-deploy to offices with sufficient volume to warrant an additional setup.

Target Implementation Date: DSS re-deployments will be complete by June 30, 2016.

Responsible Official: The Manager of Operations Programs Support.

As a whole the OIG report is very comprehensive and we appreciate the time that was put into the assessment. We are committed to improving our operations and developing our current EAS staff to understand their impact on the business goals as well as providing the best training available to the new EAS employees.

Respectfully,

David D. Mastroianni, Jr.
District Manager
Connecticut Valley District

3-13. Full Coverage Mailings (Walk Sequence) - Walk sequenced mailings should be isolated by Function 4 employees and placed in Parcel hampers so mailings can be taken directly to the street without further handlings. Mail should not be bundled prior to leave time, unless it is stated in the local agreement. An exception to this process is non-motorized routes which must be bundled out prior to relay delivery cut-off.

Walk sequence volume is defined as letters or flats in sequential order delivery in accordance with the Red Book and the case labels. Sequence volume is not necessarily volume for every delivery, it is mail merely in delivery order that typically covers a significant majority of the residential deliveries. Sequence mail on Foot and Park & Loop delivery must not be cased unless more than one set of requested in-home dates. If more than one set is received, curtailment of any additional sets is the preferred option. However, if more than one set of sequence volume must be delivered that day, the carrier on Foot and Park & Loop delivery may case the additional set(s) of sequence volume to meet the three bundle restriction. Carriers on Curbline and Centralized delivery should be directed to carry the additional sequence bundle(s) directly to the street without casing.

If a set of sequence must be cased so as not to exceed the 3 bundles on Foot and Park & Loop delivery, direct the carrier to case the set with the highest casing productivity.

Segment from the AMSOP Guidebook referenced as footnote 15

UNITED STATES POSTAL SERVICE

CITY CARRIER FLOW CHART

Follow Postal Safety regulations at all times. Personal business, such as putting away coats, lunches, getting coffee, etc. must be done prior to clocking in. Postal ID badges must be worn at all times.

AM OFFICE FUNCTIONS:

Clock in at scheduled begin tour (M41, 122.22).
Carriers can expect to be supervised at all times while in performance of their daily duties (M41, 160).
Obey the instructions of your supervisor and Manager (ELM, 665.15; M41, 112.21).
Maintain a neat, clean and generally credible appearance (M41, 112.51).
Wear ID badges when in office and have with you on the street.
Notify Management if drivers license has been suspended/revoked.
Maintain a willing attitude and put forth a conscientious effort in developing skills to perform duties assigned ((M41, 112.24).
Be prompt, courteous, and obliging in the performance of duties. Attend quietly and diligently to work and refrain from loud talking and the use of profane language (M41, 112.25).
Provide reliable and efficient service (M41, 112.1).
Keep desk drawers neat and clean and free from extraneous matter (M41,142).
Do not work at case prior to or after tour of duty **M41, 112.26**.
Retrieve vehicle keys from designated location (M41, 831).
Conduct a proper vehicle inspection. If necessary complete Form 4565, vehicle repair tag (M41, 832.1).
Pull Distribution case (unless instructed otherwise by your supervisor,) then proceed directly to your case. Do not make a second pull unless notified by management to do so (M41, 223.11 & 223.21).
Case letters first, and then case flats. When casing letter mail, pick up 2 or more inches at a time (M39, 121.14).
When casing flat mail, hold approximately 6 inches of mail in left arm; do not pick up pieces individually from the case ledge (M39, 121.16).
Do not move mail from place to place on or adjacent to your case. Do not engage in any time wasting practices before placing mail in the proper separation (M41, 112.27). Place mail into case separation in one efficient motion.
Take misthrows to the Throwback case, unless otherwise instructed by your supervisor.
The following types of mail will not be cased without management approval: ECRWSS, ECRWSH, UNADDRESSED PORTION MARRIAGE MAIL, SEGMENTED MAIL, SIMPLIFIED ADDRESS MAIL, ERC-LOT covering at least 75% of your Route. **Under no circumstances should DPS or FSS mail be cased.**
M-41 131.41 - It is your responsibility to verbally notify management when you are of the opinion that you will be unable to case all mail distributed to the route, perform other required duties, and leave on schedule, or when you will be unable to complete delivery of all mail.
M-41 131.42 - Inform management well in advance of your scheduled leaving time and not later than immediately following the last receipt of mail. This is accomplished when your supervisor makes the rounds for daily commitments. Management will instruct you what to do.
M-41 131.43 -Complete all applicable items on Form 3996, *Carrier – Auxiliary Control*, if overtime or auxiliary assistance is authorized in the office or on the street.
Verify and sign for accountables and keys when called upon. Obtain fuel card if required.
Take misthrows & empty equipment to designated locations. Obtain parcel hampers (for loading cased mail). Retrieve SPR's and either case or tray up.
Pull down route in authorized delivery sequence, withdrawing full handfuls of mail. Load mail for delivery directly on top of parcels in hamper. On park/loop routes load first swing directly into satchel.
After pulling down your route, process COA's, vacation holds, mark-ups, and UBBM (endorse "Individually endorsed" and "bundle by category UAA mail per **M41 242.6**). Deposit in designated location.
Leave your work area clean and free of extraneous matter and personal items. Check for "sleepers". Deposit CFS, misthrows, mark-ups in designated locations.
Retrieve MDD scanner from designated location and Log In correctly. Verify the scanner is properly charged before departing to the street. (MDD SOP FY2015)
Pull hot case and scan Hot case barcode, place hot-case red card in designated slot.
Retrieve DPS and FSS mail. Carriers may riffle through DPS mail. This should take approximately 5 seconds per tray. Carriers are not authorized to pull mail from the DPS trays. If they identify a sequence problem they are to notify their supervisor immediately
Clock out to the street.

STREET DUTIES:

Load mail, including DPS into vehicle in one trip as volume permits. Load parcels directly into vehicle from hampers. Normally separate the parcels in delivery sequence (M41, 322.31). Return hampers to proper designated location.
Complete MSP scan "DEPART TO ROUTE", **scan vehicle bar code**, and enter beginning vehicle mileage into scanner. Keep MDD scanning device on your person at all times during delivery. Keep the MDD scanning device on at all times (**do not turn off**). (MDD SOP FY2015)
Fuel vehicle if less than half full on way to route (let supervisor know if this not practical for your situation).
Follow your authorized line of travel, leave route for lunch only at authorized location(s) listed on PS1564-A. Complete all MSP and CPMS scans at required locations. Utilize only authorized break location(s) for your street break listed on PS1564-A. (M-41, 131.31)

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INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

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