



September 25, 2008

JERRY D. LANE
VICE PRESIDENT, CAPITAL METRO AREA OPERATIONS

SUBJECT: Audit Report – Postal Vehicle Service Transportation Routes – Northern Virginia Processing and Distribution Center
(Report Number NL-AR-08-006)

This report presents the results of our audit of the Northern Virginia Processing and Distribution Center's (P&DC) Postal Vehicle Service (PVS) transportation routes (Project Number 08XG020NL000). Our objective was to determine whether the facility's PVS vehicle operations were effective and economical. The report is the fifth in a series of reports responding to a request from the Postal Service's Vice President, Network Operations, for audit work in this area. Click [here](#) to go to Appendix A for additional information about this audit.

Conclusion

Northern Virginia P&DC officials could more effectively manage PVS transportation processes and schedules. Once this occurs, we estimate officials could save more than \$8 million over 10 years. We also identified other matters regarding mail and equipment not consistently being restrained during transportation, and the need to develop plans to effectively replace aging PVS vehicles.

Excess Workhours and Associated Cost Reductions

Northern Virginia P&DC officials were not effectively managing PVS processes and conducting schedule reviews. As a result, schedules were inefficient and included unassigned driver time, duplicate trips, and unfilled trips that could be consolidated. We concluded that officials can remove 20,017 excess workhours from existing PVS schedules and reduce related fuel costs and damage claims, thereby saving about \$8 million. Click [here](#) to go to Appendix B for our detailed analysis of this topic.

We recommend the Vice President, Capital Metro Area Operations:

1. Ensure that managers follow prescribed fleet management procedures for making Postal Vehicle Service schedules effective, including the use of vehicle utilization reviews.

2. Verify elimination of the 18,006 workhours already agreed to by local and area management from Postal Vehicle Service trip schedules.
3. Reassess the 2,011 workhours and eliminate the workhours as indicated by the reassessment, or document the reasons for retaining the workhours.

Management's Comments

Management agreed with our findings and recommendations. Management stated they are planning to review all of the Capital Metro Area's PVS operations by June 2009 and plan to formally review each plant's operations in alternating years. Further, management plans to provide field employees with training in PVS scheduling. Management concurred with 18,006 of the workhour savings we identified and stated that by December 2008, a Capital Metro Area team will coordinate actions to begin capturing that savings. Management did not concur with the potential savings of 2,011 workhours we identified, and will reevaluate that additional savings. Management's comments, in their entirety, are included in [Appendix C](#).

Evaluation of Management's Comments

The U.S. Postal Service Office of Inspector General (OIG) considers management's comments responsive to recommendations 1, 2, and 3, and the corrective actions should resolve the issues identified in the report. Management did not specifically address the monetary impact amount in their response, but informed us of their plans to coordinate the capture of savings of 18,006 workhours by December 1, 2008, and to reevaluate the additional 2,011 workhours of potential savings.

Other Matters – Restraint of Mail and Equipment

We observed mail and equipment being transported on Northern Virginia P&DC PVS transportation that was not being consistently restrained according to established safety policies.¹ Improperly restrained mail and equipment can lead to accidents, property damage, undue liability, and unwarranted costs for the Postal Service. Click [here](#) to go to Appendix B for our detailed analysis of this topic.

We recommend the Vice President, Capital Metro Area Operations:

4. Ensure that Northern Virginia Processing and Distribution Center management issue a memorandum to drivers enforcing load restraint policies for Postal Vehicle Service trips and provide oversight of load restraint processes.

¹ Logistics Order, LO200407, dated April 16, 2004, prescribes policies for safe loading and proper restraint during transportation of mail to facilities. In particular, it notes that "All vehicles transporting containers and pallets must have the load secured with two restraining devices approximately every ten (10) feet."

Management's Comments

Management agreed with our finding and recommendation. Management provided a copy of a September 2008 memorandum that Northern Virginia P&DC management issued to drivers emphasizing load restraint policies. Management also reissued a copy of its logistics order regarding load restraint procedures and expectations to the plant manager.

Evaluation of Management's Comments

The OIG considers management's comments responsive to the recommendation, and the corrective actions should resolve the issue identified in the report.

Other Matters – Aging PVS Tractor Fleet

During our audit, we determined that about 28 percent of the Northern Virginia P&DC's PVS mail hauling tractor fleet was nearing the end of its expected service life. Because vehicles required considerable maintenance investment to remain in service, replacing them with newer equipment, including surplus vehicles, may be more cost-effective. Click [here](#) to go to Appendix B for our detailed analysis of this topic.

We recommend the Vice President, Capital Metro Area Operations:

5. Analyze the use of the Northern Virginia Processing and Distribution Center's Postal Vehicle Service fleet tractors that are nearing the end of their expected service lives, and develop an economical requirement-based plan for their replacement, including possible replacement with surplus vehicles from other facilities.

Management's Comments

Management agreed with our finding and recommendation. Management stated that they have forwarded the recommendation to Postal Service Headquarters Surface Operations for follow-up.


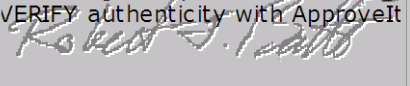
Evaluation of Management's Comments

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

The OIG considers all the recommendations 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 they can be closed.

We will report \$8,009,363 of monetary impact of funds put to better use in our *Semiannual Report to Congress*.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Jody Troxclair, Director, Transportation, or me at (703) 248-2100.

E-Signed by Robert Batta 
VERIFY authenticity with ApproveIt


Robert J. Batta
Deputy Assistant Inspector General
for Mission Operations

Attachments

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APPENDIX A: ADDITIONAL INFORMATION

BACKGROUND

U.S. Postal Service transportation includes both nationwide network transportation between cities and major facilities and delivery transportation between local post offices and neighborhood delivery and pickup points. Network transportation using Postal Service vehicles and employees is called PVS. Management typically assigns PVS vehicles and personnel to Postal Service network facilities such as bulk mail centers or P&DCs in or near metropolitan areas. Operations are normally conducted within 50 miles of a base facility at 162 Postal Service facilities. PVS drivers log in a total of about 150 million miles every year. Because PVS operations are local, they are managed at the facility level under guidance from district, area, and headquarters transportation officials.

PVS is capital- and personnel-intensive. PVS capital assets include 2,289 cargo vans, 2,338 tractors, and 4,456 trailers. Employees service and repair these vehicles at 321 Postal Service vehicle maintenance facilities (VMF) or VMF² auxiliaries, and local commercial garages nationwide. PVS currently involves about 10,000 employees, including 8,482 uniformed drivers, 621 administrative support personnel, and 963 managers. The American Postal Workers Union represents PVS drivers and support personnel.



Northern Virginia P&DC PVS cargo van at a commercial mailer facility, June 11, 2008.

PVS operations typically include:

- Transportation to and from major facilities or local post offices.

² A VMF Auxiliary is an extension of a VMF.

- Transportation to and from major commercial business mailers.
- Yard operations, defined as the movement of trailers and equipment in or around a facility yard.

OBJECTIVES, SCOPE, AND METHODOLOGY

The Vice President, Network Operations, requested that we audit PVS operations nationwide. Because individual facilities control PVS operations, we localized our audit approach. This report focuses on PVS operations at the Northern Virginia P&DC in the Postal Service Capital Metro Area. The objectives of our audit were to determine whether PVS operations were effective and economical.

Using Postal Service computer-generated data and other records, we analyzed 114 Northern Virginia P&DC driver schedules, identified 182,984 workhours associated with those schedules, and evaluated individual trips and trip load volume. We conducted the analysis to determine whether management could reduce workhours and labor costs. We analyzed driver assignments and determined whether drivers made duplicate or unproductive trips.

During our work, we visited the Northern Virginia P&DC, other regional facilities, and local post offices. We reviewed relevant Postal Service policies and procedures, interviewed managers and employees, and observed and photographed operations.



**PVS tractor-trailers and cargo vans at the Northern Virginia P&DC docks,
March 12, 2008.**

We evaluated the type of mail carried, considered on-time service standards, and visited major commercial business mailers. We examined the cost of PVS operations,

including the cost of PVS personnel, fuel, and damage claims. We identified unscheduled time and trip duplications and analyzed potential trip consolidations.

We conducted this performance audit from January through September 2008 in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. We discussed our observations and conclusions with management officials on August 12, 2008, and included their comments where appropriate.

We did not audit or comprehensively validate the computer-generated data used in our analyses; however, we noted several data and other weaknesses that limited our work. For example, some computer records had missing data and inaccurate load volumes. Although these limitations constrained our work, we were able to compensate by applying alternate audit procedures, including observation, physical inspection, and discussion with appropriate officials. We also applied conservative principles to our workhour and cost reduction estimates.

PRIOR AUDIT COVERAGE

At the request of the Vice President, Network Operations, the OIG has previously worked with the Postal Service to reduce PVS costs. As indicated by the chart below, since March 2007, we have issued four audit reports that identified labor and other potential savings exceeding \$26.3 million. Management agreed with all of our recommendations.

Report Title	Report Number	Final Report Date	Monetary Impact (millions)
<i>Postal Vehicle Service Transportation Routes – Memphis Processing and Distribution Center</i>	NL-AR-07-003	March 30, 2007	\$7.3
<i>Postal Vehicle Service Transportation Routes – Los Angeles Bulk Mail Center</i>	NL-AR-07-006	September 21, 2007	4.9
<i>Postal Vehicle Service Transportation Routes – Milwaukee Processing and Distribution Center</i>	NL-AR-07-007	September 27, 2007	4.0
<i>Postal Vehicle Service Transportation Routes – San Francisco Processing and Distribution Center</i>	NL-AR-08-003	March 26, 2008	10.1
Total			\$26.3

APPENDIX B: DETAILED ANALYSIS

Excess Workhours and Associated Cost Reductions

The Northern Virginia P&DC could more effectively manage PVS transportation processes and schedules to ensure efficiency. We found PVS schedules contained:

- Unassigned time when drivers were not needed for a specific trip or related activity.
- Duplicate trips.
- Unproductive trips when loads were not full and could have been consolidated.

This resulted because managers were not routinely conducting PVS schedule reviews as required. Given the dynamic and ever-changing transportation environment, to maintain the effectiveness and efficiency of PVS operations, the Postal Service requires management to perform vehicle utilization reviews at least annually.³ According to Northern Virginia P&DC management, this type of review had not been performed. However, officials made us aware of a zero-base efficiency review that was performed in 2007.⁴ Although the zero-base review was performed, inefficiencies still existed in schedules.

We concluded the Northern Virginia P&DC could reduce workhours by 20,017 and save about \$8.0 million over 10 years without negatively affecting service. More than 89 percent of the potential savings would be achieved through personnel workhour reductions; however, the Postal Service would also realize fuel cost and damage claim savings, as depicted in Table 1 below.

³ Handbook PO-701, *Fleet Management*, March 1991, Section 23, requires PVS operations to perform vehicle utilization reviews at least annually to maintain effectiveness and efficiency.

⁴ In May 2007, at the request of plant management, a team of area and headquarters transportation specialists reviewed the Northern Virginia P&DC's PVS operations. The intent of this review was to baseline transportation needs; officials referred to this review as "zero-base."

Table 1
Potential Savings – Personnel, Fuel, and Damage Claims

<i>Cost Category</i>	<i>Fiscal Year (FY) 2009 Total⁵ (Phased in)</i>	<i>FY 2010 (Annual) Total</i>	<i>10-Year Total (FYs 2009 to 2018)</i>	<i>Percentage</i>
Personnel	\$407,920	\$804,942	\$7,143,524	89.2
Fuel	57,584	56,310	521,784	6.5
Damage Claims	37,970	37,130	344,055	4.3
Total	\$503,474	\$898,382	\$8,009,363	100.0

Throughout our audit, we coordinated with local transportation managers, independently evaluated planned schedule changes from the zero-base review, and proposed schedule realignments. Management reviewed our proposals in conjunction with their own assessment of operational requirements.

As a result of this collaboration, local and area officials agreed to remove a total of 18,006 excess workhours from their PVS schedules; 13,350 of these workhours were related to our independent evaluation of planned schedule changes. Although management agreed to only 18,006 of the 20,017 workhours we recommended, we believe the remaining 2,011 workhours could produce savings without jeopardizing on-time performance.

Other Matters – Restraint of Mail and Equipment

During our observations of PVS vehicles being loaded and unloaded at the P&DC, we consistently observed rolling stock of mail and equipment being secured with single, instead of required double, restraints at the ends of their loads. Improperly restrained postal mail and equipment (as shown in the poster⁶ below) can lead to accidents, damage to property, undue liability, and unwarranted costs for the Postal Service.

⁵ The FY 2009 figure is conservative to allow for phase-in of workhour reductions during the year.

⁶ U.S. Postal Service, Poster 173, PSN: 7690-07-00-4341, November 2004.



Other Matters – Aging PVS Tractor Fleet

We concluded that about 28 percent of the Northern Virginia P&DC's PVS mail hauling vehicle fleet were nearing the end of their expected service life as of March 2008. We found that 13 of the single- and double-axle tractors used for PVS transportation had average ages of 8 years and average odometer readings of more than 310,000 miles. (See Table 2 below for further details.) According to plant management, these tractors are vital to the success of their PVS operations but are beginning to require considerable maintenance investments to remain in service.⁷ It may be more cost effective to replace the vehicles with newer equipment, including surplus vehicles.

Table 2
PVS Tractor Details

<i>Make/Model</i>	<i>Total Reviewed</i>	<i>Average Age</i>	<i>Average Odometer Reading (March 2008)</i>	<i>Tractor Description/Year</i>
3105	10	8	310,238	Single Axle Mack 99
3204	3	8	357,544	Tandem Axle Mack 99

⁷ In April 2008, we learned that transmissions in several of these tractors were being replaced, at considerable cost to the Postal Service.

We also discussed this issue with the Postal Service Manager of Vehicle Operations, Operations Support and learned that VMFs must keep these vehicles in safe working order while economic decisions are made regarding replacements. During the Postal Service's last major tractor procurement in 2004, these tractors did not qualify for replacement, based in part on expected service lives, but they now qualify.

APPENDIX C: MANAGEMENT'S COMMENTS

VICE PRESIDENT
CAPITAL METRO AREA OPERATIONS



September 12, 2008

Lucine Willis
Director, Audit Operations
1735 North Lynn St.
Arlington VA 22209-2020

SUBJECT: Transmittal of Draft Audit Report – Postal Vehicle Service Transportation
Routes – Northern Virginia (Report Number NL-AR-08-DRAFT)

The Capital Metro Area has reviewed the subject Draft Audit Report, and concurs with the general findings of the OIG audit team.

With respect to recommendation number 1, we are presently working through a schedule of PVS audits for all Capital Metro Area PVS operations. It is our intention to complete these reviews by June of 2009, and maintain a regular schedule by which each plant's PVS operation is formally reviewed in alternating years. In addition, we are presently setting up a two-day training session for field employees on PVS scheduling effectiveness. This training is tentatively scheduled for October 2008.

In terms of recommendations numbered 2 and 3, we have members of our Area Transportation and Human Resources staff currently working with the Merrifield management team to eliminate the routes identified as excess to the needs of the operation. This team will also review the additional questioned opportunities with potential of 2,011 workhour savings, and coordinate the personnel actions required to recoup the 18,006 workhour savings identified in the recommendation. It is anticipated that this will be accomplished by December 1, 2008.

The concerns identified in recommendation number 4 have been addressed. The Merrifield Plant Manager has issued the attached memorandum as well as reissued a copy of Logistics Order LO200407 regarding load restraint procedures and expectations.

Recommendation number 5 regarding the aging tractor fleet has been forwarded to HQ Surface Operations for follow-up. We will also consider repositioning transportation equipment, as it is identified in our aforementioned reviews.

If you have any questions or require further information, contact Robert Borris, Manager Distribution Networks Operations at 301-618-4401


Jerry D. Lane

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SENIOR PLANT MANAGER
PROCESSING AND DISTRIBUTION CENTER



September 10, 2008

SUBJECT: REISSUE OF LOGISTICS ORDER, LO200407, STANDARD OPERATING
PROCEDURES FOR PROPERLY RESTRAINING MAIL CONTAINERS

To: Motor Vehicle and Tractor Trailer Drivers

The leading cause contributing to mail containers breaking loose and falling from postal owned and contracted vehicles is improper load restraining. In addition to being a major public safety issue, these preventable incidents cause property damage, undue liability and unwarranted costs for the Postal Service.

The ramifications of failing to properly restrain the load in a trailer or cargo van can be monumental including the potential property damage to the trailer or cargo van, or the load rolling out through the rear door causing property damage or injury to one of our customers. These scenarios can be avoided by following the SOP and adhering to the procedures outlined in that SOP.

The use of the attached SOP will make it possible for you to do your job knowing that you have made the necessary restraints on your load, your load is secure and you can give full attention to your driving and delivering your cargo to your destination in the safest manner possible.



Edward J. McAteer
Senior Plant Manager

8409 LEE HIGHWAY
MERRIFIELD, VA 22081-9998



**STANDARD OPERATING PROCEDURES
FOR PROPERLY RESTRAINING MAIL
CONTAINERS**

Issued by: NOM, Surface Operations
Date: April 16, 2004

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STANDARD OPERATING PROCEDURES FOR PROPERLY RESTRAINING MAIL CONTAINERS

PURPOSE

To ensure the safe transportation of mail containers on Postal owned and contracted vehicles by using approved restraining devices.

BACKGROUND

The leading cause contributing to mail containers breaking loose and falling from postal owned and contracted vehicles is improper load restraining. In addition to being a major public safety issue, these preventable incidents cause property damage, undue liability and unwarranted costs for the Postal Service.

GENERAL REQUIREMENTS

Appropriate and sufficient restraining devices are required for all postal owned and contracted vehicles. Solicitation and replacement vehicles are required to have two (2) "E" track rails to be placed on each side of the vehicle walls. One set of rails is to be mounted 26 inches from the bottom of the rail to the floor, and a second set to be mounted 60 inches from the bottom of the rail to the floor.

Postal vehicle supervisors, dock supervisors, group leaders, vehicle operators, and mailhandlers must strive for safe, efficient handling and loading of containers and vehicles. The vehicle operator has primary and ultimate responsibility ensuring that the vehicle is properly and safely loaded, the contents are securely restrained and the vehicle doors are properly secured prior to departing.

INSTALLATION AND PROPER USE OF RESTRAINING STRAPS OR BARS

All vehicles transporting containers and pallets must have the load secured with two (2) restraining devices approximately every ten (10) feet. When using restraining straps, the strap must be placed 12 inches behind both outside corners of the containers to ensure that the load is secure and the "E" track is not pulled away from the side of the truck or trailer. Over tightening the straps to the point that the container tubing is distorted may result in damage to the container and potentially create a safety hazard. For BMC/OTR transport, in addition to setting the tow pin in the trailer, the hand brake must also be applied to further stabilize the load and provide additional restraint from movement. The hand brake and tow pin do not negate the need for load restraints – two restraints approximately every ten feet are still required.

Straps

Each end of the restraining strap should be connected into the "E" track at least one foot back of the edge of the container being restrained. The sleeve (a synthetic piece of material that slides back and forth on the webbing) should be positioned on the outside corner of the container near the buckle before tightening down the ratchet assembly. Properly position two restraining straps (one for each set of "E" tracks) approximately every 10 feet to prevent fore, aft and sideways movement of the load.

Bars

Shoring bars may be used in lieu of restraining straps. To install shoring bars, connect each end of the shoring bar into the "E" track. The shoring bar should be installed perpendicular to the "E" track and fit squarely across the containers. Properly position

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two shoring bars (one for each set of "E" tracks) approximately every 10 feet to prevent fore, aft and sideways movement of the load.

When not in use, straps should be either secured to the sidewalls or temporarily stored in a safe area outside the vehicle (i.e. during loading). Restraining devices must remain with the vehicle at all times. Lost or broken devices must be replaced by the sending facility prior to the trailer being dispatched.

SUPERVISOR RESPONSIBILITIES

- Ensure that all employees are performing assigned duties in a safe manner and follow safe operating instructions and procedures for all devices used in the performance of assigned duties and responsibilities.
- Ensure that all personnel responsible for loading and unloading postal owned and contracted vehicles are trained in performing vehicle trailer inspections and have demonstrated knowledge in the proper use and installation of restraining devices. Training must be documented, using Form 2548.
- Provide and document periodic refresher training and safety talks for all personnel whose duties include loading, unloading, and securing containers.
- Verify and ensure that postal owned and contracted vehicles to be loaded contain the proper configurations and restraining equipment for securing the container loads to be transported. For contract vehicles not meeting the specifications required in the contract, complete a Form 5500 to document the irregularity. Ensure that the vehicle is re-inspected to verify contract compliance. Follow established procedures for reporting irregularities for Postal owned vehicles
- Ensure that vehicles are safely loaded and containers are properly secured with authorized restraining devices.
- Ensure the sanctity and security of the mail and, above all else, use best judgment where employee safety, protection of postal products and transport equipment from damage are concerned.

EMPLOYEE RESPONSIBILITIES

- Perform assigned duties in a safe manner, following safe operating instructions and procedures for all devices used in the performance of assigned duties and responsibilities.
- Prior to initiating loading, perform and complete trailer inspections to ensure trailer safety compliance. Notify the appropriate supervisor for necessary actions and follow up for contracted vehicles not meeting the specifications in the contract and/or as required for the equipment to be transported.
- Immediately report to the appropriate supervisor all vehicle safety violations encountered. When inspecting trailers, report all violations that prevent the proper loading and restraint of containers for safe transport including, but not limited to, damaged "E" tracks, missing or one row of "E" tracks, or damaged shoring bars.

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- Follow and perform all safety instructions and procedures for loading vehicles and securing containers for safe transport on all postal owned and contracted vehicles. Safely load and secure two (2) load restraints approximately every ten (10) feet.
- During the unloading of the trailer, straps should be either secured to the sidewalls or, as with shoring bars, temporarily stored in a safe location outside the vehicle.
- Ensure that all vehicle loads have the required number of straps and/or shoring bars appropriately positioned before dispatch. For example, a trailer 53 feet in length must maintain 12 load restraints at all times. Unused restraints should be placed inside of a mail container, preferably in an empty flat tub, or given to the driver. Restraining devices must remain with the vehicle at all times.
- Above all else, use best judgment where personal, public safety, the security of the mail and protection of property are involved.

April 16, 2004

**LOGISTICS ORDER, LO200407
STANDARD OPERATING PROCEDURES FOR PROPERLY RESTRAINING
MAIL CONTAINERS**

This Logistics Order, LO200407, issues a Standard Operating Procedure (SOP) for the safe transport of mail containers in motor vehicles, US Postal owned and contracted. The instructions contained in this SOP are to ensure the safe loading and proper restraint during transport of mail containers between facilities.

This order officially issues the following document for immediate implementation: "*STANDARD OPERATING PROCEDURES FOR PROPERLY RESTRAINING MAIL CONTAINERS*" which will be available through the USPS Intranet immediately following the issue date. On-line access to this and all logistics orders is via the Network Operations Management WEB site at the following URL:

<http://blue.usps.gov/nom/logistics/trfield/ndistinfo.htm>.

Logistics Order, LO200407 is issued at the request of Manager, Logistics. Please direct any questions regarding this Standard Operating Procedure to Darrin B. Bishop at (202) 268-4497.

/Signed/
Paul Vogel

cc: Mr. Rapp
Mr. O'Tormey
Mr. Lister
NOM Managers
DN Managers (Area)