



September 15, 2008

DENISE D. PORTER
PLANT MANAGER, RALEIGH PROCESSING AND DISTRIBUTION CENTER

SUBJECT: Audit Report – Powered Industrial Vehicle Management System at the
Raleigh Processing and Distribution Center
(Report Number NO-AR-08-007)

This report presents the results of our review of the Powered Industrial Vehicle Management System (PIVMS)¹ at the Raleigh, North Carolina, Processing and Distribution Center (P&DC), located in the Capital Metro Area (Project Number 08XG022NO000). Our objectives were to determine whether the PIVMS was functioning as intended and producing efficiency improvements. Click [here](#) to go to Appendix A for additional information about this audit.

Conclusion

The Raleigh P&DC did not always use the PIVMS as intended and consequently did not fully realize efficiency improvements. If the Raleigh P&DC used the PIVMS as intended, we estimated that management could save 9,000 workhours by the end of fiscal year (FY) 2010, with an economic impact of \$3.3 million in savings over 10 years. In addition, the Raleigh P&DC should consider reducing its inventory of powered equipment.

Use of the PIVMS at the Raleigh P&DC

The Raleigh P&DC used the PIVMS to complete Occupational Safety and Health Administration (OSHA) worksheets and to identify the employee logged in as the user of a vehicle when an accident occurred. However, they did not always use the PIVMS to:

- Manage equipment operator workhours or overtime.
- Schedule preventive maintenance or ensure that maintenance was completed.
- Monitor vehicle battery usage.

¹ The PIVMS is a wireless system that provides automated measurement, control, and compliance reporting of operations within a plant, resulting in optimal powered industrial vehicle (PIV) safety conditions, operations, supervision, and associated savings.

- Identify opportunities to reduce vehicle inventory. Instead, the number of powered vehicles at the Raleigh P&DC increased.

In addition, some safety and security features of the PIVMS were occasionally bypassed. Click [here](#) to go to Appendix B for our detailed analysis of this topic.

Volume and Workhour Trends

After the Raleigh P&DC implemented the PIVMS in March 2006, management did not improve efficiency. Instead, tow and forklift workhours increased by almost 1 percent after implementation. In addition, overtime in these operations increased more than 33 percent from FY 2005 to FY 2007. Click [here](#) to go to Appendix C for our detailed analysis of this topic.

In contrast, the 20 P&DCs that had the PIVMS installed for at least 1 year reduced tow and forklift workhours by more than 7 percent and used a lower percentage of these workhours to total mail processing workhours than the Raleigh P&DC. Click [here](#) to go to Appendix D for our detailed analysis of this topic.

Causes

Several factors contributed to the Raleigh P&DC's limited use of the PIVMS.

- Management was not aware of any goals or requirements for PIVMS.
- The training provided did not explain how to capture savings in a postal environment.
- Management had no confidence in the accuracy of the system reports or design features.

Criteria

The *Report of the President's Commission on the United States Postal Service* report, dated July 31, 2003, states that the mission of the Postal Service is

. . . to provide high-quality, essential postal services to all persons and communities by the most cost-effective and efficient means possible at affordable and, where appropriate, uniform rates.

Title 39, United States Code, Part 1, Chapter 4, § 403, states:

The Postal Service shall plan, develop, promote, and provide adequate and efficient postal services at fair and reasonable rates and fees.

The Postal Accountability and Enhancement Act of 2006 emphasizes

. . . the need for the Postal Service to increase its efficiency and reduce its costs, including infrastructure costs, to help maintain high quality, affordable postal services. . . .

Effect

By not using the PIVMS as intended, the Postal Service used more workhours and equipment than necessary in its tow and forklift operations. Click [here](#) to go to Appendix E for our calculations of funds put to better use.

Other Issues

During our review, we found that some PIVMS design features were not always functioning or accurate. For example, the text-messaging feature did not work, speed monitor reports were not always accurate, and users found problems with impact sensors.² We also noted that specific PIVMS goals and targets had not been established and that additional training may be required. We will address these issues in our capping report. Click [here](#) to go to Appendix F for more details.

Management Actions

Management was aware of the need to achieve an acceptable return on investment from the PIVMS and supported this goal. After our exit conference on June 11, 2008, management asked the Postal Service Headquarters PIVMS team to provide assistance in resolving the remaining PIVMS features that were not functioning as intended and to arrange additional training for the PIVMS users. Once the PIVMS problems are resolved, Raleigh P&DC management will be committed to ensuring the necessary savings and efficiency improvements. In fact, the Postal Service Headquarters PIVMS Project Manager provided assistance to the Raleigh P&DC prior to the completion of this audit. These actions will enhance the confidence of Raleigh P&DC management in the accuracy of the PIVMS reports and design features.

² Speed monitor reports show the speed of the forklift. Impact sensors shut down the vehicle that is involved in a collision.

Recommendations

To ensure the Powered Industrial Vehicle Management System at the Raleigh Processing and Distribution Center is functioning as intended and producing efficiency improvements, we recommend the Plant Manager, Raleigh Processing and Distribution Center:

1. Use the Powered Industrial Vehicle Management System to the fullest extent possible to manage operations and continue to improve mail processing efficiency by reducing 9,000 workhours in tow and forklift operations by fiscal year 2010.
2. Consider reducing the inventory of powered industrial vehicles at the Raleigh Processing and Distribution Center.

Management's Comments

Management agreed with the recommendations and monetary impact. Management's comments, in their entirety, are included in Appendix G.

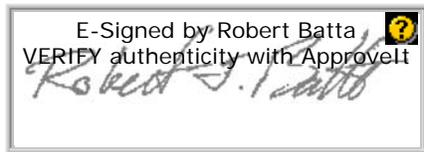
Evaluation of Management's Comments

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

The OIG considers recommendation 1 significant, and therefore requires OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. This recommendation should not be closed in the follow-up tracking system until the OIG provides written confirmation that the recommendation can be closed.

We will report \$3,345,456 in 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 James L. Ballard, Director, Network Processing, or me at (703) 248-2100.



Robert J. Batta
Deputy Assistant Inspector General
for Mission Operations

Attachments

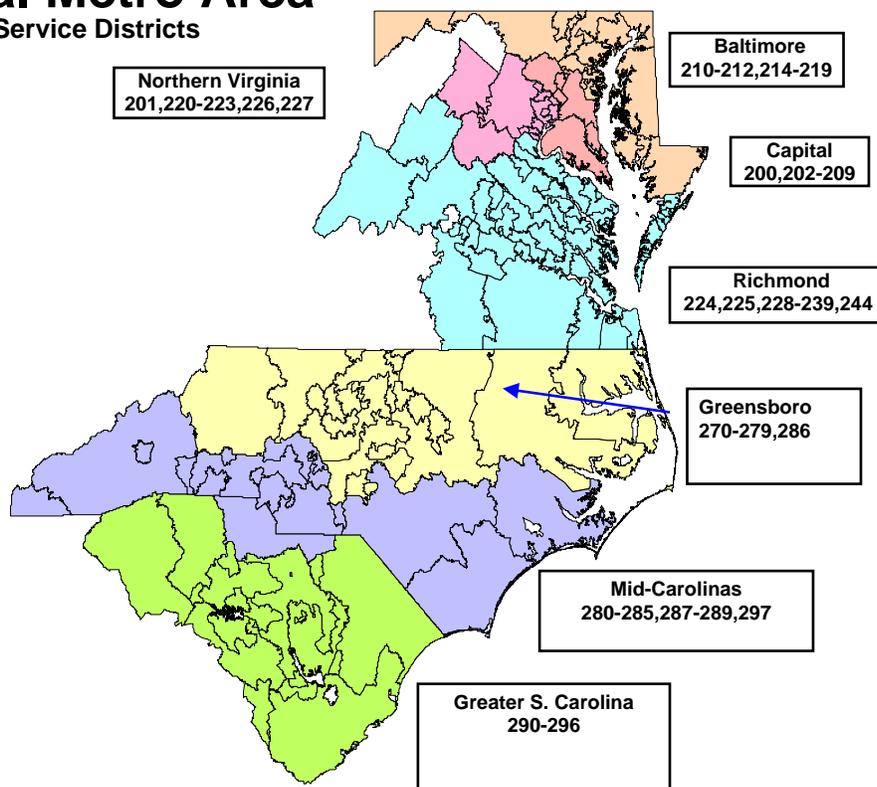
cc: Patrick R. Donahoe
William P. Galligan
Anthony M. Pajunas
David E. Williams, Jr.
Russell Gardner, Jr.
Katherine S. Banks

APPENDIX A: ADDITIONAL INFORMATION

BACKGROUND

The Raleigh P&DC is located in the Greensboro District in the Capital Metro Area. The map below shows the Capital Metro Area districts by three-digit ZIP Code.

Capital Metro Area Customer Service Districts



The Raleigh P&DC processed over 1.06 billion first handling pieces (FHP) of mail and used 1.3 million workhours in FY 2007. The Postal Service owns the Raleigh P&DC building and has occupied the facility since December 1993. The building contains 385,705 square feet of interior space, on a site with 1,532,686 square feet. Before May 2007, the district also included the Raleigh Air Mail Center (AMC), which processed 2.8 million FHP and used 54,000 workhours in FY 2006. Management closed the AMC in May 2007 and transferred its mail processing volume to the Raleigh P&DC.

The Raleigh P&DC implemented the PIVMS on March 3, 2006, at a projected cost of \$218,150. The purchase was justified based on providing a safer working environment, reducing employee operator costs, and not increasing the vehicle inventory. This implementation was part of a national contract awarded by the Postal Service to I.D. Systems, Inc. (I.D. Systems) of Hackensack, New Jersey in January 2005 to produce and deploy the PIVMS. The Postal Service started the program as a pilot by signing a

\$3.6 million contract with I.D. Systems to implement a wireless asset management system at 10 bulk mailing and distribution facilities nationwide. As of April 2008, the Postal Service had placed orders for the deployment in 80 facilities. The total amount funded for the PIVMS as of May 2008 was more than \$31 million.

The Postal Service intended the PIVMS to provide automated measurement, control, and compliance reporting of PIV operations within a plant, resulting in optimal PIV safety conditions, operations, supervision, and associated savings. Major system design features were:

- Two-way text messaging.
- Assurance of OSHA safety compliance by allowing only operators with current certifications to log on and operate specified equipment.
- Increased safety and accountability resulting from the use of speed and impact monitors.
- Measurement of the amount of time that an operator is logged into a vehicle and the amount of time the vehicle is in motion.
- Location and tracking of vehicles within a plant.

OBJECTIVES, SCOPE, AND METHODOLOGY

Our objectives were to determine whether the PIVMS was functioning as intended and producing efficiency improvements. To accomplish these objectives, we observed mail processing operations and analyzed volume and workhour trends at the Raleigh P&DC. The Raleigh P&DC implemented the PIVMS before the end of FY 2006, so we benchmarked the Raleigh P&DC with the 20 sites that had implemented the PIVMS after FY 2006. We also evaluated the utilization and capacity, staffing levels, and inventory of powered equipment at the Raleigh P&DC.

To conduct this audit, we relied on computer-processed data maintained by Postal Service Operational Systems, which included the National Work Hour Reporting System, the Web Enterprise Information System, the Management Operating Data System (MODS), the Web-based Complement Information System, and the Enterprise Data Warehouse system.

We did not test the validity of controls over these systems. However, we verified the accuracy of the data by confirming our analysis and results with Postal Service managers and other data sources. In addition, we relied on OIG audits of Postal

Service systems. Also, an OIG review of MODS concluded that the data in this system was valid and reliable for the uses for which it was intended.³

We conducted this performance audit from February through September 2008 in accordance with generally accepted government auditing standards. 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 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 on June 11, 2008, and included their comments where appropriate.

PRIOR AUDIT COVERAGE

We did not identify any prior audits of the PIVMS.

³ *Management Operating Data System* (Report Number MS-AR-07-003, dated August 21, 2007).

APPENDIX B: DETAILED ANALYSIS

Use of the PIVMS

The Raleigh P&DC did not always use the PIVMS to:

- Manage equipment operator workhours or overtime.
- Schedule preventive maintenance or ensure that maintenance was accomplished.
- Monitor vehicle battery usage.
- Identify opportunities to reduce vehicle inventory. Instead, the number of powered vehicles at the Raleigh P&DC increased.

In addition, although management used the PIVMS to complete OSHA worksheets and to identify the employee logged into a vehicle when an accident occurred, management occasionally bypassed some safety and security features.

Management of Equipment Operator Workhours and Overtime

We found that management did not always use the PIVMS to manage tow and forklift workhours or overtime, or to improve operator efficiency. For example, we reviewed the number of logons to the PIVMS and found that only 4 out of the 28 mail processing managers (14.29 percent) logged on to the PIVMS from April 1 through 29, 2008. We interviewed supervisors and found that they generally logged on to the PIVMS only for tasks such as starting vehicles for employees or locating vehicles parked in non-designated locations.

We also found that fewer than 7 percent of supervisors used the PIVMS reports. The PIVMS reports allow management to monitor and measure vehicle utilization attributes such as simultaneous vehicle usage, speed, distance traveled, idle time, and motion time while carrying or pulling a load in order to assess productivity.

Raleigh P&DC management stated they were not using the PIVMS or the system reports because they were not confident that the report data was reliable. We found that when managers used master badges⁴ to start vehicles for operators who had difficulty getting vehicles to operate, some reporting features of the PIVMS were bypassed and reports were not always accurate. For example, vehicles that were started by master badge access showed that travel hours and travel with load hours

⁴ Users with master badges can determine the status of the vehicle; grant temporary access to the vehicle; or enable or disable a vehicle. Additionally, master users have access to any vehicle at any time.

were greater than login hours.⁵ We reviewed the PIVMS travel with load reports from November 2006 through April 2008. In 11 of these 18 months, the reports showed that travel hours and travel with load ratios were greater than 100 percent.

Maintaining Vehicle Equipment and Monitoring Battery Usage

Management at the Raleigh P&DC did not always use the PIVMS reports to schedule preventive maintenance or ensure that maintenance was performed. The PIVMS maintenance tool allows management to forecast, schedule, and process preventive maintenance. By using this tool, management could more effectively manage preventive maintenance of vehicles.

In addition, management did not use the PIVMS battery management system to monitor battery usage. The purpose of the PIVMS Battery/Charger Administration module is to extend vehicle battery life and reduce battery inventory.⁶

Vehicle Inventory Management

Management did not use the PIVMS to identify opportunities to reduce vehicle inventory. Instead, the number of powered vehicles at the Raleigh P&DC increased from 29 in March 2006, when the PIVMS was implemented, to 32 in April 2008. See Table 1 below.

TABLE 1: POWERED INDUSTRIAL VEHICLES AT THE RALEIGH P&DC

Powered Industrial Vehicle Inventory			
	March 2006	April 2008	Increase/ Decrease
Forklifts	10	13	3
Tows	16	16	0
Pallet Jacks	3	3	0
Total	29	32	3

We also noted that the maximum number of vehicles used simultaneously from November 2006 to April 2008 was 22, indicating a possible surplus of vehicles. In addition, the maximum number of powered equipment operators scheduled to work simultaneously was 13. Management stated that they are studying the impact of the Raleigh AMC closure on the tow and forklift operations and agreed to review vehicle equipment needs.

⁵ A vehicle cannot travel 100 percent of the time or travel with a load 100 percent of the time. Powered industrial vehicles carry loads from one part of a processing center to another. The vehicle leaves the loaded material at a drop point and returns empty to obtain another load.

⁶ Industrial batteries provide a maximum return on investment when they are discharged to appropriate levels during operation, and are allowed to recharge and cool down during their charge cycles. I.D. Systems' Fleet Management System notifies the operator when the battery has discharged sufficiently and should be replaced.

Safety and Security Features

Management at the Raleigh P&DC occasionally bypassed some PIVMS safety and security features designed to ensure compliance with OSHA rules. For example:

- One PIVMS safety feature only allows currently certified operators to log on and operate specified equipment. Raleigh P&DC supervisors and employees sometimes used master badges to start vehicles for operators whose licenses had expired or who had difficulty getting vehicles to operate.
- Another PIVMS safety feature requires the operator to complete an OSHA checklist within a prescribed time after logging on to the vehicle. We observed that most equipment operators completed the OSHA safety checklist at the start of their tour. However, operators sometimes asked a supervisor to bypass the system and start the vehicle when the operator forgot to complete the OSHA checklist within the required period. See Illustration 1.



Illustration 1: Employee used proper identification and the OSHA checklist to start the tram on May 1, 2008, at 10:42 a.m.

On several occasions, management used the PIVMS to identify the employee logged on to a vehicle when an accident occurred. During our review at the Raleigh P&DC, we did not observe unsafe driving practices or accidents. However, we observed that vehicle impacts had caused damage to the building and to PIVs. See Illustrations 2 and 3 below.



Illustration 2: On April 28, 2008, at 2:08 p.m., we observed damage to a duct and wall in the Raleigh P&DC, caused by a vehicle impact.



Illustration 3: On April 28, 2008, at 2:20 p.m., we observed a damaged forklift. The side cover was torn.

We also found that management did not run or review OSHA compliance and other compliance exception reports from the PIVMS. These reports allow management to track and monitor whether the PIVMS is complying with OSHA, correct noncompliance, and report OSHA issues to higher management.

APPENDIX C: VOLUME AND WORKHOUR TRENDS

We reviewed mail volume, workhour, productivity, and complement trends for the Raleigh P&DC for FYs 2005 through 2007. From FYs 2005 to 2007, volume at the Raleigh P&DC increased slightly (.15 percent) but mail processing (function 1) workhours increased 8.23 percent. As a result, productivity⁷ declined 7.47 percent. From FYs 2005 to 2007, workhours used in tow and forklift operations at the Raleigh P&DC increased 3.29 percent, and overtime used in these operations increased 33.46 percent. In FY 2007, the Raleigh P&DC used 6.93 percent of mail processing workhours in tow and forklift operations. The number of equipment operators in FY 2007 was 37, a decrease of one operator since FY 2005.

Management implemented the PIVMS at the Raleigh P&DC on March 3, 2006, but did not improve efficiency after the implementation. We reviewed tow and forklift workhours for the 12 months both before and after implementation and found no decrease in workhours after implementation. Instead, workhours increased by almost 1 percent. See Table 2 below.

**TABLE 2: RALEIGH P&DC TRENDS
BEFORE AND AFTER PIVMS IMPLEMENTATION**

Raleigh P&DC PIVMS Implementation Date March 3, 2006					
Year Before PIVMS Implementation		Year After PIVMS Implementation		Percentage Changes	
Function 1 Hours	Tow and Forklift Hours	Function 1 Hours	Tow and Forklift Hours	Function 1 Hours	Tow and Forklift Hours
1,177,289	87,197	1,238,063	87,811	5.16	0.70

⁷ To determine FHP productivity, we divided FY 2007 FHP volume by total function 1 workhours for FY 2007. Raleigh's FY 2007 productivity was 837 pieces processed per workhour.

APPENDIX D: COMPARISONS TO OTHER FACILITIES

We reviewed volume, workhour, productivity, and complement trends for the 20 P&DCs that had installed the PIVMS before the end of FY 2006. At those sites, data for at least one fiscal year was available, so we reviewed these trends from FYs 2005 through 2007.

During this time, volume at these sites increased slightly (.95 percent) and mail processing (function 1) workhours decreased 6.69 percent. As a result, productivity increased 8.19 percent. From FYs 2005 to 2007, workhours used in tow and forklift operations at these sites decreased 10.47 percent, and overtime used in these operations decreased 13.38 percent. In FY 2007, the average site used 5.97 percent of mail processing workhours in tow and forklift operations. The number of equipment operators increased 1.92 percent from FYs 2005 to 2007.

Comparing Raleigh P&DC to the other 19 sites:

- From FYs 2005 to 2007, the average site reduced tow and forklift workhours by 10.47 percent. The Raleigh P&DC ranked 11th out of 20 sites in this comparison.
- The average site reduced tow and forklift overtime by 13.38 percent. The Raleigh P&DC ranked 20th out of 20 sites in this comparison.

The average of these 20 sites reduced tow and forklift workhours by 7.03 percent after implementation, compared to the Raleigh P&DC's increase of almost 1 percent. See Table 3 below.

TABLE 3: RALEIGH P&DC COMPARED TO OTHER P&DCS WITH PIVMS, BEFORE AND AFTER IMPLEMENTATION

	12 Months Before PIVMS	12 Months After PIVMS	Percentage Change in Tow and Forklift Workhours
Raleigh P&DC	87,197	87,811	0.70
Average P&DC with PIVMS	113,403	105,430	-7.03

APPENDIX E: CALCULATION OF FUNDS PUT TO BETTER USE

By using the PIVMS as intended, we estimated that management could save 9,000 workhours by the end of FY 2010.

We determined the potential 9,000 workhour savings as follows.

- The 20 sites that implemented the PIVMS before the end of FY 2006 had an average FHP productivity of 805.
- Using FHP productivity of 805, we calculated earned hours for the Raleigh P&DC at 1,319,533.
- On average, the 20 sites used 5.97 percent of function 1 workhours in tow and forklift operations.
- We multiplied the 1,319,533 calculated earned hours at the Raleigh P&DC by 5.97 to determine that earned tow and forklift workhours at the Raleigh P&DC could be 78,836.
- Raleigh P&DC used 87,924 workhours in these operations in FY 2007, a difference of 9,088 workhours.

Raleigh P&DC management agreed to a 9,000 workhour reduction.

This workhour savings should have an economic impact of \$3.3 million (net present value) in savings over 10 years.

FUNDS PUT TO BETTER USE

Employee Category Affected	Workhour Reduction	Time Frame 10 Fiscal Years
		Discounted Savings (Net Present Value)
Function 1 Mail Processing Mail Handler Hours	9,000	\$3,345,456

NOTES

- We based the 9,000 workhour reduction on management’s plan to reduce workhours over a 2-year period, based on FY 2007 usage.

- We calculated the cost avoidance using the savings in hours multiplied by the escalated labor rate over a 10-year period.
- We calculated the net present value using the June 6, 2008, discount rate of 4 percent over a 10-year period.
- We based labor rates on the Postal Service's May 6, 2008, published rates for a level 05 (PS-05) mailhandler.
- The yearly escalation factor is 2.2 percent, based on the Postal Service's decision analysis factors, effective June 6, 2008.

APPENDIX F: OTHER ISSUES

During our audit, we found that management was not aware of any PIVMS goals or targets, or of requirements to run or review PIVMS reports. Management stated that the training provided by I.D. Systems explained how to run the PIVMS reports, but did not explain how to capture savings from the PIVMS in a postal environment.

We also found that some PIVMS design features were not always functioning or accurate. For example:

- The PIVMS text-messaging feature did not work during our observations. Text messaging allows a supervisor to make immediate contact with an equipment operator.
- Speed monitor reports were not always accurate. The speed monitors increase safety by limiting vehicle speed. Management contacted I.D. Systems in April 2008 to report that the monitors were sometimes inaccurate.
- I.D. Systems did not activate the impact sensors until 1 year after the initial installation. The impact sensor increases safety by shutting down a vehicle after recording an impact or collision.

We will address these issues in our capping report.

APPENDIX G: MANAGEMENT'S COMMENTS

Manager
Raleigh Processing & Distribution Center



August 20, 2008

Lucine Willis
Director, Audit Operations

SUBJECT: Review of the Powered Industrial Vehicle Management System at the
Raleigh P & DC – Project Number 08XG022NO000

Thank you for the opportunity to review and comment on the subject audit report.

We agree with the finding that management did not always use the PIVMS to manage tow and forklift operations as well as the causes of insufficient number of trained supervisors, lack of established equipment utilization targets, and lack of confidence in the accuracy of the system reports.

At the time of the audit, there had been a significant turnover in managers and supervisors who had originally received contractor-provided training during implementation of PIVMS (11 who had attended training were no longer working in Raleigh and there were 14 new managers and supervisors who were not present during the original contractor-provided training). Since the audit, there have been a series of web based training sessions provided to us by the contractor and extensive training material has been placed by Headquarters on the ePIVMS website. We have mandated all appropriate maintenance and operational managers and supervisors complete the ePIVMS training material no later than August 31, 2008.

We will continue to work with Carl Smith, PIVMS Program Manager, to resolve discrepancies in the information reported by PIVMS until we have a confidence level that will enable us to fully utilize the system to capture workhour savings. Any local issues contributing to the inaccuracies of the reports will be addressed as they are identified. Full implementation of this process will begin no later than October 1, 2008, with expected identification and correction of all local issues no later than December 31, 2008.

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We will continue to request contractor intervention to correct any issues contributing to reporting problems outside of local control and document the results. This process will continue to be ongoing with an expected reconciliation of all issues as soon as possible but no later than February, 27, 2009, at which time local equipment targets will be finalized.

We agree with the finding that Management did not always use the PIVMS reports to schedule preventative maintenance or ensure that maintenance was performed. Maintenance is currently reviewing the data and reports to determine their value versus the current EMARS route scheduling program. Maintenance supervisors are being required to pull reports daily from the PIVMS web server to initiate actions that will be recorded in the PIVMS database and via work orders in EMARS. Full implementation of this process is expected as soon as possible but no later than October 1, 2008.

We agree with the finding that the PIVMS battery management system was not used to monitor battery usage. This system had to be deactivated immediately after launch because the process of recharging the trams throughout the workroom floor, when not in use, with trickle chargers caused the system to believe a battery change had occurred each time a tram was plugged into a trickle charger. The contractor had no alternative solution to this problem other than to deactivate the battery management feature. This issue will again be elevated to the contractor no later than September 1, 2008, with a resolution date pending and contingent upon the contractor's response.

We agree with the finding that Management did not use the system to identify opportunities to reduce vehicle inventory. The maximum number of vehicles identified as simultaneously logged into during the referenced 18-month time period was from a report that grouped all vehicles together and did not differentiate separately the maximum number of forklifts, trams, and pallet jacks in use at any one time. Additionally, any vehicle in use with the login feature bypassed would not be reflected in this report.

The report indicates the maximum number of powered equipment operators scheduled to work simultaneously was 13, which understates by 1 the maximum number of mailhandlers in Equipment Operator positions on any individual tour. It should be noted; however, the potential for more than 14 equipment operators at any one time is a normal occurrence in a P & DC of our size due to overlapping tour schedules and operational needs during critical peak mail processing windows of operation.

A separate report has been provided by the contractor to pull the number of simultaneously logged into vehicles by group. A review of this report indicates the maximum number of simultaneously logged into trams, forklifts, and pallet jacks

during the past 4 weeks were 14 of 16, 10 of 13, and 2 of 3, respectively. During this same time period, there have been 2 trams and 2 forklifts continually out of service for corrective maintenance. In addition, 1 of the 3 pallet jacks continues to not be recognized by the system – an issue local maintenance needs to resolve with contractor support.

We are in agreement that the system should be used to reduce equipment inventory, where possible, taking into account equipment that is out of service for corrective maintenance (see Management Response #2).

We agree with the finding that Management occasionally bypassed some of the PIVMS safety security features by using master badges to bypass login procedures for operators whose license had expired or failed to complete the checklist. The training effort currently underway will ensure all managers and supervisors are familiar with identifying the reason(s) a vehicle will not operate so appropriate action may be taken. Bypassing the safety and security features provided by PIVMS will not be tolerated and will result in progressive employee corrective action if it occurs after training is completed August 31, 2008.

We are in agreement that Management did not utilize the feature provided by the system to track and monitor OSHA compliance issues. Our local maintenance manager has addressed the underutilization of this feature by requiring a daily report to be provided for review to ensure compliance. Full implementation is expected as soon as possible but no later than October 1, 2008.

Recommendation [1]:

Use the Powered Industrial Vehicle Management System to the fullest extent possible to manage operations and continue to improve mail processing efficiency by reducing 9,000 workhours in tow and forklift operations by fiscal year 2010.

Response [1]:

Management agrees with this recommendation provided the systemic non local problems of inaccurate reports are resolved and appropriate adjustments are made for any quantifiable workload-driven increases resulting from changing operations that were not part of the original audit. [REDACTED] Manager of Maintenance, will be responsible for addressing all maintenance items within the local plant's control that contribute to inaccurate reporting of data. [REDACTED] and [REDACTED] Lead MDO, will be responsible for ensuring all operations and maintenance personnel are trained in the proper use of PIVMS to eliminate misuse of the system as a source of inaccurate reports. [REDACTED] Industrial Engineer, will continue to elevate to [REDACTED] PIVMS Program Manager, any systemic problems with PIVMS that require contractor intervention to correct.

██████████ will be responsible for providing quarterly reports beginning January 2, 2009, for PQ 1, to local senior management detailing the utilization of the PIVMS Reports to capture the required savings. These reports will also be available for OIG review.

██████████ will be responsible for managing the powered vehicle operations and improving mail processing efficiency beginning October 1, 2008.

More effective utilization of PIVMS has already begun (i.e. additional training) with an expected ramp-up period of the remainder of Quarter 4. Full utilization of the working features of PIVMS will begin no later than October 1, 2008, with a goal of being in full compliance with the fiscal year 2010 workhour target, beginning no later than October 1, 2009.

Recommendation [2]:

Consider reducing the inventory of powered industrial vehicles at the Raleigh Processing and Distribution Center.

Response [2]:

Management agrees to consider this recommendation provided the PIVMS reports quantify a reduction in powered equipment, adjusted for quantifiable workload-driven increases resulting from changing operations that were not part of the original audit. Once the system is able to provide accurate reports reflecting vehicle utilization and as operations becomes more efficient in the utilization of these vehicles, ██████████ Manager, In-Plant Support, and ██████████ will be responsible for identifying the inventory of powered industrial vehicles required to support operations. Expected review will begin after the resolution of all non local reporting discrepancies no later than February 27, 2008. ██████████ will be responsible for disposition of any equipment identified as excess to the needs of operations no later than October 1, 2009.

Again, thank you for our opportunity to comment. Please contact me or members of my staff if you have any questions or require additional information.



DENISE D. PORTER

- c: Russell Gardner, Jr.
- Don Kelly
- Katherine S. Banks
- Tira T. Lewis
- Ron Worrich