



September 29, 2004

JO ANN FEINDT
VICE PRESIDENT, GREAT LAKES AREA OPERATIONS

SUBJECT: Audit Report – Bulk Mail Center Highway Transportation Routes –
Great Lakes Area (Report Number NL-AR-04-004)

This report presents results of our Bulk Mail Center Highway Transportation Routes audit (Project Number 04YG013NL000). It is the first in a series of reports. Our objectives were to evaluate the effectiveness of bulk mail center routes and to identify opportunities for cost savings. This report responds to a request from the Vice President, Network Operations Management, and focuses on routes controlled by the Great Lakes Area.

The Postal Service could save about \$7.7 million over the term of existing Great Lakes Area bulk mail highway contracts, by terminating, substituting, or modifying 96 trips. The savings represent potential funds that could be put to better use and will be reported as such in our Semiannual Report to Congress. The Postal Service could eliminate or modify the trips without negatively affecting service because trip mail volume was low, and mail could be consolidated on other trips. We recommended that the Vice President, Great Lakes Area Operations, verify the cancellation or modification of the 40 trips management identified for termination during our audit; verify appropriate action on the 49 trips management agreed to modify, substitute, or terminate; and reassess the 7 trips managers thought were still necessary. Management agreed with the intent of all of our recommendations, but made certain modifications or substitutions they deemed appropriate. We believe the action management has taken or planned, is responsive to the recommendations we made. Management's comments, and our evaluation of their comments, are included in our report.

The Office of Inspector General (OIG) considers recommendations 1, 2, and 3 significant, and therefore requires OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. These recommendations should not be closed in the follow-up tracking system until the OIG provides written confirmation that the recommendations can be closed.

We appreciate the cooperation and courtesies provided by your staff during our audit. If you have any questions or need additional information, please contact Joe Oliva, Director, Network Operations and Logistics, or me at (703) 248-2300.

/s/ Mary W. Demory

Mary W. Demory
Deputy Assistant Inspector General
for Operations and Human Capital

Attachment

cc: Patrick R. Donahoe
John A. Rapp
Paul E. Vogel
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INTRODUCTION

Background

This is one in a series of audit reports on bulk mail center highway transportation routes. It responds to a request from the Vice President, Network Operations Management.

Highway transportation
contractor departing the
St. Louis Bulk Mail Center
March 17, 2004



Bulk mail includes magazines, advertising, and merchandise shipped by major mailers like publishers, catalog companies, or on-line retail companies. It is processed by a system of 21 bulk mail centers and other facilities nationwide. The Postal Service spends more than \$500 million annually on bulk mail center highway transportation routes. These contract routes are controlled by individual Postal Service Areas. This report focuses on the routes controlled by the Great Lakes Area.

Objectives, Scope, and Methodology

The objectives of our audit were to evaluate the effectiveness of scheduled bulk mail center transportation routes, and to identify opportunities for cost savings.

Using Postal Service computer-generated data, we identified 1,224 trips operated under 110 Great Lakes Area contracts that had at least one bulk mail center service point. In preparation for our work, we provided Area officials and plant managers with the list of Great Lakes Area contracts we intended to audit. During our work, we interviewed officials at headquarters and in the Great Lakes Area; reviewed relevant Postal Service policies and procedures; visited three bulk mail centers and other Postal Service facilities; interviewed managers and employees; and observed and photographed operations. We consulted

with financial analysts, computer analysts, and other subject matter experts; evaluated mail volume and the type of mail carried; considered service standards; and analyzed all 1,224 trips. We also discussed our conclusions and observations with appropriate management officials and included their comments where appropriate.

We conducted work associated with this report from March 2004 through September 2004 in accordance with generally accepted government auditing standards, and included such tests of internal controls that were considered necessary under the circumstances.

Data Limitations

During our audit, we examined computer data in Postal Service management's Transportation Contract Support System and Transportation Information Management Evaluation System. We did not audit or comprehensively validate the data; however, we noted several control weaknesses that constrained our work. For example, the Transportation Information Management Evaluation System had missing records and inaccurate trailer load volumes. Even though data limitations constrained our work, we were able to partially compensate by applying alternate audit procedures, including source document examination, observation, physical inspection, and discussion with responsible officials. We also applied conservative principles to our monetary impact estimates, and, accordingly, always selected the most restrained assessment.

Prior Audit Coverage

Our Highway Network Scheduling audit, conducted at the request of the Vice President, Network Operations Management, involved a series of nine reports and examined 1,636 highway contracts and 16,299 highway trips nationwide. The reports concluded that 915 trips could be eliminated with potential savings of approximately \$43 million. Local plant managers disagreed with 316 trips we identified; however, Postal Service Area management agreed to reassess the 316 trips and retain or eliminate them based on their reassessment (see Appendix A).

AUDIT RESULTS

Contracted Bulk Mail Center Highway Trips

Network management is dynamic and requirements change. When the draft of this report was issued June 30, 2004, it stated that the Postal Service could save about \$7.9 million over the term of existing Great Lakes Area highway contracts by terminating 110 unnecessary bulk mail center trips. The draft explained that the trips could be eliminated without negatively affecting service because trip mail volume was low and mail could be consolidated on other trips. As indicated below, the draft also explained that about 58 percent of affected contracts would expire within one year, and that the other 42 percent would have one to three years remaining.

PROPOSED NONRENEWALS AND CANCELLATIONS

TRIP CATEGORY	AFFECTED TRIPS	NUMBER OF TRIPS	ANTICIPATED SAVINGS
Contracts expiring within one year	58 percent	64	\$4,879,302
Contracts expiring in one to three years	<u>42 percent</u>	<u>46</u>	<u>2,973,453</u>
All terminated trips	100 percent	110	\$7,852,755

The draft concluded that the Postal Service could attain savings by not renewing unnecessary trips that were scheduled to expire within one year, or by canceling unnecessary trips that were contracted to continue for one to three years. The savings identified included savings from nonrenewable trips, plus savings from trip cancellations net of cancellation fees totaling approximately \$242,716. When the draft was issued, plant transportation managers agreed with all trip termination proposals specified below.

TRIP CANCELLATION PROPOSALS

CANCELLATION CATEGORY	NUMBER OF TRIPS	APPENDIX	IDENTIFIED SAVINGS
Postal Service identified trip cancellations during the audit	40	B	\$1,156,631
Trips we identified with plant manager agreement	<u>70</u>	C	<u>6,696,124</u>
Total	110		\$7,852,755

Subsequent Events

The 110 trips recommended for termination in the draft report included 14 trips associated with the Detroit Mail Transport Equipment Service Center, which was scheduled to close. After the draft was issued, Postal Service

**Detroit Mail Transport
Equipment Service
Center
September 16, 2004**

Network requirements change. While our audit was in progress, the Postal Service planned to close the Detroit service center, and we recommended 14 trip terminations based on that plan.



Headquarters decided to keep the facility open. That event and other subsequent considerations caused requirements to change. Because requirements changed, management made various substitutions or modifications they deemed

**Detroit Mail Transport
Equipment Service
Center
September 16, 2004**

After our draft report was issued, the Postal Service decided to keep the facility open. That event, and other subsequent considerations, caused trip requirements to change.



appropriate. In this regard, management identified 7 trip termination proposals with which they did not agree and retained the 14 trips associated with the Detroit facility. As a result, we discussed the changes with Area officials, and

modified our report, its appendices, and our recommendations accordingly. The restated results and recommendations are specified below:

TRIP CANCELLATION AND MODIFICATION PROPOSALS

CATEGORY	NUMBER OF TRIPS	APPENDIX	IDENTIFIED SAVINGS
Postal Service identified trip cancellations or modifications during the audit	40	B	\$1,156,631
Agreement, substitutions, or modifications	49	C	5,954,121
Disagreement	<u>7</u>	D	<u>549,781</u>
Total	96		\$7,660,533
Non-applicable Detroit MTESC trips	14	Not Applicable	Not Applicable
Total	110	Not Applicable	Not Applicable

Recommendations

We recommend the Vice President, Great Lakes Area Operations:

1. Verify the actual cancellation or modification of the trips identified by management during the course of the audit.
2. Cancel or modify the trips with which plant managers agreed, and provide the date action was taken.
3. Reassess the trips plant managers and Area officials still feel are necessary, cancel trips indicated by the reassessment as unnecessary, and document the reasons for retaining the other trips.

Management's Comments

Great Lakes Area management concurred with the intent of our original 110 trip termination proposals. However, based on subsequent events, the Great Lakes Area identified changes, including the 7 trip termination recommendations with which they now disagreed, and the 14 trips associated with the Detroit Mail Transport Equipment Service Center. Management also stated that:

- They were in the process of implementing network changes.
- Changing requirements could still result in additional modifications or substitutions.
- Their savings methodology was normally restricted to a one-year budget cycle.
- Consequently, they could not validate our projected savings until their network changes were complete

Management explained that when they completed their network changes, they would notify us of expected and realized savings. Management's comments, in their entirety, are included in Appendix E of this report.

**Evaluation of
Management's
Comments**

Agreement on the 89 terminations, modifications, or substitutions reflects the high level of cooperation the Great Lakes Area provided during our audit, and we believe the actions management has taken or planned are responsive to the recommendations we made. However, we continue to believe the 7 termination proposals with which management disagrees, provide the potential for cancellation without jeopardizing service or operational flexibility. We will resolve the disagreement as part of our normal process for closing significant recommendations.

APPENDIX A. PRIOR REPORT COVERAGE

Report Name	Report Number	Report Final Issue Date	Number of Trips Identified for Elimination	Potential Savings Identified	Number of Trips With Which Management Agreed	Number of Trips With Which Management Disagreed	Number of Trips Identified by Postal
Highway Network Scheduling - Area Covered							
Pacific Area	TD-AR-02-003	9/24/2002	158	\$ 4,500,417	76	34	48
Northeast Area	TD-AR-03-002	11/25/2002	18	776,992	10	8	
Capital Metro Area	TD-AR-03-007	3/28/2003	34	1,144,218	20	14	
New York Metro Area	TD-AR-03-008	3/31/2003	32	470,123	12	20	
Southwest Area	TD-AR-03-010	7/11/2003	249	5,989,082	148	101	
Western Area	TD-AR-03-013	9/23/2003	70	2,721,530	30	40	
Southeast Area	TD-AR-03-014	9/26/2003	101	11,352,881	23	24	54
Eastern Area	TD-AR-03-015	9/30/2003	181	10,577,367	128	53	
Great Lakes Area	NL-AR-04-003	3/29/2004	72	5,352,877	48	22	2
Totals			915	\$ 42,885,487	495	316	104

**APPENDIX B
POSTAL SERVICE IDENTIFIED TRIP CANCELLATIONS
OR MODIFICATIONS DURING THE AUDIT**

Effective Date of Last Change	End Date of Contract	HCR Number	Trip Number	Origin to Destination	Annual Budget Cost	Estimated Contract Cost	Indemnity Fees	Estimated Cost Savings
10/4/2003	6/30/2005	48192	809 *	Detroit BMC to Flint P&DC	\$5,792	\$23,169	\$0	\$23,169
10/4/2003	6/30/2005	48192	810 *	Flint P&DC to Detroit BMC	\$6,306	\$25,222	\$0	\$25,222
10/4/2003	6/30/2005	48192	821 *	Flint P&DC to Detroit BMC	\$5,792	\$23,169	\$0	\$23,169
10/4/2003	6/30/2005	48192	822 *	Detroit BMC to Flint P&DC	\$5,792	\$23,169	\$0	\$23,169
10/4/2003	6/30/2005	48192	823 *	Flint P&DC to Detroit BMC	\$5,792	\$23,169	\$0	\$23,169
10/4/2003	6/30/2005	48192	824 *	Detroit BMC to Flint P&DC	\$5,792	\$23,169	\$0	\$23,169
10/4/2003	6/30/2005	48192	815 *	Saginaw P&DC to Detroit BMC	\$8,358	\$33,434	\$0	\$33,434
10/4/2003	6/30/2005	48192	816 *	Detroit BMC to Saginaw P&DC	\$8,358	\$33,434	\$0	\$33,434
10/4/2003	6/30/2005	48192	807 *	Detroit BMC to Saginaw P&DC	\$8,358	\$33,434	\$0	\$33,434
10/4/2003	6/30/2005	48192	808 *	Saginaw P&DC to Detroit BMC	\$9,092	\$36,367	\$0	\$36,367
10/4/2003	6/30/2005	48192	817 *	Saginaw P&DC to Detroit BMC	\$8,358	\$33,434	\$0	\$33,434
10/4/2003	6/30/2005	48192	818 *	Detroit BMC to Saginaw P&DC	\$8,358	\$33,434	\$0	\$33,434
11/1/2003	6/30/2004	49390	817 *	Grand Rapids Processing Annex to Detroit BMC	\$10,082	\$40,327	\$0	\$40,327
11/1/2003	6/30/2004	49390	818 *	Detroit BMC to Grand Rapids Processing Annex	\$10,082	\$40,327	\$0	\$40,327

**Bulk Mail Center Highway Transportation Routes –
Great Lakes Area**

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Effective Date of Last Change	End Date of Contract	HCR Number	Trip Number	Origin to Destination	Annual Budget Cost	Estimated Contract Cost	Indemnity Fees	Estimated Cost Savings
11/1/2003	6/30/2004	49390	815 *	Grand Rapids Processing Annex to Detroit BMC	\$10,082	\$40,327	\$0	\$40,327
11/1/2003	6/30/2004	49390	816 *	Detroit BMC to Grand Rapids Processing Annex	\$10,082	\$40,327	\$0	\$40,327
11/1/2003	6/30/2004	49390	819 *	Grand Rapids Processing Annex to Detroit BMC	\$10,082	\$40,327	\$0	\$40,327
11/1/2003	6/30/2004	49390	820 *	Detroit BMC to Grand Rapids Processing Annex	\$10,082	\$40,327	\$0	\$40,327
10/1/2003	6/30/2004	48391	827 *	Detroit BMC to South Bend P&DC	\$27,456	\$109,824	\$0	\$109,824
10/1/2003	6/30/2004	48391	828 *	South Bend P&DC to Detroit BMC	\$27,456	\$109,824	\$0	\$109,824
4/19/2003	6/30/2004	48392	809 *	Lansing P&DC to Detroit BMC	\$11,370	\$45,480	\$0	\$45,480
4/19/2003	6/30/2004	48392	810 *	Detroit BMC to Lansing P&DC	\$11,370	\$45,480	\$0	\$45,480
4/19/2003	6/30/2004	48392	811 *	Lansing P&DC to Detroit BMC	\$5,685	\$22,740	\$0	\$22,740
4/19/2003	6/30/2004	48392	812 *	Detroit BMC to Lansing P&DC	\$5,685	\$22,740	\$0	\$22,740
12/27/2003	6/30/2007	63216	801	St. Louis BMC to Memphis BMC	\$8,060	\$24,179	\$2,687	\$21,493
12/27/2003	6/30/2007	63216	802	Memphis BMC to St. Louis BMC	\$8,060	\$24,179	\$2,687	\$21,493
7/1/2003	6/30/2007	46090	801/802	Indianapolis P&DC to Cincinnati BMC	\$6,756	\$20,268	\$2,252	\$18,016
7/1/2003	6/30/2007	46090	811/812	Cincinnati BMC to Indianapolis P&DC	\$8,902	\$26,707	\$2,967	\$23,740
7/1/2003	6/30/2007	46090	827/828	Cincinnati BMC to Indianapolis P&DC	\$6,756	\$20,268	\$2,252	\$18,016
7/1/2003	6/30/2007	46090	831/832	Cincinnati BMC to Indianapolis P&DC	\$17,707	\$53,122	\$5,902	\$47,220

**Bulk Mail Center Highway Transportation Routes –
Great Lakes Area**

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7/1/2003	6/30/2007	46090	835/836	Cincinnati BMC to Indianapolis P&DC	\$8,902	\$26,707	\$2,967	\$23,740
7/1/2003	6/30/2007	46090	845/846	Cincinnati BMC to Indianapolis P&DC	\$8,854	\$26,561	\$2,951	\$23,610
7/1/2003	6/30/2007	46090	847/848	Cincinnati BMC to Indianapolis P&DC	\$6,244	\$18,732	\$2,081	\$16,650
TOTALS			40		\$315,905	\$1,183,378	\$26,747	\$1,156,631

* Trip Modification: This indicates a trip modification involving a change in frequency, such as elimination of Saturdays.

**APPENDIX C
TRIPS IDENTIFIED DURING AUDIT WORK WITH WHICH
PLANT MANAGERS AGREED**

Effective Date of Last Change	End Date of Contract	HCR Number	Trip Number	Origin to Destination	Annual Budget Cost	Estimated Contract Cost	Indemnity Fees	Estimated Cost Savings
10/4/2003	6/30/2005	48322	803	Detroit Bulk Mail Center (BMC) to Monroe MI	\$29,665	\$118,659	\$0	\$118,659
10/4/2003	6/30/2005	48322	804	Monroe MI to Detroit BMC	\$27,077	\$108,310	\$0	\$108,310
11/1/2003	6/30/2004	46790	801	Fort Wayne P&DC to Detroit BMC	\$33,124	\$132,497	\$0	\$132,497
11/1/2003	6/30/2004	46790	802	Detroit BMC to Fort Wayne P&DC	\$33,124	\$132,497	\$0	\$132,497
11/1/2003	6/30/2004	46790	809	Fort Wayne Processing & Distribution Center (P&DC) to Detroit BMC	\$33,124	\$132,497	\$0	\$132,497
11/1/2003	6/30/2004	46790	810	Detroit BMC to Fort Wayne P&DC	\$33,124	\$132,497	\$0	\$132,497
7/1/2003	6/30/2005	48190	807	Ann Arbor to Detroit BMC	\$27,011	\$108,045	\$0	\$108,045
7/1/2003	6/30/2005	48190	806	Detroit BMC to Ann Arbor	\$27,011	\$108,045	\$0	\$108,045
7/1/2003	6/30/2007	483U3	801	Detroit BMC to Canton	\$14,616	\$43,849	\$4,872	\$38,977
7/1/2003	6/30/2007	483U3	802	Canton to Detroit BMC	\$11,439	\$34,316	\$3,813	\$30,504
2/22/2003	6/30/2004	60890	803	Chicago BMC to Gary P&DC	\$23,025	\$92,100	\$0	\$92,100
2/22/2003	6/30/2004	60890	804	Gary P&DC to Chicago BMC	\$23,025	\$92,100	\$0	\$92,100
11/29/2003	6/30/2004	608AK	813	MTESC to Chicago BMC	\$18,679	\$74,715	\$0	\$74,715
11/29/2003	6/30/2004	608AK	814	Chicago BMC to MTESC	\$18,679	\$74,715	\$0	\$74,715
11/29/2003	6/30/2004	608AK	817	MTESC to Chicago BMC	\$18,679	\$74,715	\$0	\$74,715

**Bulk Mail Center Highway Transportation Routes –
Great Lakes Area**

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Effective Date of Last Change	End Date of Contract	HCR Number	Trip Number	Origin to Destination	Annual Budget Cost	Estimated Contract Cost	Indemnity Fees	Estimated Cost Savings
11/29/2003	6/30/2004	608AK	818	Chicago BMC to MTEC	\$18,679	\$74,715	\$0	\$74,715
11/29/2003	6/30/2004	608AK	807	MTEC to Chicago BMC	\$26,297	\$105,187	\$0	\$105,187
11/29/2003	6/30/2004	608AK	808	Chicago BMC to MTEC	\$41,233	\$164,933	\$0	\$164,933
11/15/2003	6/30/2005	60811	803	Chicago BMC to Detroit BMC	\$103,943	\$415,773	\$0	\$415,773
11/15/2003	6/30/2005	60811	804	Detroit BMC to Chicago BMC	\$106,057	\$424,229	\$0	\$424,229
9/6/2003	6/30/2004	60891	821	Chicago BMC to Milwaukee P&DC	\$45,370	\$181,482	\$0	\$181,482
9/6/2003	6/30/2004	60891	822	Milwaukee P&DC to Chicago BMC	\$45,370	\$181,482	\$0	\$181,482
7/13/2003	6/30/2007	608U0	827	Palatine P&DC to Chicago BMC	\$16,416	\$49,249	\$5,472	\$43,777
7/13/2003	6/30/2007	608U0	828	Chicago BMC to Palatine P&DC	\$16,416	\$49,249	\$5,472	\$43,777
11/15/2003	6/30/2004	608Y0	807	Chicago BMC to Cincinnati BMC	\$38,694	\$154,777	\$0	\$154,777
11/15/2003	6/30/2004	608Y0	808	Cincinnati BMC to Chicago BMC	\$38,694	\$154,777	\$0	\$154,777
11/15/2003	6/30/2004	608Y0	819	Chicago BMC to Cincinnati BMC	\$46,301	\$185,203	\$0	\$185,203
11/15/2003	6/30/2004	608Y0	820	Cincinnati BMC to Chicago BMC	\$46,301	\$185,203	\$0	\$185,203
11/29/2003	6/30/2007	607M2	7/8/9/10(20 miles each trip) **	Chicago Metro Surface Hub to St. Louis BMC	\$40,004	\$120,012	\$13,335	\$106,677
4/17/2004	6/30/2007	607M8	7	Chicago Metro Surface Hub to Kansas City P&DC	\$176,010	\$528,031	\$0	\$528,031
4/17/2004	6/30/2007	607M8	8	Kansas City P&DC to Chicago Metro Surface Hub	\$176,010	\$528,031	\$0	\$528,031

**Bulk Mail Center Highway Transportation Routes –
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Effective Date of Last Change	End Date of Contract	HCR Number	Trip Number	Origin to Destination	Annual Budget Cost	Estimated Contract Cost	Indemnity Fees	Estimated Cost Savings
7/1/2003	6/30/2007	46090	825	Indianapolis P&DC to Cincinnati BMC	\$29,269	\$87,807	\$9,756	\$78,051
7/1/2003	6/30/2007	46090	826	Cincinnati BMC to Indianapolis P&DC	\$29,017	\$87,050	\$9,672	\$77,378
7/1/2003	6/30/2007	46090	827	Indianapolis P&DC to Cincinnati BMC	\$24,861	\$74,583	\$8,287	\$66,296
7/1/2003	6/30/2007	46090	828	Cincinnati BMC to Indianapolis P&DC	\$28,076	\$84,228	\$9,359	\$74,869
7/1/2003	6/30/2007	46090	829	Indianapolis P&DC to Cincinnati BMC	\$8,390	\$25,171	\$2,797	\$22,374
7/1/2003	6/30/2007	46090	830	Cincinnati BMC to Indianapolis P&DC	\$8,390	\$25,171	\$2,797	\$22,374
7/1/2003	6/30/2007	46090	847	Indianapolis P&DC to Cincinnati BMC	\$23,297	\$69,891	\$7,766	\$62,125
7/1/2003	6/30/2007	46090	848	Cincinnati BMC to Indianapolis P&DC	\$24,364	\$73,092	\$8,121	\$64,971
7/1/2003	6/30/2007	46090	873	Indianapolis P&DC to Cincinnati BMC	\$34,911	\$104,734	\$11,637	\$93,097
7/1/2003	6/30/2007	46090	874	Cincinnati BMC to Indianapolis P&DC	\$34,610	\$103,831	\$11,537	\$92,294
7/1/2003	6/30/2007	46090	875	Indianapolis P&DC to Cincinnati BMC	\$29,269	\$87,807	\$9,756	\$78,051
7/1/2003	6/30/2007	46090	876	Cincinnati BMC to Indianapolis P&DC	\$33,054	\$99,162	\$11,018	\$88,144
7/1/2003	6/30/2007	46090	877	Indianapolis P&DC to Cincinnati BMC	\$9,964	\$29,891	\$3,321	\$26,570
7/1/2003	6/30/2007	46090	878	Cincinnati BMC to Indianapolis P&DC	\$9,964	\$29,891	\$3,321	\$26,570
7/1/2003	6/30/2007	46090	895	Indianapolis P&DC to Cincinnati BMC	\$27,678	\$83,033	\$9,226	\$73,807
7/1/2003	6/30/2007	46090	896	Cincinnati BMC to Indianapolis P&DC	\$28,945	\$86,836	\$9,648	\$77,188
7/1/2003	6/30/2007	46090	809 **	Indianapolis P&DC to Cincinnati BMC	\$178	\$534	\$59	\$474

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Effective Date of Last Change	End Date of Contract	HCR Number	Trip Number	Origin to Destination	Annual Budget Cost	Estimated Contract Cost	Indemnity Fees	Estimated Cost Savings
7/1/2003	6/30/2007	46090	857 **	Indianapolis P&DC to Cincinnati BMC	\$211	\$634	\$70	\$563
TOTALS			49		\$1,737,645	\$6,115,236	\$161,112	\$5,954,121

** Trip Modification: This indicates a trip modification involving a change in service point, resulting in a reduction of Miles per trip

**APPENDIX D
TRIPS IDENTIFIED DURING AUDIT WORK WHICH
PLANT MANAGERS DISAGREE**

2/14/2004	6/30/2004	48090	801	Detroit BMC to Royal Oak P&DC	\$16,910	\$67,638	\$0	\$67,638
2/14/2004	6/30/2004	48090	802	Royal Oak P&DC to Detroit BMC	\$16,910	\$67,638	\$0	\$67,638
1/10/2004	6/30/2006	62390	807	St. Louis BMC to Quincy P&DC	\$9,293	\$18,586	\$3,098	\$15,488
1/10/2004	6/30/2006	62390	808	Quincy P&DC to St. Louis BMC	\$6,984	\$13,968	\$2,328	\$11,640
1/10/2004	6/30/2006	62390	804	Quincy P&DC to St. Louis BMC	\$8,059	\$16,117	\$2,686	\$13,431
12/4/2003	6/30/2007	63290	801	St. Louis BMC to Champaign P&DF	\$67,671	\$203,013	\$22,557	\$180,456
12/4/2003	6/30/2007	63290	802	Champaign P&DF to St. Louis BMC	\$72,558	\$217,675	\$24,186	\$193,489
TOTALS			7		\$198,385	\$604,635	\$54,855	\$549,781

APPENDIX E. MANagements COMMENTS



August 24, 2004

KIM H. STROUD, DIRECTOR
AUDIT OPERATIONS
OFFICE OF THE INSPECTOR GENERAL

SUBJECT: Response to Bulk Mail Center Transportation Audit Findings

This letter is in response to the audit conducted by your office of the Bulk Mail Center Highway Transportation Routes (project number 04YG013NL000) of June 22, 2004.

This office concurs with the intent of the findings and recommendations of the audit. In total, your audit report included 110 trips, of which 40 trips were included in Appendix B, and 70 trips in Appendix C. Network management is a dynamic process and transportation requirements continually change. As such, after completing an independent analysis of the trips identified in the audit, it was determined that some of the trips where changes were recommended would result in negative service impacts if the changes were completed. Included in the attachment you will find our analysis of each of the trips included in your audit.

From this independent analysis, the Great Lakes Area has determined the following:

- Elimination of 48 trips included in the audit report
- Elimination of 4 trips substituted for trips included in the audit report
- Frequency changes on 37 trips included in the audit report
- No action will be taken on 14 trips identified as MTE trips as a result of the decision to keep the Detroit MTE SC open
- No action will be taken on 7 trips that this office determined would result in a negative service impact or because the trip is carrying too much volume to consider an adjustment

This office is in the process of completing the above-identified changes. When this effort is complete, you will be notified of the trips eliminated, the frequency changes made and the resulting cost savings. With regard to the monetary findings included in your audit, this office cannot validate your projected savings at this time.

The Office of the Inspector General (OIG) methodology for calculating savings extends beyond the current contract year and into the term of the contract, while our normal methodology is to restrict identified savings to a one-year planning/budget cycle. Additionally, changing requirements results in trip substitutions and adjustments which will cause our anticipated savings to differ from the savings identified in the audit. When our effort of trip eliminations and frequency changes is complete, this office will work with the OIG to reconcile methodologies for calculating cost benefits and will report expected and realized savings.

If further analysis or explanation is required regarding this response, please contact me directly.



Allen J. Brown
Manager

Attachment

cc: Vice President, Area Operations
Great Lakes Area

Manager, Operations Support
Great Lakes Area

Manager, Finance
Great Lakes Area

1

DNO Analysis & Response to OIG Appendix B

1 HCR ID Number: 48192
Trip: 809
Origin and Destination: Detroit BMC to Flint P&DC
OIG Recommendation: eliminate trip
OIG Annual Budgeted Cost: \$5,792
OIG Estimated Contract Cost: \$23,169
OIG Indemnity Fees: \$0
OIG Estimated Cost Savings: \$23,169
Date of DNO Update: 22-Jul-04
DNO Agreement: YES
DNO Review/Response: DNO agrees with the OIG recommendation to change the frequency of this trip. A Service Change has been submitted to change the frequency of this trip.
DNO Form 5 SCR Log #: 04-539
DNO Estimated Annual Savings: \$111,788
DNO Actual Annual Savings:
DNO Actual Contract Savings:

2 HCR ID Number: 48192
Trip: 810
Origin and Destination: Flint P&DC to Detroit BMC
OIG Recommendation: eliminate trip
OIG Annual Budgeted Cost: \$6,306
OIG Estimated Contract Cost: \$25,222
OIG Indemnity Fees: \$0
OIG Estimated Cost Savings: \$25,222
Date of DNO Update: 22-Jul-04
DNO Agreement: YES
DNO Review/Response: DNO agrees with the OIG recommendation to change the frequency of this trip. A Service Change has been submitted to change the frequency of this trip.
DNO Form 5 SCR Log #: 04-539
DNO Estimated Annual Savings: See entry for trip 809-includes all savings for HCR 48192
DNO Actual Annual Savings:
DNO Actual Contract Savings:

3 HCR ID Number: 48192
Trip: 821
Origin and Destination: Flint P&DC to Detroit BMC
OIG Recommendation: eliminate trip
OIG Annual Budgeted Cost: \$5,792
OIG Estimated Contract Cost: \$23,169
OIG Indemnity Fees: \$0
OIG Estimated Cost Savings: \$23,169
Date of DNO Update: 22-Jul-04
DNO Agreement: YES
DNO Review/Response: DNO agrees with the OIG recommendation to change the frequency of this trip. A Service Change has been submitted to change the frequency of this trip.
DNO Form 5 SCR Log #: 04-539
DNO Estimated Annual Savings: See entry for trip 809-includes all savings for HCR 48192
DNO Actual Annual Savings:
DNO Actual Contract Savings:

- 4 HCR ID Number: 48192
Trip: 822
Origin and Destination: Detroit BMC to Flint P&DC
OIG Recommendation: eliminate trip
OIG Annual Budgeted Cost: \$5,792
OIG Estimated Contract Cost: \$23,169
OIG Indemnity Fees: \$0
OIG Estimated Cost Savings: \$23,169
Date of DNO Update: 22-Jul-04
DNO Agreement: YES
DNO Review/Response: DNO agrees with the OIG recommendation to change the frequency of this trip. A Service Change has been submitted to change the frequency of this trip.
DNO Form 5 SCR Log #: 04-539
DNO Estimated Annual Savings: See entry for trip 809-includes all savings for HCR 48192
DNO Actual Annual Savings:
DNO Actual Contract Savings:
- 5 HCR ID Number: 48192
Trip: 823
Origin and Destination: Flint P&DC to Detroit BMC
OIG Recommendation: eliminate trip
OIG Annual Budgeted Cost: \$5,792
OIG Estimated Contract Cost: \$23,169
OIG Indemnity Fees: \$0
OIG Estimated Cost Savings: \$23,169
Date of DNO Update: 22-Jul-04
DNO Agreement: YES
DNO Review/Response: DNO agrees with the OIG recommendation to change the frequency of this trip. A Service Change has been submitted to change the frequency of this trip.
DNO Form 5 SCR Log #: 04-539
DNO Estimated Annual Savings: See entry for trip 809-includes all savings for HCR 48192
DNO Actual Annual Savings:
DNO Actual Contract Savings:
- 6 HCR ID Number: 48192
Trip: 824
Origin and Destination: Detroit BMC to Flint P&DC
OIG Recommendation: eliminate trip
OIG Annual Budgeted Cost: \$5,792
OIG Estimated Contract Cost: \$23,169
OIG Indemnity Fees: \$0
OIG Estimated Cost Savings: \$23,169
Date of DNO Update: 22-Jul-04
DNO Agreement: YES
DNO Review/Response: DNO agrees with the OIG recommendation to change the frequency of this trip. A Service Change has been submitted to change the frequency of this trip.
DNO Form 5 SCR Log #: 04-539
DNO Estimated Annual Savings: See entry for trip 809-includes all savings for HCR 48192
DNO Actual Annual Savings:
DNO Actual Contract Savings:

7 HCR ID Number: 48192
Trip: 815
Origin and Destination: Saginaw P&DC to Detroit BMC
OIG Recommendation: eliminate trip
OIG Annual Budgeted Cost: \$8,358
OIG Estimated Contract Cost: \$33,434
OIG Indemnity Fees: \$0
OIG Estimated Cost Savings: \$33,434
Date of DNO Update: 22-Jul-04
DNO Agreement: YES
DNO Review/Response: DNO agrees with the OIG recommendation to change the frequency of this trip. A Service Change has been submitted to change the frequency of this trip.
DNO Form 5 SCR Log #: 04-539
DNO Estimated Annual Savings: See entry for trip 809-includes all savings for HCR 48192
DNO Actual Annual Savings:
DNO Actual Contract Savings:

8 HCR ID Number: 48192
Trip: 816
Origin and Destination: Detroit BMC to Saginaw P&DC
OIG Recommendation: eliminate trip
OIG Annual Budgeted Cost: \$8,358
OIG Estimated Contract Cost: \$33,434
OIG Indemnity Fees: \$0
OIG Estimated Cost Savings: \$33,434
Date of DNO Update: 22-Jul-04
DNO Agreement: YES
DNO Review/Response: DNO agrees with the OIG recommendation to change the frequency of this trip. A Service Change has been submitted to change the frequency of this trip.
DNO Form 5 SCR Log #: 04-539
DNO Estimated Annual Savings: See entry for trip 809-includes all savings for HCR 48192
DNO Actual Annual Savings:
DNO Actual Contract Savings:

9 HCR ID Number: 48192
Trip: 807
Origin and Destination: Detroit BMC to Saginaw P&DC
OIG Recommendation: eliminate trip
OIG Annual Budgeted Cost: \$8,358
OIG Estimated Contract Cost: \$33,434
OIG Indemnity Fees: \$0
OIG Estimated Cost Savings: \$33,434
Date of DNO Update: 22-Jul-04
DNO Agreement: YES
DNO Review/Response: DNO agrees with the OIG recommendation to change the frequency of this trip. A Service Change has been submitted to change the frequency of this trip.
DNO Form 5 SCR Log #: 04-539
DNO Estimated Annual Savings: See entry for trip 809-includes all savings for HCR 48192
DNO Actual Annual Savings:
DNO Actual Contract Savings:

40 HCR ID Number: 46090
Trip: 848
Origin and Destination: Cincinnati BMC to Indianapolis P&DC
OIG Recommendation: eliminate trip
OIG Annual Budgeted Cost: \$23,297
OIG Estimated Contract Cost: \$69,891
OIG Indemnity Fees: \$7,766
OIG Estimated Cost Savings: \$62,125
Date of DNO Update: 08-Jul-04
DNO Agreement: YES
DNO Review/Response: DNO agrees with the OIG recommendation to eliminate this trip. A Service Change has been submitted to eliminate this trip.
DNO Form 5 SCR Log #: 04-605
DNO Estimated Annual Savings: \$51,746
DNO Actual Annual Savings: \$368,716 - combined annual savings for all change as listed to HCR 46090
DNO Actual Contract Savings: \$282,675 - combined contract savings for all change as listed to HCR 46090

DNO Analysis & Response to OIG Appendix C

1	HCR ID Number: 48322 Trip: 803 Origin and Destination: Detroit BMC to Monroe MI OIG Recommendation: eliminate trip OIG Annual Budgeted Cost: \$29,665 OIG Estimated Contract Cost: \$118,659 OIG Indemnity Fees: \$0 OIG Estimated Cost Savings: \$118,659 Date of DNO Update: 22-Jul-04 DNO Agreement: YES DNO Review/Response: DNO agrees with the OIG recommendation to change the frequency of this trip. A Service Change has been submitted to change the frequency of this trip. DNO Form 5 SCR Log #: 04- DNO Estimated Annual Savings: DNO Actual Annual Savings: DNO Actual Contract Savings:
2	HCR ID Number: 48322 Trip: 804 Origin and Destination: Monroe MI to Detroit BMC OIG Recommendation: eliminate trip OIG Annual Budgeted Cost: \$27,077 OIG Estimated Contract Cost: \$108,310 OIG Indemnity Fees: \$0 OIG Estimated Cost Savings: \$108,310 Date of DNO Update: 22-Jul-04 DNO Agreement: YES DNO Review/Response: DNO agrees with the OIG recommendation to change the frequency of this trip. A Service Change has been submitted to change the frequency of this trip. DNO Form 5 SCR Log #: 04- DNO Estimated Annual Savings: DNO Actual Annual Savings: DNO Actual Contract Savings:
3	HCR ID Number: 46790 Trip: 801 Origin and Destination: Fort Wayne P&DC to Detroit BMC OIG Recommendation: eliminate trip OIG Annual Budgeted Cost: \$33,124 OIG Estimated Contract Cost: \$132,497 OIG Indemnity Fees: \$0 OIG Estimated Cost Savings: \$132,497 Date of DNO Update: 15-Jul-04 DNO Agreement: YES DNO Review/Response: After further review, it was determined that this trip was tied to mailer's mail and is running at 58%. Upon review, it has been determined that Ft Wayne will eliminate trip 807 which is running @10%. Ft Wayne will also change the time on trip 809 and 811 to depart one hour earlier and capture the volume from trip 807. DNO Form 5 SCR Log #: R4-0109 DNO Estimated Annual Savings: DNO Actual Annual Savings: \$32,092 DNO Actual Contract Savings: \$128,369

- 4 HCR ID Number: 46790
 Trip: 802
 Origin and Destination: Detroit BMC to Fort Wayne P&DC
 OIG Recommendation: eliminate trip
 OIG Annual Budgeted Cost: \$33,124
 OIG Estimated Contract Cost: \$132,497
 OIG Indemnity Fees: \$0
 OIG Estimated Cost Savings: \$132,497
 Date of DNO Update: 15-Jul-04
 DNO Agreement: YES
 DNO Review/Response: After further review, utilization of this trip is at 52%. If eliminated, trips 804 and 806 may not be able to absorb the volume. Upon review, it has been determined that Ft Wayne will eliminate trip 808, and mail from 808 will be dispatched on trips 810, 812, and 802 if needed.
 DNO Form 5 SCR Log #: R4-0109
 DNO Estimated Annual Savings:
 DNO Actual Annual Savings: \$32,092
 DNO Actual Contract Savings: \$128,369
-
- 5 HCR ID Number: 46790
 Trip: 809
 Origin and Destination: Fort Wayne P&DC to Detroit BMC
 OIG Recommendation: eliminate trip
 OIG Annual Budgeted Cost: \$33,124
 OIG Estimated Contract Cost: \$132,497
 OIG Indemnity Fees: \$0
 OIG Estimated Cost Savings: \$132,497
 Date of DNO Update: 15-Jul-04
 DNO Agreement: YES
 DNO Review/Response: With the elimination of trip 807, 809 will be needed. The leave time on trip 809 will be changed to 1630 and mail from 807 will be dispatched on 809. Upon review, it has been determined that Ft Wayne will eliminate trip 813.
 DNO Form 5 SCR Log #: R4-0109
 DNO Estimated Annual Savings:
 DNO Actual Annual Savings: \$32,092
 DNO Actual Contract Savings: \$128,369
-
- 6 HCR ID Number: 46790
 Trip: 810
 Origin and Destination: Detroit BMC to Fort Wayne P&DC
 OIG Recommendation: eliminate trip
 OIG Annual Budgeted Cost: \$33,124
 OIG Estimated Contract Cost: \$132,497
 OIG Indemnity Fees: \$0
 OIG Estimated Cost Savings: \$132,497
 Date of DNO Update: 15-Jul-04
 DNO Agreement: YES
 DNO Review/Response: With the elimination of 808, 810 will be needed to dispatch the mail from Detroit BMC. Upon review, it has been determined that Ft Wayne will eliminate trip 814.
 DNO Form 5 SCR Log #: R4-0109
 DNO Estimated Annual Savings:
 DNO Estimated Annual Savings:
 DNO Actual Contract Savings: \$128,369
-

13 HCR ID Number: 483BK
 Trip: 3
 Origin and Destination: Detroit BMC to Detroit MTEC
 OIG Recommendation: eliminate trip
 OIG Annual Budgeted Cost: \$8,886
 OIG Estimated Contract Cost: \$17,772
 OIG Indemnity Fees: \$0
 OIG Estimated Cost Savings: \$17,772
 Date of DNO Update: 22-Jul-04
 DNO Agreement: NO
 DNO Review/Response: The Detroit MTEC will not be closed. This trip is needed to haul empty equipment.
 Because of this, the DNO does not agree to any changes on this trip at this time.
 DNO Form 5 SCR Log #: 04-
 DNO Estimated Annual Savings:
 DNO Actual Annual Savings:
 DNO Actual Contract Savings:

14 HCR ID Number: 483BK
 Trip: 4
 Origin and Destination: Detroit MTEC to Detroit BMC
 OIG Recommendation: eliminate trip
 OIG Annual Budgeted Cost: \$8,886
 OIG Estimated Contract Cost: \$17,772
 OIG Indemnity Fees: \$0
 OIG Estimated Cost Savings: \$17,772
 Date of DNO Update: 22-Jul-04
 DNO Agreement: NO
 DNO Review/Response: The Detroit MTEC will not be closed. This trip is needed to haul empty equipment.
 Because of this, the DNO does not agree to any changes on this trip at this time.
 DNO Form 5 SCR Log #: 04-
 DNO Estimated Annual Savings:
 DNO Actual Annual Savings:
 DNO Actual Contract Savings:

15 HCR ID Number: 483BK
 Trip: 5
 Origin and Destination: Detroit BMC to Detroit MTEC
 OIG Recommendation: eliminate trip
 OIG Annual Budgeted Cost: \$8,886
 OIG Estimated Contract Cost: \$17,772
 OIG Indemnity Fees: \$0
 OIG Estimated Cost Savings: \$17,772
 Date of DNO Update: 22-Jul-04
 DNO Agreement: NO
 DNO Review/Response: The Detroit MTEC will not be closed. This trip is needed to haul empty equipment.
 Because of this, the DNO does not agree to any changes on this trip at this time.
 DNO Form 5 SCR Log #: 04-
 DNO Estimated Annual Savings:
 DNO Actual Annual Savings:
 DNO Actual Contract Savings:

16 HCR ID Number: 483BK
Trip: 6
Origin and Destination: Detroit MTESS to Detroit BMC
OIG Recommendation: eliminate trip
OIG Annual Budgeted Cost: \$8,886
OIG Estimated Contract Cost: \$17,772
OIG Indemnity Fees: \$0
OIG Estimated Cost Savings: \$17,772
Date of DNO Update: 22-Jul-04
DNO Agreement: NO
DNO Review/Response: The Detroit MTESS will not be closed. This trip is needed to haul empty equipment.
Because of this, the DNO does not agree to any changes on this trip at this time.
DNO Form 5 SCR Log #: 04-
DNO Estimated Annual Savings:
DNO Actual Annual Savings:
DNO Actual Contract Savings:

17 HCR ID Number: 483BK
Trip: 7
Origin and Destination: Detroit BMC to Detroit MTESS
OIG Recommendation: eliminate trip
OIG Annual Budgeted Cost: \$8,886
OIG Estimated Contract Cost: \$17,772
OIG Indemnity Fees: \$0
OIG Estimated Cost Savings: \$17,772
Date of DNO Update: 22-Jul-04
DNO Agreement: NO
DNO Review/Response: The Detroit MTESS will not be closed. This trip is needed to haul empty equipment.
Because of this, the DNO does not agree to any changes on this trip at this time.
DNO Form 5 SCR Log #: 04-
DNO Estimated Annual Savings:
DNO Actual Annual Savings:
DNO Actual Contract Savings:

18 HCR ID Number: 483BK
Trip: 8
Origin and Destination: Detroit MTESS to Detroit BMC
OIG Recommendation: eliminate trip
OIG Annual Budgeted Cost: \$8,886
OIG Estimated Contract Cost: \$17,772
OIG Indemnity Fees: \$0
OIG Estimated Cost Savings: \$17,772
Date of DNO Update: 22-Jul-04
DNO Agreement: NO
DNO Review/Response: The Detroit MTESS will not be closed. This trip is needed to haul empty equipment.
Because of this, the DNO does not agree to any changes on this trip at this time.
DNO Form 5 SCR Log #: 04-
DNO Estimated Annual Savings:
DNO Actual Annual Savings:
DNO Actual Contract Savings:

19 HCR ID Number: 483BK
Trip: 9
Origin and Destination: Detroit BMC to Detroit MTEC
OIG Recommendation: eliminate trip
OIG Annual Budgeted Cost: \$8,886
OIG Estimated Contract Cost: \$17,772
OIG Indemnity Fees: \$0
OIG Estimated Cost Savings: \$17,772
Date of DNO Update: 22-Jul-04
DNO Agreement: NO
DNO Review/Response: The Detroit MTEC will not be closed. This trip is needed to haul empty equipment.
Because of this, the DNO does not agree to any changes on this trip at this time.
DNO Form 5 SCR Log #: 04-
DNO Estimated Annual Savings:
DNO Actual Annual Savings:
DNO Actual Contract Savings:

20 HCR ID Number: 483BK
Trip: 10
Origin and Destination: Detroit MTEC to Detroit BMC
OIG Recommendation: eliminate trip
OIG Annual Budgeted Cost: \$8,886
OIG Estimated Contract Cost: \$17,772
OIG Indemnity Fees: \$0
OIG Estimated Cost Savings: \$17,772
Date of DNO Update: 22-Jul-04
DNO Agreement: NO
DNO Review/Response: The Detroit MTEC will not be closed. This trip is needed to haul empty equipment.
Because of this, the DNO does not agree to any changes on this trip at this time.
DNO Form 5 SCR Log #: 04-
DNO Estimated Annual Savings:
DNO Actual Annual Savings:
DNO Actual Contract Savings:

21 HCR ID Number: 483BK
Trip: 11
Origin and Destination: Detroit BMC to Detroit MTEC
OIG Recommendation: eliminate trip
OIG Annual Budgeted Cost: \$1,812
OIG Estimated Contract Cost: \$3,624
OIG Indemnity Fees: \$0
OIG Estimated Cost Savings: \$3,624
Date of DNO Update: 22-Jul-04
DNO Agreement: NO
DNO Review/Response: The Detroit MTEC will not be closed. This trip is needed to haul empty equipment.
Because of this, the DNO does not agree to any changes on this trip at this time.
DNO Form 5 SCR Log #: 04-
DNO Estimated Annual Savings:
DNO Actual Annual Savings:
DNO Actual Contract Savings:

22 HCR ID Number: 483BK
 Trip: 12
 Origin and Destination: Detroit MTEC to Detroit BMC
 OIG Recommendation: eliminate trip
 OIG Annual Budgeted Cost: \$1,812
 OIG Estimated Contract Cost: \$3,624
 OIG Indemnity Fees: \$0
 OIG Estimated Cost Savings: \$3,624
 Date of DNO Update: 22-Jul-04
 DNO Agreement: NO
 DNO Review/Response: The Detroit MTEC will not be closed. This trip is needed to haul empty equipment.
 Because of this, the DNO does not agree to any changes on this trip at this time.
 DNO Form 5 SCR Log #: 04-
DNO Estimated Annual Savings:
DNO Actual Annual Savings:
DNO Actual Contract Savings:

23 HCR ID Number: 483BK
 Trip: 13
 Origin and Destination: Detroit BMC to Detroit MTEC
 OIG Recommendation: eliminate trip
 OIG Annual Budgeted Cost: \$1,812
 OIG Estimated Contract Cost: \$3,624
 OIG Indemnity Fees: \$0
 OIG Estimated Cost Savings: \$3,624
 Date of DNO Update: 22-Jul-04
 DNO Agreement: NO
 DNO Review/Response: The Detroit MTEC will not be closed. This trip is needed to haul empty equipment.
 Because of this, the DNO does not agree to any changes on this trip at this time.
 DNO Form 5 SCR Log #: 04-
DNO Estimated Annual Savings:
DNO Actual Annual Savings:
DNO Actual Contract Savings:

24 HCR ID Number: 483BK
 Trip: 14
 Origin and Destination: Detroit MTEC to Detroit BMC
 OIG Recommendation: eliminate trip
 OIG Annual Budgeted Cost: \$1,812
 OIG Estimated Contract Cost: \$3,624
 OIG Indemnity Fees: \$0
 OIG Estimated Cost Savings: \$3,624
 Date of DNO Update: 22-Jul-04
 DNO Agreement: NO
 DNO Review/Response: The Detroit MTEC will not be closed. This trip is needed to haul empty equipment.
 Because of this, the DNO does not agree to any changes on this trip at this time.
 DNO Form 5 SCR Log #: 04-
DNO Estimated Annual Savings:
DNO Actual Annual Savings:
DNO Actual Contract Savings:

31 HCR ID Number: 608AK
Trip: 817
Origin and Destination: MTEC to Chicago BMC
OIG Recommendation: eliminate trip
OIG Annual Budgeted Cost: \$18,679
OIG Estimated Contract Cost: \$74,715
OIG Indemnity Fees: \$0
OIG Estimated Cost Savings: \$74,715
Date of DNO Update: 13-Jul-04
DNO Agreement: YES
DNO Review/Response: DNO agrees with the OIG recommendation to eliminate this trip. 3 round trips eliminated at contract renewal.
DNO Form 5 SCR Log #: 04-
DNO Estimated Annual Savings: \$12,563
DNO Actual Annual Savings: \$12,563
DNO Actual Contract Savings: \$25,126

32 HCR ID Number: 608AK
Trip: 818
Origin and Destination: Chicago BMC to MTEC
OIG Recommendation: eliminate trip
OIG Annual Budgeted Cost: \$18,679
OIG Estimated Contract Cost: \$74,715
OIG Indemnity Fees: \$0
OIG Estimated Cost Savings: \$74,715
Date of DNO Update: 13-Jul-04
DNO Agreement: YES
DNO Review/Response: DNO agrees with the OIG recommendation to eliminate this trip. 3 round trips eliminated at contract renewal.
DNO Form 5 SCR Log #: 04-
DNO Estimated Annual Savings: \$12,563
DNO Actual Annual Savings: \$12,563
DNO Actual Contract Savings: \$25,126

33 HCR ID Number: 608AK
Trip: 807
Origin and Destination: MTEC to Chicago BMC
OIG Recommendation: eliminate trip
OIG Annual Budgeted Cost: \$26,297
OIG Estimated Contract Cost: \$105,187
OIG Indemnity Fees: \$0
OIG Estimated Cost Savings: \$105,187
Date of DNO Update: 13-Jul-04
DNO Agreement: YES
DNO Review/Response: DNO agrees with the OIG recommendation to eliminate this trip. 3 round trips eliminated at contract renewal.
DNO Form 5 SCR Log #: 04-contract renewal
DNO Estimated Annual Savings: \$12,563
DNO Actual Annual Savings: \$12,563
DNO Actual Contract Savings: \$25,126

34 HCR ID Number: 608AK
Trip: 808
Origin and Destination: Chicago BMC to MTEC
OIG Recommendation: eliminate trip
OIG Annual Budgeted Cost: \$41,233
OIG Estimated Contract Cost: \$164,933
OIG Indemnity Fees: \$0
OIG Estimated Cost Savings: \$164,933
Date of DNO Update: 13-Jul-04
DNO Agreement: YES
DNO Review/Response: DNO agrees with the OIG recommendation to eliminate this trip. 3 round trips eliminated at contract renewal.
DNO Form 5 SCR Log #: 04-contract renewal
DNO Estimated Annual Savings: \$12,563
DNO Actual Annual Savings: \$12,563
DNO Actual Contract Savings: \$25,126

35 HCR ID Number: 60811
Trip: 803
Origin and Destination: Chicago BMC to Detroit BMC
OIG Recommendation: eliminate trip
OIG Annual Budgeted Cost: \$103,943
OIG Estimated Contract Cost: \$415,773
OIG Indemnity Fees: \$0
OIG Estimated Cost Savings: \$415,773
Date of DNO Update: 13-Jul-04
DNO Agreement: YES
DNO Review/Response: Trip sold to Collaborative Logistic/Business Opportunity Development. 04/04-09/04. Trip will be eliminated after Collaborative completes final freight move.
DNO Form 5 SCR Log #: 04-587
DNO Estimated Annual Savings: \$288,497
DNO Actual Annual Savings: \$0
DNO Actual Contract Savings: \$0

36 HCR ID Number: 60811
Trip: 804
Origin and Destination: Detroit BMC to Chicago BMC
OIG Recommendation: eliminate trip
OIG Annual Budgeted Cost: \$106,057
OIG Estimated Contract Cost: \$424,229
OIG Indemnity Fees: \$0
OIG Estimated Cost Savings: \$424,229
Date of DNO Update: 13-Jul-04
DNO Agreement: YES
DNO Review/Response: Trip sold to Collaborative Logistic/Business Opportunity Development. 04/04-09/04. Trip will be eliminated after Collaborative completes final freight move.
DNO Form 5 SCR Log #: 04-587
DNO Estimated Annual Savings: \$0
DNO Actual Annual Savings: \$0
DNO Actual Contract Savings: \$0

37 HCR ID Number: 60891
Trip: 821
Origin and Destination: Chicago BMC to Milwaukee P&DC
OIG Recommendation: eliminate trip
OIG Annual Budgeted Cost: \$45,370
OIG Estimated Contract Cost: \$181,482
OIG Indemnity Fees: \$0
OIG Estimated Cost Savings: \$181,482
Date of DNO Update: 13-Jul-04
DNO Agreement: YES
DNO Review/Response: Trip eliminated at renewal, This contract was renewed as a price stability contract. With a wage increase per new area wage determination. No savings realized. Contract cost increased \$42,174.
DNO Form 5 SCR Log #: 04-contract renewal
DNO Estimated Annual Savings: \$0
DNO Actual Annual Savings: \$0
DNO Actual Contract Savings: \$0

38 HCR ID Number: 60891
Trip: 822
Origin and Destination: Milwaukee P&DC to Chicago BMC
OIG Recommendation: eliminate trip
OIG Annual Budgeted Cost: \$45,370
OIG Estimated Contract Cost: \$181,482
OIG Indemnity Fees: \$0
OIG Estimated Cost Savings: \$181,482
Date of DNO Update: 13-Jul-04
DNO Agreement: YES
DNO Review/Response: Trip eliminated at renewal, This contract was renewed as a price stability contract. With a wage increase per new area wage determination. No savings realized. Contract cost increased \$42,174.
DNO Form 5 SCR Log #: 04-contract renewal
DNO Estimated Annual Savings: \$0
DNO Actual Annual Savings: \$0
DNO Actual Contract Savings: \$0

39 HCR ID Number: 608U0
Trip: 827
Origin and Destination: Palatine P&DC to Chicago BMC
OIG Recommendation: eliminate trip
OIG Annual Budgeted Cost: \$16,416
OIG Estimated Contract Cost: \$49,249
OIG Indemnity Fees: \$5,472
OIG Estimated Cost Savings: \$43,777
Date of DNO Update: 13-Jul-04
DNO Agreement: YES
DNO Review/Response: trips 807/808 eliminated
DNO Form 5 SCR Log #: 04-670
DNO Estimated Annual Savings: \$39,587
DNO Actual Annual Savings: \$39,587
DNO Actual Contract Savings: \$118,761

40	HCR ID Number: 608U0 Trip: 828 Origin and Destination: Chicago BMC to Palatine P&DC OIG Recommendation: eliminate trip OIG Annual Budgeted Cost: \$16,416 OIG Estimated Contract Cost: \$49,249 OIG Indemnity Fees: \$5,472 OIG Estimated Cost Savings: \$43,777 Date of DNO Update: 13-Jul-04 DNO Agreement: YES DNO Review/Response: trips 807/808 eliminated DNO Form 5 SCR Log #: 04-670 DNO Estimated Annual Savings: \$39,587 DNO Actual Annual Savings: \$39,587 DNO Actual Contract Savings: \$118,761
41	HCR ID Number: 608Y0 Trip: 807 Origin and Destination: Chicago BMC to Cincinnati BMC OIG Recommendation: eliminate trip OIG Annual Budgeted Cost: \$38,694 OIG Estimated Contract Cost: \$154,777 OIG Indemnity Fees: \$0 OIG Estimated Cost Savings: \$154,777 Date of DNO Update: 13-Jul-04 DNO Agreement: YES DNO Review/Response: trips 801/802a 813/814b eliminated at contract renewal two year contract DNO Form 5 SCR Log #: 04-634 DNO Estimated Annual Savings: \$104,327 DNO Actual Annual Savings: \$104,237 DNO Actual Contract Savings: \$208,654
42	HCR ID Number: 608Y0 Trip: 808 Origin and Destination: Cincinnati BMC to Chicago BMC OIG Recommendation: eliminate trip OIG Annual Budgeted Cost: \$38,694 OIG Estimated Contract Cost: \$154,777 OIG Indemnity Fees: \$0 OIG Estimated Cost Savings: \$154,777 Date of DNO Update: 13-Jul-04 DNO Agreement: YES DNO Review/Response: trips 801/802a 813/814b eliminated at contract renewal two year contract DNO Form 5 SCR Log #: 04-634 DNO Estimated Annual Savings: \$104,327 DNO Actual Annual Savings: \$104,237 DNO Actual Contract Savings: \$208,654

43 HCR ID Number: 608Y0
Trip: 819
Origin and Destination: Chicago BMC to Cincinnati BMC
OIG Recommendation: eliminate trip
OIG Annual Budgeted Cost: \$46,301
OIG Estimated Contract Cost: \$185,203
OIG Indemnity Fees: \$0
OIG Estimated Cost Savings: \$185,203
Date of DNO Update: 13-Jul-04
DNO Agreement: YES
DNO Review/Response: Trips 801/802a 813/814b eliminated at contract renewal two year contract
SEASONAL TRIPS
DNO Form 5 SCR Log #: 04-634
DNO Estimated Annual Savings: \$0
DNO Actual Annual Savings: \$0
DNO Actual Contract Savings: \$0

44 HCR ID Number: 608Y0
Trip: 820
Origin and Destination: Cincinnati BMC to Chicago BMC
OIG Recommendation: eliminate trip
OIG Annual Budgeted Cost: \$46,301
OIG Estimated Contract Cost: \$185,203
OIG Indemnity Fees: \$0
OIG Estimated Cost Savings: \$185,203
Date of DNO Update: 13-Jul-04
DNO Agreement: YES
DNO Review/Response: Trips 801/802a 813/814b eliminated at contract renewal two year contract
SEASONAL TRIPS
DNO Form 5 SCR Log #: 04-634
DNO Estimated Annual Savings: \$0
DNO Actual Annual Savings: \$0
DNO Actual Contract Savings: \$0

45 HCR ID Number: 607M2
Trip: 7
Origin and Destination: CSMH to St Louis BMC
OIG Recommendation: eliminate trip
OIG Annual Budgeted Cost: \$40,004
OIG Estimated Contract Cost: \$120,012
OIG Indemnity Fees: \$13,335
OIG Estimated Cost Savings: \$106,677
Date of DNO Update: 23-Jul-04
DNO Agreement: YES
DNO Review/Response: Trip 7 is carrying a full load to/from CSMH from/to St Louis P&DC and P1 center. Trip 7 is the DOV to St Louis. The DNO did submit a service change to eliminate the stop at the BMC. The DNO will look at re-distributing the mail on all the trips.
DNO Form 5 SCR Log #: 04-585
DNO Estimated Annual Savings: \$15,440
DNO Actual Annual Savings: scr is pending
DNO Actual Contract Savings:

46 HCR ID Number: 607M8
Trip: 7
Origin and Destination: CSMH to Kansas City P&DC
OIG Recommendation: eliminate trip
OIG Annual Budgeted Cost: \$176,010
OIG Estimated Contract Cost: \$528,031
OIG Indemnity Fees: \$0
OIG Estimated Cost Savings: \$528,031
Date of DNO Update: 23-Jul-04
DNO Agreement: YES
DNO Review/Response: This is a DOV trip for 2-day mail from the feeder sites to Kansas City MO. The Great Lakes Area DNO is currently negotiating with the Western Area DNO to change trips for International mail to ISC, and changing stops. This will either better utilize the trips, or give us enough space to combine trips.
DNO Form 5 SCR Log #: 04-
DNO Estimated Annual Savings:
DNO Actual Annual Savings:
DNO Actual Contract Savings:

47 HCR ID Number: 607M8
Trip: 8
Origin and Destination: Kansas City P&DC to CSMH
OIG Recommendation: eliminate trip
OIG Annual Budgeted Cost: \$176,010
OIG Estimated Contract Cost: \$528,031
OIG Indemnity Fees: \$0
OIG Estimated Cost Savings: \$528,031
Date of DNO Update: 23-Jul-04
DNO Agreement: YES
DNO Review/Response: This trip, trip 8 is the return of trip 7. The Great Lakes Area DNO is currently negotiating with the Western Area DNO to change trips for International mail to ISC, and changing stops. This will either better utilize the trips, or give us enough space to combine trips.
DNO Form 5 SCR Log #: 04-
DNO Estimated Annual Savings:
DNO Actual Annual Savings:
DNO Actual Contract Savings:

48 HCR ID Number: 62390
Trip: 807
Origin and Destination: St Louis BMC to Quincy P&DC
OIG Recommendation: eliminate trip
OIG Annual Budgeted Cost: \$9,293
OIG Estimated Contract Cost: \$18,586
OIG Indemnity Fees: \$3,098
OIG Estimated Cost Savings: \$15,488
Date of DNO Update: 12-Jul-04
DNO Agreement: NO
DNO Review/Response: Trip 807 is running at 94% capacity
DNO Form 5 SCR Log #: 04-
DNO Estimated Annual Savings:
DNO Actual Annual Savings:
DNO Actual Contract Savings:

55 HCR ID Number: 46090
 Trip: 827
 Origin and Destination: Indianapolis P&DC to Cincinnati BMC
 OIG Recommendation: eliminate trip
 OIG Annual Budgeted Cost: \$24,861
 OIG Estimated Contract Cost: \$74,583
 OIG Indemnity Fees: \$8,287
 OIG Estimated Cost Savings: \$66,296
 Date of DNO Update: 08-Jul-04
 DNO Agreement: YES
 DNO Review/Response: eliminated trip
 DNO Form 5 SCR Log #: 04-605
DNO Estimated Annual Savings: \$26,743
DNO Actual Annual Savings: see trip 825
DNO Actual Contract Savings: see trip 825

56 HCR ID Number: 46090
 Trip: 828
 Origin and Destination: Cincinnati BMC to Indianapolis P&DC
 OIG Recommendation: eliminate trip
 OIG Annual Budgeted Cost: \$28,076
 OIG Estimated Contract Cost: \$84,228
 OIG Indemnity Fees: \$9,359
 OIG Estimated Cost Savings: \$74,869
 Date of DNO Update: 08-Jul-04
 DNO Agreement: YES
 DNO Review/Response: eliminated trip
 DNO Form 5 SCR Log #: 04-605
DNO Estimated Annual Savings: \$26,743
DNO Actual Annual Savings: see trip 805
DNO Actual Contract Savings: see trip 805

57 HCR ID Number: 46090
 Trip: 829
 Origin and Destination: Indianapolis P&DC to Cincinnati BMC
 OIG Recommendation: eliminate trip
 OIG Annual Budgeted Cost: \$8,390
 OIG Estimated Contract Cost: \$25,171
 OIG Indemnity Fees: \$2,797
 OIG Estimated Cost Savings: \$22,374
 Date of DNO Update: 08-Jul-04
 DNO Agreement: YES
 DNO Review/Response: eliminated trip
 DNO Form 5 SCR Log #: 04-605
DNO Estimated Annual Savings: \$9,021
DNO Actual Annual Savings: see trip 825
DNO Actual Contract Savings: see trip 825

58 HCR ID Number: 46090
 Trip: 830
 Origin and Destination: Cincinnati BMC to Indianapolis P&DC
 OIG Recommendation: eliminate trip
 OIG Annual Budgeted Cost: \$8,390
 OIG Estimated Contract Cost: \$25,171
 OIG Indemnity Fees: \$2,797
 OIG Estimated Cost Savings: \$22,374
 Date of DNO Update: 08-Jul-04
 DNO Agreement: YES
 DNO Review/Response: eliminated trip
 DNO Form 5 SCR Log #: 04-605
DNO Estimated Annual Savings: \$9,021
DNO Actual Annual Savings: see trip 825
DNO Actual Contract Savings: see trip 825

59 HCR ID Number: 46090
 Trip: 847
 Origin and Destination: Indianapolis P&DC to Cincinnati BMC
 OIG Recommendation: eliminate trip
 OIG Annual Budgeted Cost: \$23,297
 OIG Estimated Contract Cost: \$69,891
 OIG Indemnity Fees: \$7,756
 OIG Estimated Cost Savings: \$62,125
 Date of DNO Update: 08-Jul-04
 DNO Agreement: YES
 DNO Review/Response: eliminated trip
 DNO Form 5 SCR Log #: 04-605
DNO Estimated Annual Savings: \$25,873
DNO Actual Annual Savings: see trip 825
DNO Actual Contract Savings: see trip 825

60 HCR ID Number: 46090
 Trip: 848
 Origin and Destination: Cincinnati BMC to Indianapolis P&DC
 OIG Recommendation: eliminate trip
 OIG Annual Budgeted Cost: \$24,364
 OIG Estimated Contract Cost: \$73,092
 OIG Indemnity Fees: \$8,121
 OIG Estimated Cost Savings: \$64,971
 Date of DNO Update: 08-Jul-04
 DNO Agreement: YES
 DNO Review/Response: eliminated trip
 DNO Form 5 SCR Log #: 04-605
DNO Estimated Annual Savings: \$25,873
DNO Actual Annual Savings: see trip 825
DNO Actual Contract Savings: see trip 825

61 HCR ID Number: 46090
 Trip: 873
 Origin and Destination: Indianapolis P&DC to Cincinnati BMC
 OIG Recommendation: eliminate trip
 OIG Annual Budgeted Cost: \$34,911
 OIG Estimated Contract Cost: \$104,734
 OIG Indemnity Fees: \$11,637
 OIG Estimated Cost Savings: \$93,097
 Date of DNO Update: 08-Jul-04
 DNO Agreement: YES
 DNO Review/Response: eliminated trip
 DNO Form 5 SCR Log #: 04-605
 DNO Estimated Annual Savings: \$31,708
 DNO Actual Annual Savings: see trip 825
 DNO Actual Contract Savings: see trip 825

62 HCR ID Number: 46090
 Trip: 874
 Origin and Destination: Cincinnati BMC to Indianapolis P&DC
 OIG Recommendation: eliminate trip
 OIG Annual Budgeted Cost: \$34,610
 OIG Estimated Contract Cost: \$103,831
 OIG Indemnity Fees: \$11,537
 OIG Estimated Cost Savings: \$92,294
 Date of DNO Update: 08-Jul-24
 DNO Agreement: YES
 DNO Review/Response: eliminated trip
 DNO Form 5 SCR Log #: 04-605
 DNO Estimated Annual Savings: \$31,708
 DNO Actual Annual Savings: see trip 825
 DNO Actual Contract Savings: see trip 825

63 HCR ID Number: 46090
 Trip: 875
 Origin and Destination: Indianapolis P&DC to Cincinnati BMC
 OIG Recommendation: eliminate trip
 OIG Annual Budgeted Cost: \$29,269
 OIG Estimated Contract Cost: \$87,807
 OIG Indemnity Fees: \$9,756
 OIG Estimated Cost Savings: \$78,051
 Date of DNO Update: 08-Jul-04
 DNO Agreement: YES
 DNO Review/Response: eliminated trip
 DNO Form 5 SCR Log #: 04-605
 DNO Estimated Annual Savings: \$26,743
 DNO Actual Annual Savings: see trip 825
 DNO Actual Contract Savings: see trip 825

64 HCR ID Number: 46090
Trip: 876
Origin and Destination: Cincinnati BMC to Indianapolis P&DC
OIG Recommendation: eliminate trip
OIG Annual Budgeted Cost: \$33,054
OIG Estimated Contract Cost: \$99,162
OIG Indemnity Fees: \$11,018
OIG Estimated Cost Savings: \$88,144
Date of DNO Update: 08-Jul-04
DNO Agreement: YES
DNO Review/Response: eliminated trip
DNO Form 5 SCR Log #: 04-605
DNO Estimated Annual Savings: \$26,743
DNO Actual Annual Savings: see trip 825
DNO Actual Contract Savings: see trip 825

65 HCR ID Number: 46090
Trip: 877
Origin and Destination: Indianapolis P&DC to Cincinnati BMC
OIG Recommendation: eliminate trip
OIG Annual Budgeted Cost: \$9,964
OIG Estimated Contract Cost: \$29,891
OIG Indemnity Fees: \$3,321
OIG Estimated Cost Savings: \$26,570
Date of DNO Update: 08-Jul-04
DNO Agreement: YES
DNO Review/Response: eliminated trip
DNO Form 5 SCR Log #: 04-605
DNO Estimated Annual Savings: \$9,021
DNO Actual Annual Savings: see trip 825
DNO Actual Contract Savings: see trip 825

66 HCR ID Number: 46090
Trip: 878
Origin and Destination: Cincinnati BMC to Indianapolis P&DC
OIG Recommendation: eliminate trip
OIG Annual Budgeted Cost: \$9,964
OIG Estimated Contract Cost: \$29,891
OIG Indemnity Fees: \$3,321
OIG Estimated Cost Savings: \$26,570
Date of DNO Update: 22-Jun-04
DNO Agreement: YES
DNO Review/Response: 7/8/2004
DNO Form 5 SCR Log #: 04-605
DNO Estimated Annual Savings: \$9,021
DNO Actual Annual Savings: see trip 825
DNO Actual Contract Savings: see trip 825

67 HCR ID Number: 46090
 Trip: 895
 Origin and Destination: Indianapolis P&DC to Cincinnati BMC
 OIG Recommendation: eliminate trip
 OIG Annual Budgeted Cost: \$27,678
 OIG Estimated Contract Cost: \$83,033
 OIG Indemnity Fees: \$9,226
 OIG Estimated Cost Savings: \$73,807

 Date of DNO Update: 08-Jul-04
 DNO Agreement: YES
 DNO Review/Response: eliminated trip
 DNO Form 5 SCR Log #: 04-605
DNO Estimated Annual Savings: \$25,873
DNO Actual Annual Savings: see trip 825
DNO Actual Contract Savings: see trip 825

68 HCR ID Number: 46090
 Trip: 896
 Origin and Destination: Cincinnati BMC to Indianapolis P&DC
 OIG Recommendation: eliminate trip
 OIG Annual Budgeted Cost: \$28,945
 OIG Estimated Contract Cost: \$86,836
 OIG Indemnity Fees: \$9,648
 OIG Estimated Cost Savings: \$77,188

 Date of DNO Update: 08-Jul-04
 DNO Agreement: YES
 DNO Review/Response: eliminated trip
 DNO Form 5 SCR Log #: 04-605
DNO Estimated Annual Savings: \$25,873
DNO Actual Annual Savings: see trip 825
DNO Actual Contract Savings: see trip 825

69 HCR ID Number: 46090
 Trip: 809
 Origin and Destination: Indianapolis P&DC to Cincinnati BMC
 OIG Recommendation: eliminate trip
 OIG Annual Budgeted Cost: \$178
 OIG Estimated Contract Cost: \$534
 OIG Indemnity Fees: \$59
 OIG Estimated Cost Savings: \$474

 Date of DNO Update: 08-Jul-04
 DNO Agreement: YES
 DNO Review/Response: DNO agrees with the OIG recommendation to change the frequency of this trip. A Service
Change has been submitted to delete stop at Lane Byrant & reduced mileage.

 DNO Form 5 SCR Log #: 04-605
DNO Estimated Annual Savings: \$1,473
DNO Actual Annual Savings: see trip 825
DNO Actual Contract Savings: see trip 825

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HCR ID Number: 46090
Trip: 857
Origin and Destination: Indianapolis P&DC to Cincinnati BMC
OIG Recommendation: eliminate trip
OIG Annual Budgeted Cost: \$211
OIG Estimated Contract Cost: \$634
OIG Indemnity Fees: \$70
OIG Estimated Cost Savings: \$563
Date of DNO Update: 08-Jul-04
DNO Agreement: YES
DNO Review/Response: DNO agrees with the OIG recommendation to change the frequency of this trip. A Service Change has been submitted to delete stop at Lane Byrant & reduced mileage.
DNO Form 5 SCR Log #: 04-605
DNO Estimated Annual Savings: \$1,473
DNO Actual Annual Savings: see trip 825
DNO Actual Contract Savings: see trip 825
