



February 26, 2009

JO ANN FEINDT
VICE PRESIDENT, GREAT LAKES AREA OPERATIONS

SUBJECT: Audit Report – Follow-Up Audit on the Timeliness of Mail Processing and Delivery Operations in the Chicago District
(Report Number NO-AR-09-005)

This report focuses on significant issues identified during our separate reviews conducted in fiscal years (FY) 2007 and 2008 on the timeliness of mail processing and delivery operations in the Chicago District located in the Great Lakes Area (Project Number 09XU002NO000). We performed this audit in response to your request. Our objectives were to follow up on issues found in previous reviews and provide a progress report on conditions through FY 2008. See [Appendix A](#) for additional information about this audit.

Conclusion

We concluded the Chicago District made improvements during FY 2008 in the timely and efficient processing and delivery of mail, resulting in fewer mail delays, service improvements, and reduction in customer complaints. In fact, service scores improved in all four categories in FY 2008 compared to the same period in FY 2007. However, the Chicago District ranked below the national average in three of the four measured service categories for First-Class Mail®.

Delayed Mail Trends

The Chicago District made noticeable improvements in the timely processing of mail. Total delayed mail at the Cardiss Collins Processing and Distribution Center (P&DC) decreased from 404 million pieces in FY 2007 to 52 million pieces in FY 2008 — an 87 percent decrease. Delivery units delayed mail as a percentage of total volume also decreased from .53 percent in FY 2007 to .32 percent in FY 2008.

The largest percentage of delayed mail continued to be Standard Mail®, but in FY 2008, the Chicago District delayed only 6 percent of Standard Mail, compared to 45 percent in FY 2007. See [Appendix B](#) for our detailed analysis of this issue.

Comparison to Similar-Sized Sites

We compared the Cardiss Collins P&DC to similar-sized sites and found that the Cardiss Collins P&DC delayed a smaller percentage of mail in FY 2008, compared to FY 2007. In FY 2007, the Cardiss Collins P&DC delayed almost 24 percent of mail volume, compared to similar-sized mail processing facilities' average of over 3 percent. By the end of FY 2008, the Cardiss Collins P&DC delayed only 3 percent of mail volume, compared to similar-sized mail processing facilities' average of 2 percent.

Compared to other Group 1¹ sites, in FY 2008, the Cardiss Collins P&DC had similar percentages of delayed First-Class Mail and slightly higher percentages of Periodicals®, Package Service® mail and Standard Mail. In particular, opportunities still exist for improvement in the processing of Standard Mail. We made a recommendation to address this issue in our prior report.² The Cardiss Collins P&DC delayed almost 6 percent of Standard Mail compared to the Group 1 average of almost 4 percent. Management has on-going action plans to improve mail timeliness. See [Appendix C](#) for our detailed analysis of this comparison.

Mail Processing and Delivery Capacity

The Chicago District began to improve mail processing and delivery capacity in FY 2008. We concluded the Cardiss Collins P&DC had sufficient automated equipment capacity to process its workload. In addition, the Chicago District used more carriers than the national average, based on the number of routes, indicating that a sufficient carrier workforce also existed. See [Appendix D](#) for our detailed analysis of this issue.

Mail Processing and Delivery Efficiency

The Postal Service has begun to improve efficiency at the Cardiss Collins P&DC by reducing 563,754 workhours from FY 2006 to 2008. The Cardiss Collins P&DC has made improvements in meeting outgoing mail clearance times, the national average for sorting letter mail into delivery sequence order, and the national productivity average for Delivery Barcode Sorters (DBCS). In addition, we concluded improved office efficiency and street management have increased the Chicago District's ability to deliver mail before 6:00 p.m. See [Appendix E](#) for our detailed analysis of this issue.

Internal Controls

Generally, the internal controls we reviewed concerning the timely processing and delivery of mail were functioning as intended. See [Appendix F](#) for our detailed analysis of this issue.

¹ The Cardiss Collins P&DC is a Group 1 processing facility. A Group 1 facility processes the largest amount of volume compared to other P&DCs.

² Summary Audit on the Timeliness of Mail Processing, Transportation, and Delivery Operations in the Chicago District (Report Number NO-AR-08-003, dated March 28, 2008)

Criteria

Title 39, U.S.C. Part 1, Chapter 1, § 101, states that the Postal Service “. . . shall provide prompt, reliable, and efficient services to patrons in all areas” Further, the December 2007 Postal Service Strategic Transformation Plan states “The Postal Service will continue to provide timely, reliable delivery to every address at reasonable rates.” Finally, the Postal Accountability Enhancement Act, P.L. 109-435-December 20, 2006, Title II, highlights “. . .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. . . .”

Effects

Reduction in mail processing and delivery delays in the Chicago District positively affected service scores in FY 2008. For example, service scores improved in all four mail categories in FY 2008 compared to the same period in FY 2007. However, the Chicago District ranked below the national average in three of four measured First-Class Mail categories, indicating the need for continued management attention. The Chicago District ranked 76th out of 79 districts in overnight performance, although the score improved to over 95 percent on time by the end of FY 2008. (See [Appendix G](#).)

Management’s efforts to reduce mail delays resulted in better customer service and, ultimately, led to a decrease in customer complaints. The average number of complaints per month totaled 142 in FY 2008, compared to 267 in FY 2007, a decrease of over 46 percent.

Causes

Based on our prior work, we concluded the following factors contributed to the Chicago District’s inability to process and deliver mail in a timely manner.

- Mail processing supervision, accountability, and planning were inadequate. There was significant management turnover and mail processing supervisors did not adequately maintain automated equipment or adjust workhours to changes in workload.
- Management did not always adequately supervise delivery employees, implement delivery standard operating procedures, perform route inspections, or ensure the accuracy of the Address Management System (AMS).

Consequently, in the prior reports, we made recommendations to the Vice President, Great Lakes Area Operations; the District Manager/Postmaster, Chicago District; and the Senior Plant Manager, Cardiss Collins P&DC. Management generally agreed with

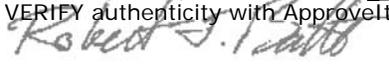
the findings in these reports and has taken, or is taking, corrective action on our recommendations. See [Appendix H](#) and the Prior Audit Coverage section of [Appendix A](#) for information about, and in particular recommendations made in, these prior reports.

Management Actions

Based on our follow-up work, we found that the Chicago District continues to streamline delivery and processing operations to improve service scores and ensure the timely processing of mail. Management has numerous initiatives in place or planned to improve mail timeliness. Management has begun to adjust carrier routes to match the workload and improve supervision of carrier office and street time. In addition, the accuracy of the AMS increased. Management turnover decreased, communication of goals and targets increased and maintenance of automated equipment improved. These actions should increase capacity and efficiency and allow the Chicago District to continue to process and deliver more mail in less time. In addition, the Postal Service has begun to improve efficiency at the Cardiss Collins P&DC by reducing 563,754 workhours from FY 2006 to 2008.

We made no new recommendations in this report because management has been responsive to prior recommendations and their actions to date have produced favorable results. Management reviewed a draft of this report and agreed with its contents and conclusions. See [Appendix I](#) for management's comments, in their entirety.

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.

E-Signed by Robert Batta 
VERIFY authenticity with ApproveIt


Robert J. Batta
Deputy Assistant Inspector General
for Mission Operations

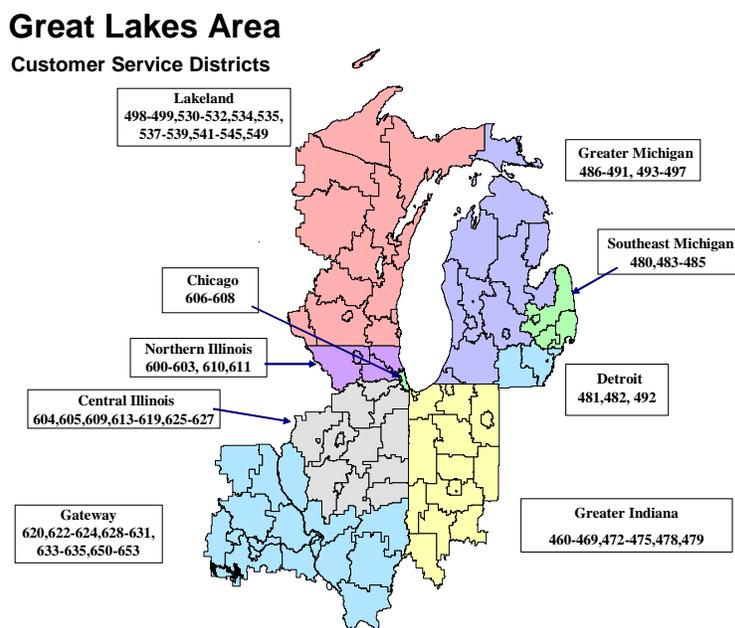
Attachments

cc: Patrick R. Donahoe
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APPENDIX A: ADDITIONAL INFORMATION

BACKGROUND

The Chicago District serves ZIP Code areas 606 through 608 and covers over 255 square miles. It serves a population of over 3 million and employs approximately 9,000 employees. The Chicago District is located in the Great Lakes Area. The map below shows the Great Lakes Area Districts by three-digit ZIP Code.



The Cardiss Collins P&DC opened in April 1996 and covers over 1.7 million square feet. It is the 30th largest mail processing plant in the postal network's 273 plants.

In December 2006, the Chicago District began receiving negative media coverage about mail delays. This negative media attention expanded during FY 2007 and elected representatives requested the U.S. Postal Service to take immediate corrective action. Subsequently, the Postal Service committed considerable resources to correct delayed mail problems. In FY 2007, the Postal Service expended approximately \$6.6 million in correcting the delayed mail problems. In addition, the Postmaster General and Chief Executive Officer made a commitment to resolve delayed mail problems in the Chicago District and requested the U.S. Postal Service Office of Inspector General (OIG) to review the situation.

OBJECTIVES, SCOPE, AND METHODOLOGY

This report focuses on significant issues identified during our separate reviews conducted in FYs 2007 and 2008 on the timeliness of mail processing and delivery operations in the Chicago District (Project Number 07XG034NO000). We conducted these reviews based on requests from the Postmaster General and Chief Executive Officer and Congress. The objectives of this audit were to follow up on issues found in the previous reviews, and provide a progress report on conditions through FY 2008. To accomplish the objectives, we reviewed selected processing and delivery operations; conducted interviews and observations; and analyzed mail volume, workhours, productivity, service scores, and delayed mail trends. We did not review transportation operations as there were no significant transportation issues identified in prior reports.

We used computer-processed data from the National Work Hour Reporting System; Web Enterprise Information System; Web End-of-Run System; Web Mail Condition Reporting System; Management Operating Data System (MODS); Origin-Destination Information System; Service Issue Record System; Revenue, Pieces, and Weight System; Web Complement Information System; Delivery Operations Information System; Address Management System; and the Enterprise Data Warehouse. We did not test controls over these systems. However, we checked the reasonableness of results by confirming our analyses and results with Postal Service managers and multiple data sources. In addition, an OIG review of MODS concluded that the data in this system was valid and reliable for the uses for which it is intended.³

We conducted this performance audit from November 2008 through February 2009 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 on January 14, 2009, and included their comments where appropriate.

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

PRIOR AUDIT COVERAGE

Report Title	Report Number	Final Report Date	Monetary Impact	Audit Results
<i>Summary Audit on the Timeliness of Mail Processing, Transportation, and Delivery Operations in the Chicago District</i>	NO-AR-08-003	March 28, 2008	\$231,337,397 plus \$2,924,682 Non-Monetary	<i>The Chicago District made noticeable improvements at the end of FY 2007 but continues to have difficulty with the timely and efficient processing and delivery of mail, resulting in mail delays, service degradation, and customer complaints.</i>
<i>Timeliness of Mail Processing at the Chicago, Illinois Cardiss Collins Processing and Distribution Center</i>	NO-AR-07-012	September 28, 2007	N/A	<i>The Cardiss Collins P&DC continues to have difficulty with the timely processing of mail, resulting in untimely mail delivery and service degradation.</i>
<i>Impact of Transportation on Chicago District Performance</i>	NL-AR-07-008	September 28, 2007	N/A	<i>Neither local transportation nor nationwide network transportation issues were "root causes" or significant contributors to current Chicago District performance challenges.</i>
<i>Timely City Delivery – Chicago District</i>	DR-AR-08-001	October 11, 2007	N/A	<i>During the period September 2006 to June 2007, the Chicago District had difficulty with timely mail delivery. Specifically, delivery performance indicators showed office performance was well below standards, street performance was at an all time low, delayed mailed volume had increased dramatically, and the percentage of mail arriving in delivery sequence at the units was much lower than the national average.</i>

APPENDIX B: DELAYED MAIL TRENDS

The Chicago District made noticeable improvements during FY 2008 in the timely processing and delivery of mail. Specifically, the Cardiss Collins P&DC reduced the amount of delayed mail from FY 2007 to 2008 by 87 percent (from 404 million pieces in FY 2007 to 52 million pieces in FY 2008.) Comparing FY 2007 to 2008, delayed First-Class Mail decreased almost 96 percent, delayed Periodicals decreased almost 82 percent, delayed Standard Mail decreased almost 87 percent, and delayed Package Service mail decreased almost 96 percent. See the table below.

CARDISS COLLINS P&DC DELAYED MAIL TRENDS — FY 2006 TO 2008

	Delayed Priority	Delayed First-Class	Delayed Periodicals	Delayed Standard	Delayed Package Services	Total Delayed Mail
FY 2006	22,670	21,149,788	2,177,017	113,921,659	1,494,090	138,765,224
FY 2007	0	21,229,737	3,148,000	377,665,070	1,689,523	403,732,330
FY 2008	0	933,000	569,000	50,000,358	71,000	51,573,358
Piece Change FYs 2006 to 2008	-22,670	-20,216,788	-1,608,017	-63,921,301	-1,423,090	-87,191,866
Percent Change FYs 2006 to 2008	-100%	-95.59%	-73.86%	-56.11%	-95.25%	-62.83%
Piece Change FYs 2007 to 2008	0	-20,296,737	-2,579,000	-327,664,712	-1,618,523	-352,158,972
Percent Change FYs 2007 to 2008	N/A	-95.61%	-81.93%	-86.76%	-95.80%	-87.23%

Our analysis showed the majority of delayed mail was Standard Mail,⁴ accounting for approximately 96 percent of total delayed mail in FY 2008. The Chicago District needs to continue to improve processing this mail in a timely manner.

⁴ Standard Mail consists of printed matter, flyers, advertising, and catalogs.

During our observations, we noted that the workroom floor was generally clear of delayed mail, as shown in Illustration 1 below.

Illustration 1: Chicago Workroom Floor Was Generally Clear of Delayed Mail, November 2 through 6, 2008.



Similarly, the comparison of delayed mail as a percentage of total mail volume showed that in FY 2008, delays decreased considerably and the Cardiss Collins P&DC delayed 3 percent of mail volume compared to 24 percent of delayed mail in FY 2007.

Delayed mail also decreased in the Chicago District delivery units, from 11.3 million pieces in FY 2007 to 6.5 million pieces in FY 2008 — a 42 percent decrease. Delivery units' delayed mail, on the other hand, increased from 1.2 million to 11.3 million pieces from FY 2006 to 2007. This increase in delayed mail was primarily the result of Great Lakes Area and Chicago District efforts to improve the accurate and complete reporting

of delivery delayed mail. Nevertheless, the amount of delivery delayed mail only represented less than 1 percent of total delivery volume in both years, indicating that the majority of delays occurred at the Cardiss Collins P&DC. See the charts below.

DELAYED MAIL PIECES AT CHICAGO DISTRICT DELIVERY UNITS

Fiscal Year	Delayed Mail Pieces at Chicago District Delivery Units
2006	1,150,824
2007	11,336,108
2008	6,538,350
Percentage Change	
FY 2006 – FY 2007	885
FY 2007 – FY 2008	-42

**DELIVERY DELAYED VOLUME AS A PERCENT OF TOTAL DELIVERED VOLUME
CHICAGO DISTRICT**

Fiscal Year	Percentage
2006	0.06
2007	0.53
2008	0.32

APPENDIX C: COMPARISONS TO SIMILAR-SIZED FACILITIES

We compared the Cardiss Collins P&DC to similar-sized sites, and found that the Cardiss Collins P&DC delayed a smaller percentage of mail in FY 2008, compared to FY 2007. The chart below compares total delayed mail in the Cardiss Collins P&DC to the average for Group 1 sites for FY 2006 through 2008. The Cardiss Collins P&DC improved the timely processing of mail in FY 2008.

PERCENTAGE OF DELAYED MAIL

Cardiss Collins P&DC Compared to Group 1 Sites						
	FY 2006		FY 2007		FY 2008	
	Cardiss Collins P&DC	Group 1 Sites (Average)	Cardiss Collins P&DC	Group 1 Sites (Average)	Cardiss Collins P&DC	Group 1 Sites (Average)
Percentage Delayed to Total Volume	9.23	4.10	23.75	3.21	2.94	2.03

In FY 2008, the Cardiss Collins P&DC had similar amounts of delayed First Class Mail, and slightly higher percentages of Periodicals and Package Services mail than other Group 1 sites. Additional opportunities exist for improvement in the processing of Standard Mail, as we addressed in a prior report recommendation. For example, in FY 2008, the Cardiss Collins P&DC delayed almost 6 percent of Standard Mail, compared to the Group 1 site average of approximately 4 percent. However, compared to the 45 percent delayed in FY 2007, the Chicago District made significant improvement in the timely delivery of Standard Mail. See the chart below.

**CARDISS COLLINS P&DC PERCENTAGE OF DELAYED MAIL TRENDS
COMPARED TO GROUP 1 AVERAGE FY 2008**

Percentage Delayed	FY 2007		FY 2008	
	Cardiss Collins P&DC	Group 1 (Average)	Cardiss Collins P&DC	Group 1 (Average)
First-Class	2.73	0.35	0.12	0.18
Priority	0.00	0.49	0.00	0.28
Periodicals	4.42	10.21	0.78	3.74
Standard	45.05	5.33	5.79	3.64
Packages	17.94	0.29	0.73	0.10
Total	23.71	3.20	2.94	2.03

APPENDIX D: MAIL PROCESSING AND DELIVERY CAPACITY

Mail Processing Capacity

As part of management actions to improve mail processing capacity at the Cardiss Collins P&DC, DBCS and Automated Flat Sorting Machines (AFSM) 100 were overhauled and an improved preventive maintenance program was implemented. Consequently, the Cardiss Collins P&DC increased the throughput rate on the DBCS from FY 2007 to 2008 and had a higher throughput rate than the national average. This throughput rate increase may be due, in part, to a 16 percent decrease in the number of machine jams, although the Cardiss Collins P&DC’s jam rate was still higher than the national average. These improvements will increase the Cardiss Collins P&DC’s ability to process letter mail timely. See the chart below.

DBCS AVERAGE THROUGHPUT AND JAMS — FYs 2007 AND 2008

DBCS	2007 Average Throughput	2008 Average Throughput	Percentage Change from 2007 to 2008	FY 2007 Jams per 10K	FY 2008 Jams per 10K	Percentage Change from 2007 to 2008
Cardiss Collins P&DC	35,536	38,347	7.91	4.37	3.66	16.25
National Average	37,047	37,379	0.89	2.66	2.18	18.05
Difference from National Average	-1,512	968		1.71	1.48	

Although the Cardiss Collins P&DC improved the AFSM 100 throughput rate from FY 2007 to 2008 by 9 percent, this rate was still lower than the national average. In addition, the Cardiss Collins P&DC reduced the number of jams per 10,000 pieces on the AFSM 100 from FY 2007 to 2008 by 13 percent, although the number of jams was higher than the national average. Improving throughput and reducing the number of jams will increase the Cardiss Collins P&DC’s ability to process flat mail timely. See the chart on the next page.

AFSM 100 AVERAGE THROUGHPUT AND JAMS — FYs 2007 AND 2008

AFSM100	2007 Average Throughput	2008 Average Throughput	Percentage Change from 2007 to 2008	FY 2007 Jams per 10K	FY 2008 Jams per 10K	Percentage Change from 2007 to 2008
Cardiss Collins P&DC	12,947	14,064	8.63	39.34	34.15	-13.19
National Average	14,628	14,875	1.69	27.27	26.65	-2.27
Difference from National Average	-1,681	-811		12.07	7.50	

We found that the Cardiss Collins P&DC had additional automated equipment capacity. The chart below shows the performance achievement for the four major automated equipment types used at the Cardiss Collins P&DC during FY 2008. For example, the DBCS and AFSM performed at approximately 76 and 69 percent efficiency, respectively, based on target productivity levels during FY 2008. By improving efficiency to target productivity, the Cardiss Collins P&DC could process additional mail volume - an estimated 985 million additional pieces on the DBCS and 87 million additional pieces on the AFSM 100.

SELECTED AUTOMATED EQUIPMENT CAPACITY AT CARDISS COLLINS P&DC FY 2008

Automated Equipment	Target Produc- tivity	Chicago Produc- tivity	Chicago Workhours	Potential Volume	Actual Volume	FY 2008 Performance Achievement	Additional Capacity
DBCS	10,730	8,135	379,430	4,071,176,139	3,086,575,644	76	984,600,495
SPBS*	366	217	35,973	13,166,283	7,815,215	59	5,351,068
AFSM 100	3682	2,556	77,699	286,086,687	198,628,536	69	87,458,151
FSM** 1000	744	217	58,950	43,872,382	19,122,873	44	24,749,509

*SPBS (Small Parcel Bundle Sorter)

**FSM (Flat Sorting Machine)

We concluded the Cardiss Collins P&DC used more workhours to process its workload than similar size sites did. In FY 2008, the Cardiss Collins P&DC processed 1.75 billion pieces of mail compared to the Group 1 site average of 1.8 billion pieces, yet used almost 2.6 million workhours compared to the Group 1 site average of 2.3 million workhours. These comparisons show that the Cardiss Collins P&DC processed less mail volume but used more workhours than similar sites, indicating that an excessive amount of workhours were used relative to the workload.

Delivery Capacity

The Chicago District had a sufficient number of carriers to deliver the mail, based on the carrier to route ratio.⁵ The carrier to route ratio for September 2008 for the Chicago District was 1.35, while the national average for the same period was 1.31.

We also noted the number of carrier routes in the Chicago District increased slightly (0.5 percent) from FY 2007 to 2008. Nationally, the number of carrier routes decreased by 0.2 percent from FY 2007 to 2008, possibly because of increases in the amount of Delivery Point Sequencing (DPS) mail⁶ and the resulting adjustments to routes. See the charts below.

NUMBER OF CARRIER ROUTES		
Fiscal Year	Chicago District	National
2006	2,465	157,787
2007	2,500	158,052
2008	2,513	157,805
Percentage Changes in the Number of Carrier Routes		
2006-2007	1.4	0.2
2007-2008	0.5	-0.2

In addition, the Chicago District routes had fewer possible deliveries per route than the average of the other five major metro districts.⁷ In FY 2008, the Chicago District averaged 488 deliveries per route, compared to the Major Metro District average of 500.

⁵ The number of carriers divided by the number of routes. A higher than a one-to-one ratio is necessary to staff the routes for a 6-day work week and provide for carrier absences.

⁶ DPS mail does not require the carrier to process this mail in the office and should result in fewer carrier workhours. The Chicago District processed less DPS mail than the national average. (See Appendix E.)

⁷ The Major Metro Districts are: Philadelphia, New York, Capital Metro, San Francisco, Los Angeles and Chicago.

These comparisons indicate the Chicago District has a sufficient carrier workforce. Management has begun to adjust carrier routes, which will help to ensure individual carrier workloads are appropriate.

In addition, the Chicago District's delivery capacity continued to improve as was evident by the number of carriers returning by 6:00 p.m. For example, during FY 2007, 80 percent of Chicago District carriers returned before 6:00 p.m. compared to the national average of 89 percent. In FY 2008, 92 percent of Chicago District returned before 6:00 p.m. compared to the national average of 96 percent. Consequently, the Chicago District delivered more mail before 6:00 p.m. than in the past. See the chart and photograph below.

**CARRIERS RETURNING BEFORE 6:00 P.M. CHICAGO DISTRICT
COMPARED TO NATIONAL AVERAGE FYs 2004 TO 2008**

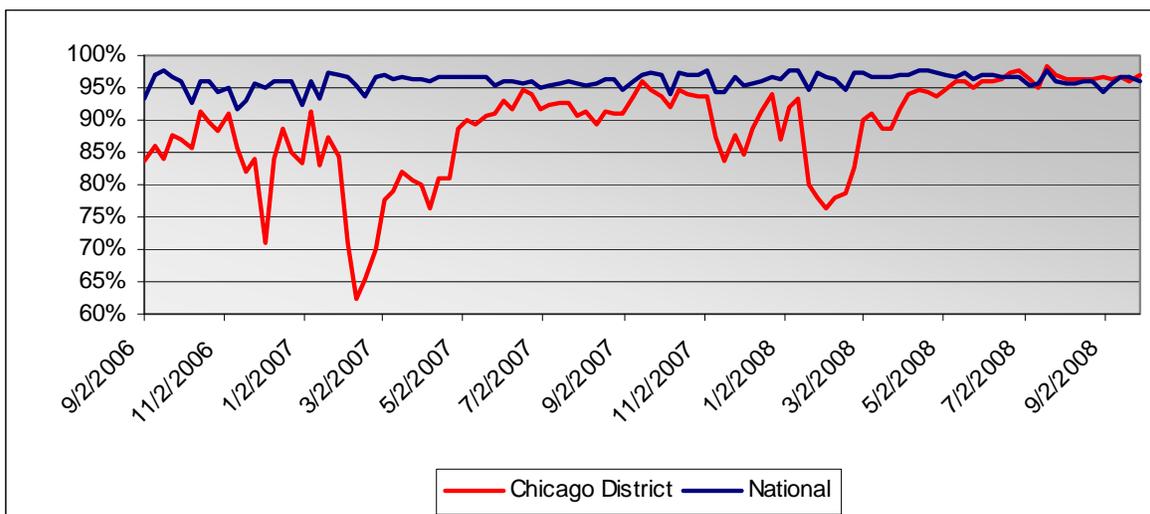




Illustration 3: On November 5, 2008, carriers at the Chicago Central Annex returned before 6:00 p.m.

**APPENDIX E: DETAILED ANALYSIS OF MAIL PROCESSING
AND DELIVERY EFFICIENCY**

Mail Processing Efficiency

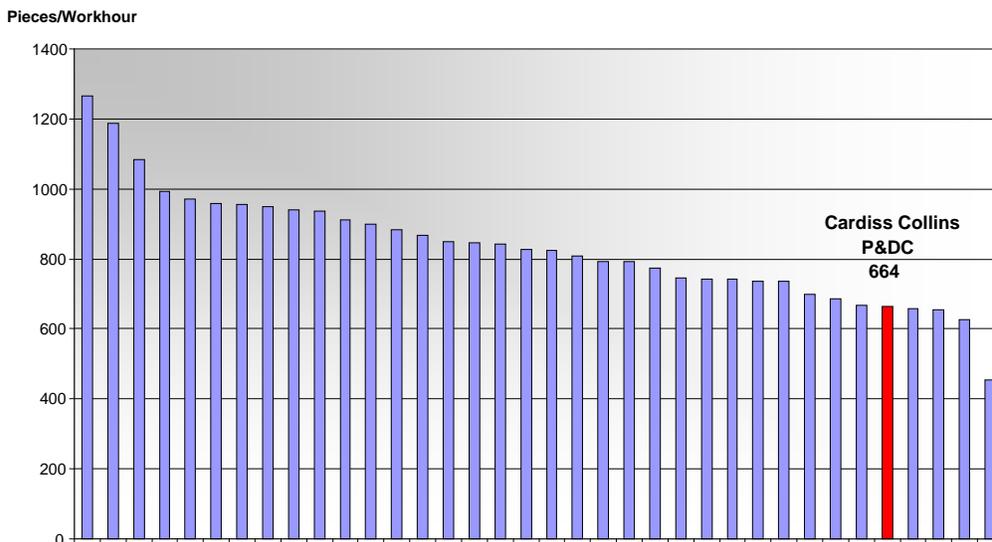
The Cardiss Collins P&DC's productivity has historically been below the average of the 36 Group 1 sites, although productivity increased from FY 2005 to 2008. See the table and chart below.⁸

FIRST HANDLED PIECE (FHP) PRODUCTIVITY COMPARISONS

Fiscal Year	Cardiss Collins P&DC FHP Productivity	Average Group 1 FHP Productivity (Excluding Cardiss Collins P&DC)	Cardiss Collins P&DC Ranking
2005	442	698	35 th
2006	469	708	35 th
2007	570	744	33 rd
2008	664	809	32 nd

⁸ We computed FHP productivity by dividing FHP volume by workhours for all Group 1 sites. The average does not include the Cardiss Collins P&DC data.

FY 2008 GROUP 1 FHP PRODUCTIVITY

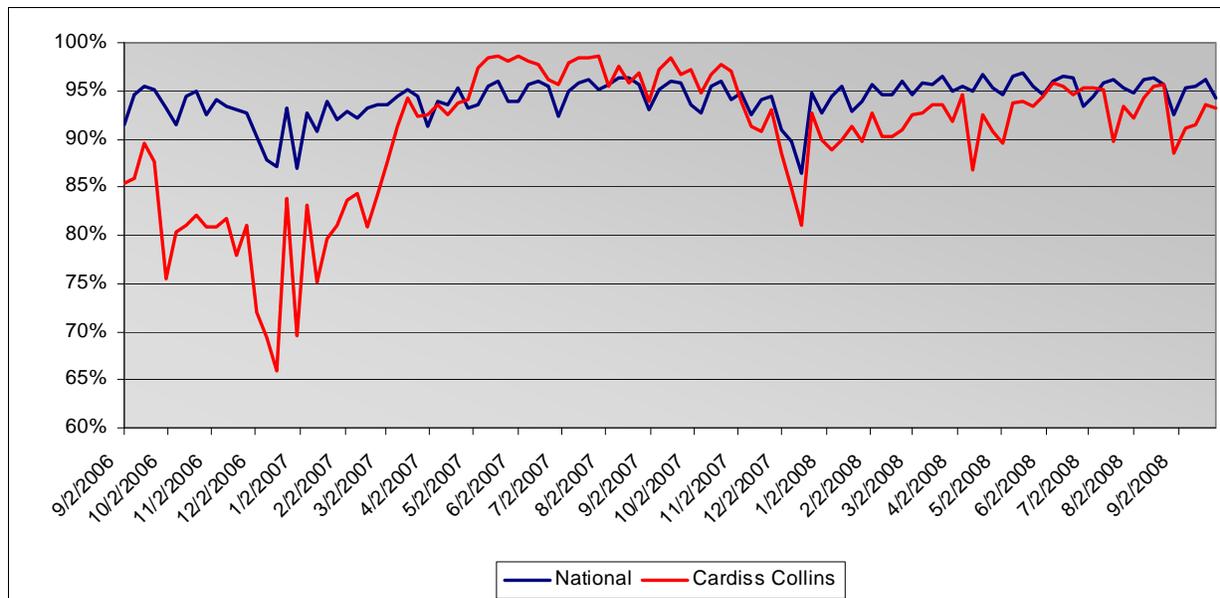


From FY 2006 to 2008, the Cardiss Collins P&DC had an increase in FHP volume of 16.7 percent and a decrease in workhours of 563,754, or 17.59 percent. Consequently, productivity increased by 41.61 percent. In addition, we found the Cardiss Collins P&DC made improvements in meeting outgoing mail clearance times, the national average for sorting letter mail into delivery sequence order, and the national productivity average for DBCS.

Outgoing Clearance Times

During FY 2007, the Cardiss Collins P&DC met its 11:00 p.m. outgoing clearance target approximately 89 percent of the time, which was significantly below the national average of 94 percent. Outgoing mail cleared by 11:00 p.m. improved in FY 2008 to 92 percent, while the national rate was 95 percent. By September 2008, Chicago rate of clearance was 93 percent, while the national rate was 94 percent. This improvement should reduce mail delays and enhance service scores. See the chart on the next page.

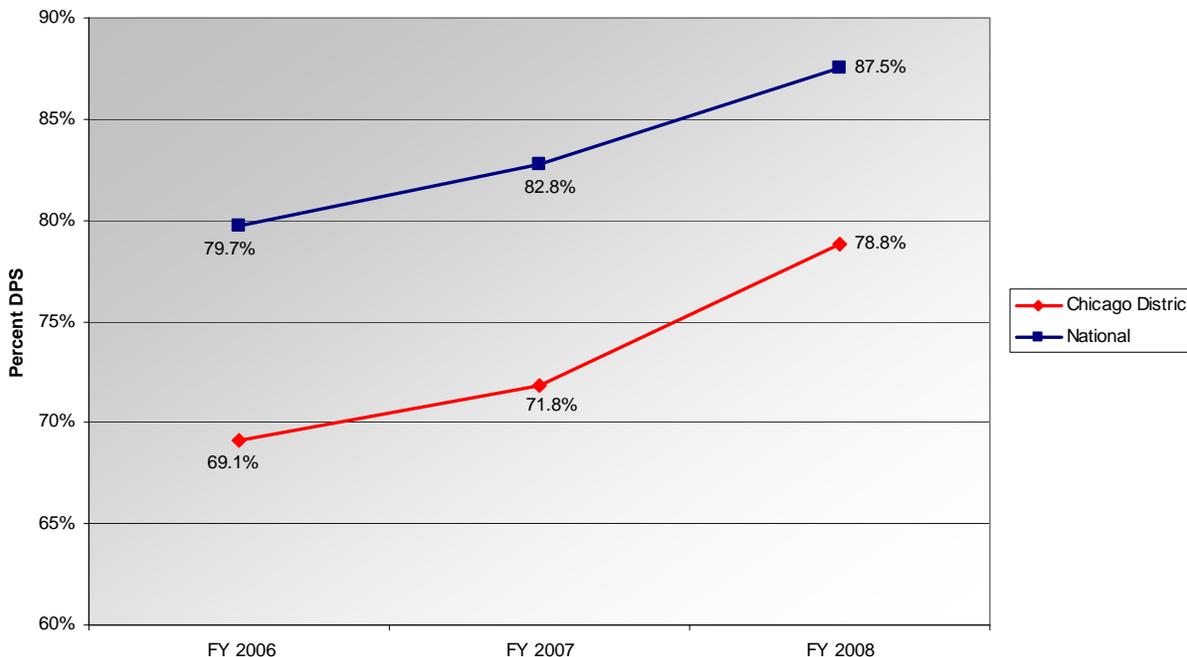
**OUTGOING MAIL CLEARED BY 11:00 P.M. —
NATIONAL VERSUS CARDISS COLLINS P&DC
SEPTEMBER 2006 TO 2008**



Delivery Point Sequencing

The Cardiss Collins P&DC consistently ranked below the national average for letters sorted in DPS. During FYs 2006 and 2007, the Cardiss Collins P&DC processed on average 69 and 72 percent, respectively, of the letter mail in DPS. Although the percentage of DPS mail increased during FY 2008 to 79 percent, the percentage continues to be well below the national average of over 87 percent. Consequently, Chicago District mail carriers cased more non-DPS mail than their counterparts did nationally, resulting in increased office time and possible mail delays. See the chart on the next page.

**PERCENTAGE OF DELIVERY POINT SEQUENCING —
NATIONAL VERSUS CARDISS COLLINS P&DC
FYs 2006 TO 2008**



DBCS Productivity

DBCS productivity at the Cardiss Collins P&DC improved during FY 2008, as did its ranking among Group 1 sites, due to overhaul of the machines. In FY 2007, the Cardiss Collins P&DC processed 7,409 pieces per hour on a DBCS, compared to the national average of 7,767 pieces. In FY 2008, the Cardiss Collins P&DC processed 8,135 pieces per hour on a DBCS and ranked sixth in DBCS productivity among the Group 1 sites. In addition, during FY 2008, the Cardiss Collins P&DC received an award for DBCS auto certification.⁹ See the chart and photograph on the next page.

⁹ Improving DBCS productivity will increase the Cardiss Collins P&DC's ability to sort mail in DPS and process letter mail within the operational window.

BREAKTHROUGH PRODUCTIVITY INDEX PERFORMANCE FOR DBCS — CARDISS COLLINS P&DC, FY 2008

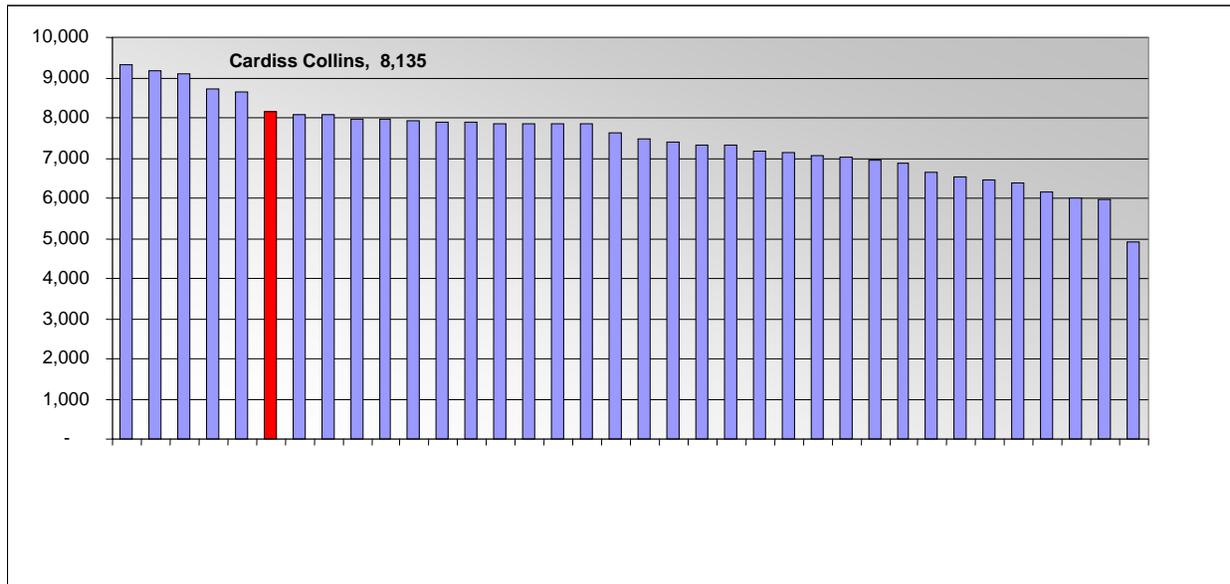


Illustration 3: During FY 2008, the Cardiss Collins P&DC received an award for DBCS Auto Certification.



Delivery Efficiency

The Chicago District improved efficiencies both in the office and on the street which should allow it to deliver mail in a more timely manner. As noted in Appendix D, although the Chicago District delivered more mail before 6:00 p.m. than in the past, Chicago District carrier return times were below the national average in FY 2008.

We found that improving office efficiency allowed carriers additional street time to complete delivery by 6:00 p.m. For example, the Chicago District's Office Efficiency Index (OEI)¹⁰ improved from FY 2007 to 2008, although the index has been well below the national average since FY 2006. Consequently, the Chicago District city carriers used more time in the office than necessary, but that amount of time is declining. See the chart below.

OFFICE EFFICIENCY INDEX

Fiscal Year	Chicago District	National	Percentage Difference
2006	145.5	192.4	-27.0
2007	149.2	201.7	-26.0
2008	164.8	225.7	-24.4

Improving street efficiency also increased the Chicago District's opportunities to deliver mail before 6:00 p.m. The Street Efficiency Index (SEI)¹¹ for the Chicago District improved slightly from FY 2007 to 2008, although it was 4.4 percent below the national average in FY 2008. See the chart below.

STREET EFFICIENCY INDEX

Fiscal Year	Chicago District	National	Percentage Difference
2006	91.3	93.6	-2.4
2007	90.1	93.4	-3.5
2008	90.2	94.1	-4.4

¹⁰ The Postal Service uses the OEI to measure office performance. OEI is calculated by dividing the possible deliveries by the office time.

¹¹ The Postal Service uses the SEI to measure street performance. SEI is calculated by dividing the possible deliveries by the street time.

In addition, we found that carrier productivity as measured by deliveries per hour (DPH) in the Chicago District improved from FY 2007 to 2008. The DPH was 55 deliveries per hour in FY 2008, which was 14 percent lower than the national average of 64. See the chart below.

DELIVERIES PER HOUR

Fiscal Year	Chicago District	National	Percentage Difference
2006	53	60	-13
2007	53	61	-14
2008	55	64	-14

APPENDIX F: DETAILED ANALYSIS OF INTERNAL CONTROLS

Generally, the internal controls we reviewed concerning the timely processing and delivery of mail were functioning as intended.

- In June 2008, the Postal Service revised the National Color Code policy. During our review in November 2008, we found that the Cardiss Collins P&DC had implemented the new policy. Improved color-coding will allow the Cardiss Collins P&DC to prioritize its workload and ensure first-in, first-out mail processing. We also noted during our observations on November 3 and 4, 2008, that the data recorded into the Mail Condition Reporting System was accurate.
- Our initial observations conducted in April 2007 indicated the Chicago District AMS had not been updated or corrected and consequently was not accurate. In November 2008, management stated that accuracy of the AMS has improved.¹² This enhanced accuracy will allow better sequencing of mail and reduce carrier office time.

¹² As noted in Appendix E, the amount of DPS mail also increased, which also indicates that the AMS accuracy has increased.

APPENDIX G: DETAILED ANALYSIS
CHICAGO DISTRICT'S SERVICE PERFORMANCE IN COMPARISON TO
NATIONAL AVERAGE SERVICE TRENDS,
FYs 2004 TO 2008¹³

Service Category	Postal Quarter	Fiscal Year	Chicago Ranking Compared to National	Chicago Service Score	National Average Service Scores	Difference Chicago to National
Overnight	Quarter 4	2008	76 of 79	95.74	96.67	-0.93
	Quarter 4	2007	79 of 79	93.98	96.12	-2.14
	Quarter 4	2006	79 of 79	91.12	95.42	-4.30
	Quarter 4	2005	74 of 79	93.89	95.21	-1.32
	Quarter 4	2004	58 of 79	94.87	95.40	-0.53
2- and 3-Day	Quarter 4	2008	72 of 80	92.38	93.53	-1.15
	Quarter 4	2007	78 of 80	91.66	93.27	-1.61
	Quarter 4	2006	78 of 80	83.62	90.85	-7.23
	Quarter 4	2005	72 of 80	88.25	90.53	-2.28
	Quarter 4	2004	46 of 80	91.14	91.23	-0.09
2-Day	Quarter 4	2008	39 of 78	94.26	94.19	0.07
	Quarter 4	2007	70 of 78	93.02	93.99	-0.97
	Quarter 4	2006	78 of 78	85.86	91.71	-5.85
	Quarter 4	2005	64 of 78	90.14	91.49	-1.35
	Quarter 4	2004	30 of 78	92.86	91.98	0.88
3-Day	Quarter 4	2008	75 of 80	89.61	92.94	-3.33
	Quarter 4	2007	76 of 80	89.57	92.62	-3.05
	Quarter 4	2006	77 of 80	80.44	90.24	-9.80
	Quarter 4	2005	76 of 80	85.46	89.8	-4.34
	Quarter 4	2004	67 of 80	88.81	90.62	-1.81

¹³ Quarter 4 FY 2008 trends that are lower than the national average are highlighted in red.

APPENDIX H: RECOMMENDATIONS MADE IN PRIOR REPORTS

Management generally agreed with the findings in the reports listed below and has taken, or is taking, corrective action on our recommendations.

Recommendations made in the *Summary Audit on the Timeliness of Mail Processing, Transportation, and Delivery Operations in the Chicago District* (Report Number NO-AR-08-003, dated March 28, 2008)

We recommend the Vice President, Great Lakes Area Operations, ensure:

1. The Chicago District Manager and Senior Plant Manager continue to monitor the processing and delivery of mail, to ensure these operations are timely.
2. The Chicago District Manager and Senior Plant Manager conduct safety talks, correct potential hazards, and follow up on limited duty employees and unscheduled absences.
3. The Chicago District continues to improve mail processing efficiency by reducing workhours by 697,245, with an associated economic impact of over \$231 million by FY 2017.
4. The Chicago District Manager and Senior Plant Manager continue to improve delivery operations efficiency by improving supervision and holding employees accountable.

Recommendations made in *Timely City Delivery—Chicago District* (Report Number DR-AR-08-001, dated October 11, 2007)

We recommended the District Manager/Postmaster, Chicago District:

1. Implement Delivery Standard Operating Procedures in all delivery units.
2. Provide appropriate oversight to ensure delivery unit Standard Operating Procedures are in place, operating as intended, and achieving desired results.

We recommended the Vice President, Great Lakes Area:

3. Validate that the Chicago District has implemented Delivery Standard Operating Procedures in all delivery units.
4. Provide appropriate oversight to ensure the Chicago District is monitoring delivery unit performance.

Recommendations made in *Timeliness of Mail Processing at the Chicago, Illinois Cardiss Collins Processing and Distribution Center* (Report Number NO-AR-07-012, dated September 28, 2007)

To improve the timely processing of mail, we recommended the District Manager/Postmaster, Chicago District, and the Senior Plant Manager, Cardiss Collins P&DC:

1. Monitor delayed mail on a daily basis and develop action plans, if necessary, to ensure the timely processing of mail.
2. Improve supervision by ensuring that supervisors are properly trained and held accountable for results in their operation.
3. Ensure that employees are held accountable by establishing performance goals, monitoring achievement of those goals, and rating performance based on goals.
4. Ensure that timely and proper preventive maintenance is conducted on mail processing equipment.
5. Ensure proper staffing and use of overtime in relation to workload.
6. Ensure that proper plans are developed and followed for events that will affect mail processing operations, such as flat sorter refurbishment, removal of equipment, sort plan changes, retrofits, new equipment installations, and employee attrition.
7. Develop contingency plans in the event that mail cannot be processed timely at the Cardiss Collins Processing and Distribution Center, including the redirection of the mail processing to other facilities.
8. Provide consistent supervision.

Recommendations made in *Impact of Transportation on Chicago District Performance* (Report Number NL-AR-07-008, dated September 28, 2007)

We recommended the District Manager/Postmaster, Chicago District, and the Senior Plant Manager, Cardiss Collins Processing and Distribution Center, coordinate to:

1. Analyze Chicago District Postal Vehicle Service (PVS) operations to identify excess PVS resources they can reduce and apply to other critical requirements.
2. Improve communication and coordination between processing facilities and local post offices by improving local transportation planning and scheduling.

We recommended the Vice President, Great Lakes Area Operations:

3. Require managers at the Cardiss Collins P&DC and the Chicago Bulk Mail Center to properly plan transportation between the two facilities and properly account for mail in trailers.
4. Require managers to improve data collection by properly training and supervising employees on transportation systems, such as Surface Visibility.

APPENDIX I: MANAGEMENT'S COMMENTS

JO ANN FEINDT
VICE PRESIDENT, GREAT LAKES AREA OPERATIONS



January 30, 2009

ROBERT J. BATTA
DEPUTY ASSISTANT INSPECTOR GENERAL
FOR MISSION OPERATIONS

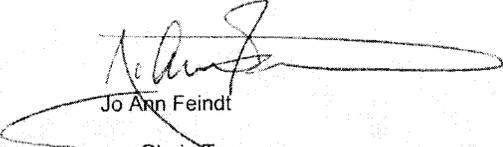
SUBJECT: Management Response to Follow Up Audit on the Timeliness of Mail
Processing and Delivery Operations in the Chicago District
(Report Number NO-AR-08-DRAFT)

The Great Lakes Area agree with the findings in the above-mentioned follow up audit and would like to thank the OIG for acknowledging the improvements made by the Chicago District. In the time since your original audit, significant work has been done to improve efficiency and timely delivery. These efforts have resulted in significantly less mail delays, service improvements, and reduction in customer complaints. Service scores improved in all four categories in FY 2008 compared to the same period in FY 2007.

From FY 2007 to FY 2008, there was an 87 percent decrease in total delayed mail at the Cardiss Collins P&DC. Delivery units delayed mail as a percentage of total volume decreased from .53 percent in FY 2007 to .32 percent in FY 2008. Additionally, management turnover decreased, communications of goals and targets increased, and maintenance of automated equipment improved. These actions increased efficiency and allowed the Chicago District to continue to process and deliver more mail in less time. This resulted in a reduction of 563,754 workhours from FY 2006 to 2008 at the Cardiss Collins P&DC.

As noted in the follow up audit the Chicago District continues to streamline delivery and processing operations to improve service scores and ensure the timely processing of mail. Please be assured we are focused on continuous improvement and we will not stop until Chicago is the top performer in the country.

Thank you for recognizing the efforts made and the improvements to date.



Jo Ann Feindt

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