July 23, 2009

RICHARD J. BLANCAS
SENIOR PLANT MANAGER, OAKLAND PROCESSING AND DISTRIBUTION CENTER

SUBJECT: Audit Report – Powered Industrial Vehicle Management System at the Oakland Processing and Distribution Center (Report Number NO-AR-09-007)

This report presents the results of our review of the Powered Industrial Vehicle Management System (PIVMS)[1] at the Oakland, CA Processing and Distribution Center (P&DC), located in the Pacific Area (Project Number 09XG017NO000). The Vice President, Network Operations, requested this audit. Our objectives were to determine if the PIVMS was functioning as intended and producing efficiency improvements. See Appendix A for additional information about this audit.

Conclusion

Management at the Oakland P&DC did not always use the PIVMS as intended and consequently has not yet realized all possible efficiency improvements. Although management had identified opportunities to reduce vehicle equipment and reduced workhours used in tow and forklift operations in fiscal year (FY) 2009, additional opportunities exist for improvement. If the Oakland P&DC used the PIVMS as intended, we estimate that management could save 38,000 workhours by the end of FY 2011, with an economic impact of over $14.5 million in savings over 10 years.

Workhour and Overtime Trends

When the Oakland P&DC deployed PIVMS in April 2007, some efficiency improvements were realized through a 22.1 percent reduction in overtime in tow and forklift operations. However, from FY 2006 through 2008, Oakland P&DC tow and forklift workhours increased by 8.5 percent. In addition, the number of equipment operators increased by almost 13 percent, due to closure of the Oakland Air Mail Center (AMC) and the Oakland International Service Facility (ISF) and the transfer of equipment operators to the Oakland P&DC.

We also compared the Oakland P&DC to 43 P&DCs that had the PIVMS installed for at least 1 year and found the Oakland P&DC did not achieve the level of improvement the

[1] The PIVMS consists of intelligent wireless devices installed on powered industrial vehicles and client-server software for access control, utilization analysis, real-time location tracking, and many other functions.

other sites attained. From FYs 2006 through 2008, the average site reduced tow and forklift workhours by 3.8 percent, and decreased overtime by 38 percent.

Although management at the Oakland P&DC did not always use the PIVMS as intended, we noted that during FY 2009, management improved supervision of tow and forklift operations and used 7.4 percent less workhours and almost 17 percent less overtime compared to year-to-date February of FY 2008. See Appendix B for our detailed analysis of this issue.

Use of the PIVMS at the Oakland P&DC

The Oakland P&DC used the PIVMS to complete the Occupational Safety and Health Administration (OSHA) checklist to identify employees involved in vehicle accidents and to locate vehicles in the facility. However, they did not use the PIVMS to:

- Manage equipment operator workhours.
- Schedule preventive maintenance or ensure that maintenance was completed.
- Monitor vehicle inventory or battery usage.
- Identify opportunities to reduce vehicle inventory. Instead, management increased the number of powered industrial vehicles (PIVs) at the Oakland P&DC.

In addition, management occasionally bypassed some safety and security features of the PIVMS. See Appendix B for our detailed analysis of this topic.

Causes

We concluded that all of the efficiency improvements from the PIVMS did not occur at the Oakland P&DC due to several factors. We found:

- Management was not aware of any established national goals or requirements to use the PIVMS to increase operational efficiency.
- Management had no confidence in the accuracy of the system reports or design features.
- Employees and supervisors needing to use the system did not always receive training.

Criteria

The President's Commission on the U.S. Postal Service, July 31, 2003, recommends that the mission of the Postal Service be ". . . . 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, U.S.C. 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 Enhancement Act of December 2006, P.L. 109-435, Title II dated December 20, 2006, indicates ". . . 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 using the PIVMS as intended, the Postal Service could increase operational efficiency at the Oakland P&DC. We estimated that management could reduce 38,000 mail processing workhours by the end of FY 2011, with an associated economic impact of over $14.5 million present value dollars in savings occurring over 10 years. See Appendix C.

Management's Actions

Management was aware and supportive of the need to achieve an acceptable return-on-investment from the PIVMS. During our audit, management began to hold refresher training for equipment operators. We noted that during FY 2009, workhours and overtime began to decrease in tow and forklift operations.. Management also eliminated 18 equipment operator positions in FY 2009, and had recently completed an analysis on workhour and inventory reductions.

At our exit conference on April 27, 2009, Oakland P&DC management committed to improve efficiency, as well as, reduce equipment inventory by 49 vehicles. We noted that specific PIVMS goals and targets had not been established at a national level and we will address these issues in our capping report. We will also examine the cost savings associated with vehicle reductions in our capping report.

To ensure the PIVMS at the Oakland P&DC functions as intended and produces efficiency improvements, we recommend the Senior Plant Manager, Oakland P&DC:

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 38,000 workhours in tow and forklift operations by FY 2011, with an

associated economic impact of over $14.5 million present value dollars in savings occurring over 10 years.

2. Reduce the number of powered industrial vehicles by 49 by the end of FY 2010.

3. Provide Powered Industrial Vehicle Management System training to all employees that need to use the system by postal Quarter 4, FY 2009.

Management's Comments

Management generally agreed with the recommendations and is working to reduce workhours. See Appendix D for management's comments in their entirety.

Evaluation of Management's Comments

The U.S. Postal Service Office of Inspector General (OIG) considers management's comments responsive to the recommendations in the report. Management has taken proactive action during our audit and is well under way with completing the actions specified in the recommendations. For example, management has already reduced 43 PIVs and is aggressively reducing workhours. 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 Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendation can be closed.

We will report $14,598,866 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.

E-Signed by Robert Batta
VERIFY authenticity with ApproveIt

Robert J. Batta
Deputy Assistant Inspector General
for Mission Operations

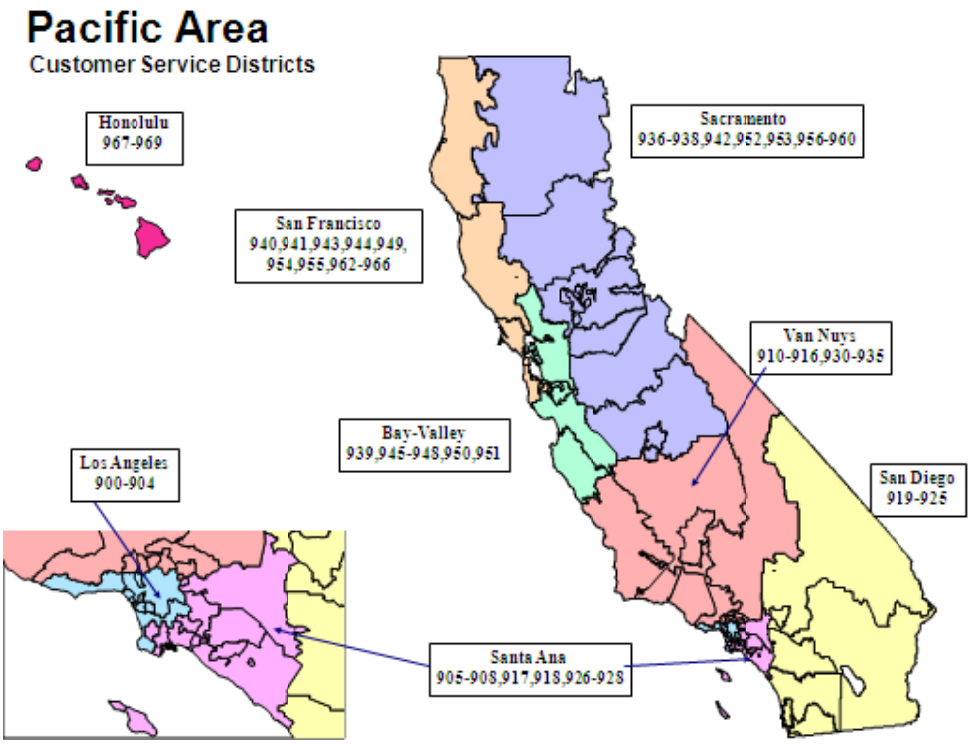
Attachment

cc: Patrick R. Donahoe
William P. Galligan
Jordan M. Small
Frank Neri
Kim R. Fernandez
Katherine S. Banks

APPENDIX A: ADDITIONAL INFORMATION

BACKGROUND

The Oakland P&DC is located in the Bay-Valley District in the Pacific Area. The map below shows the Pacific Area Districts by three-digit ZIP Code.



The Oakland P&DC processed almost 2.3 billion first handling pieces (FHP) and used over 3 million workhours in FY 2008. The Postal Service owns the multiple-story Oakland P&DC, which was dedicated in 1969. The Oakland P&DC implemented the PIVMS in April 2007 at a projected cost of $710,600. The Postal Service justified the purchase stating it would:

- Eliminate unauthorized use of PIVs.
- Reduce injuries from unsafe operation of PIVs.
- Reduce damage to mail and equipment from unsafe operation of PIVs.
- Reduce workhours used to transport mail and equipment throughout the plant.
- Reduce the number of pieces of equipment needed to perform this work.
- Reduce the workhours needed to maintain the fleet of PIVs.

This implementation was part of a national contract the Postal Service awarded to I.D. Systems, Inc. of Hackensack, NJ, in January 2005 to produce and deploy the PIVMS. The Postal Service started the program essentially as a pilot when it signed a $3.6 million contract with I.D. Systems, to implement a wireless asset management system at 10 bulk mailing and distribution facilities across the country. As of March 2009, the Postal Service placed orders for PIVMS deployment in 113 facilities. The total amount funded for the PIVMS as of May 2008 was over $35 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. Some of the major system design features included:

- Two-way text messaging.
- Assurance of OSHA safety compliance by only allowing currently certified operators to logon and operate specified equipment.
- Increased safety and accountability by shutting down a vehicle after recording a significant impact.
- Measuring 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 if 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 Oakland P&DC. The Oakland P&DC implemented the PIVMS before the end of FY 2007, so we benchmarked the Oakland P&DC with sites that had implemented the PIVMS after FY 2007. We also evaluated the utilization and capacity, staffing levels, and inventory of PIVs at the Oakland P&DC.

To conduct this audit, we relied on computer-processed data maintained by Postal Service Operational Systems, which included the Web Enterprise Information System, Web-based Complement Information System, and the Enterprise Data Warehouse system. We did not test the validity of controls over these systems. However, we checked the accuracy of the data by confirming our analysis and results with Postal Service managers and from different data sources. In addition, we relied on U.S. Postal Service Office of Inspector General (OIG) audits of Postal Service systems. An OIG

review of the Management Operating Data System concluded that the data in this system was valid and reliable for the uses for which it is intended.[2]

We conducted this performance audit from February through July 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 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 April 27, 2009, and included their comments where appropriate.

PRIOR AUDIT COVERAGE

We have conducted three prior reviews and found that the three sites reviewed did not always use the PIVMS as intended and consequently did not fully realize efficiency improvements. Management agreed with our recommendations.

Report Title	Report Number	Final Report Date	Monetary Impact
Powered Industrial Vehicle Management System at the Raleigh Processing and Distribution Center	*NO-AR-08-007*	*September 15, 2008*	$3,345,456
Powered Industrial Vehicle Management System at the Providence Processing and Distribution Center	*NO-AR-08-010*	*September 23, 2008*	$1,576,086
Powered Industrial Vehicle Management System at the Louisville Processing and Distribution Center	*NO-AR-09-001*	*December 3, 2008*	*$1,981,643*

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

APPENDIX B: DETAILED ANALYSIS

Volume and Workhour Trends

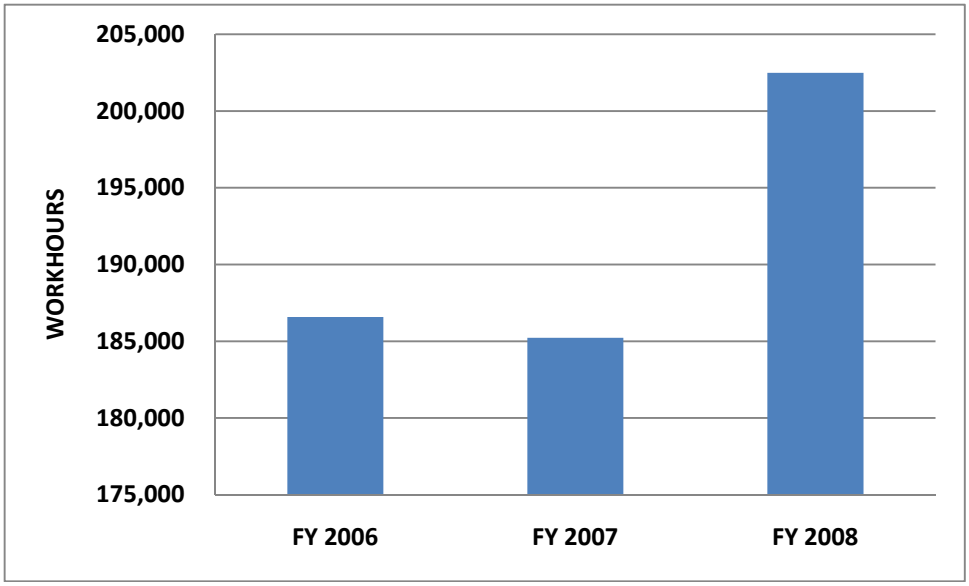
We reviewed mail volume, workhour, productivity, and complement trends for the Oakland P&DC from FYs 2006 through 2008. From FYs 2006 through 2008, FHP volume at the Oakland P&DC decreased by 7.8 percent and mail processing (Function 1) workhours decreased by 14.2 percent. Consequently, overall mail processing productivity increased by 7.4 percent.

From FYs 2006 through 2008, workhours used in tow and forklift operations at the Oakland P&DC increased 8.5 percent and overtime used in these operations decreased 22.1 percent. In FY 2008, the Oakland P&DC used 6.6 percent of mail processing workhours in tow and forklift operations. The number of equipment operators in FY 2008 increased by 12.5 percent compared to FY 2006. This increase was partly due to closure of operations at the Oakland AMC and the Oakland ISF. When these facilities closed, management transferred 10 equipment operators to the Oakland P&DC from the Oakland ISF in May 2008 and two equipment operators from the Oakland AMC in December 2006.

We reviewed volume, workhour, productivity, and complement trends for the P&DCs that had the PIVMS installed before the end of FY 2007, so there was at least one completed fiscal year of data. For the 43 sites meeting these criteria, we reviewed volume, workhour, and productivity trends from FYs 2006 through 2008. During this period, volume at these sites declined 1.37 percent and mail processing (Function 1) workhours decreased 11.93 percent. Consequently, productivity increased almost 12 percent.

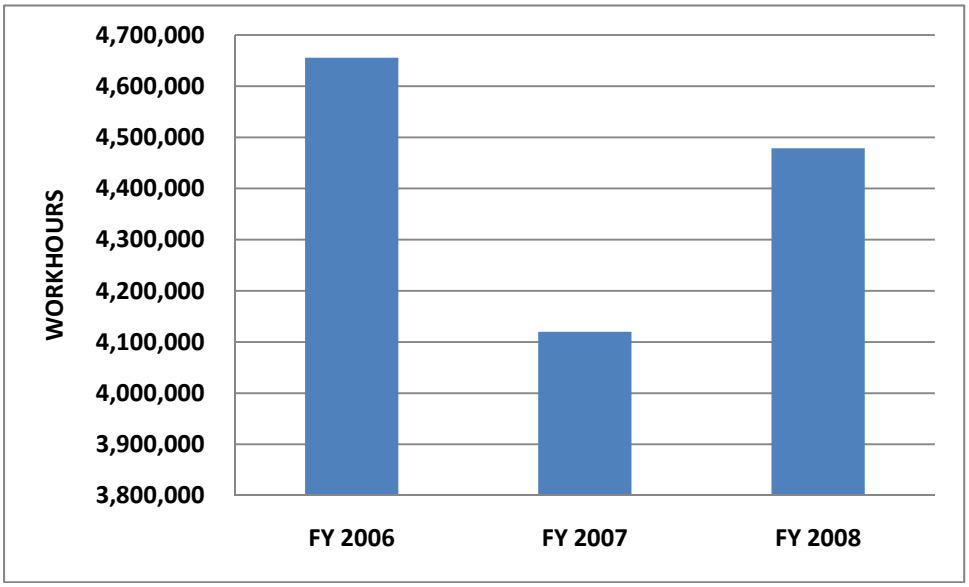
Comparing Oakland P&DC to these sites from FYs 2006 through 2008 shows that Oakland P&DC tow and forklift workhours increased 8.5 percent, while the average site decreased workhours in these operations by 3.8 percent. See Charts 1 and 2.

CHART 1: TOW AND FORKLIFTS WORKHOURS AT OAKLAND P&DC FYS 2006 THROUGH 2008



From FY 2006 to 2008, Oakland P&DC tow and forklift workhours increased by 8.5 percent.[3]

CHART 2: TOW AND FORKLIFTS WORKHOURS AT 43 P&DCS WITH PIVMS FYS 2006 THROUGH 2008

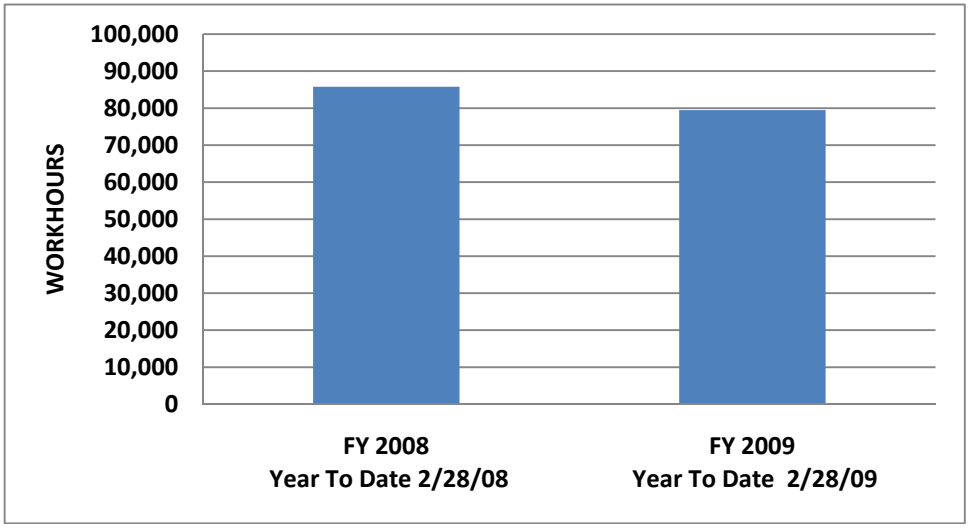


From FYs 2006 to 2008, tow and forklift workhours decreased by 3.8 percent at the other 43 P&DCs with PIVMS.

[3] Source of the data used in Charts 1 through 4 was the Enterprise Data Warehouse.

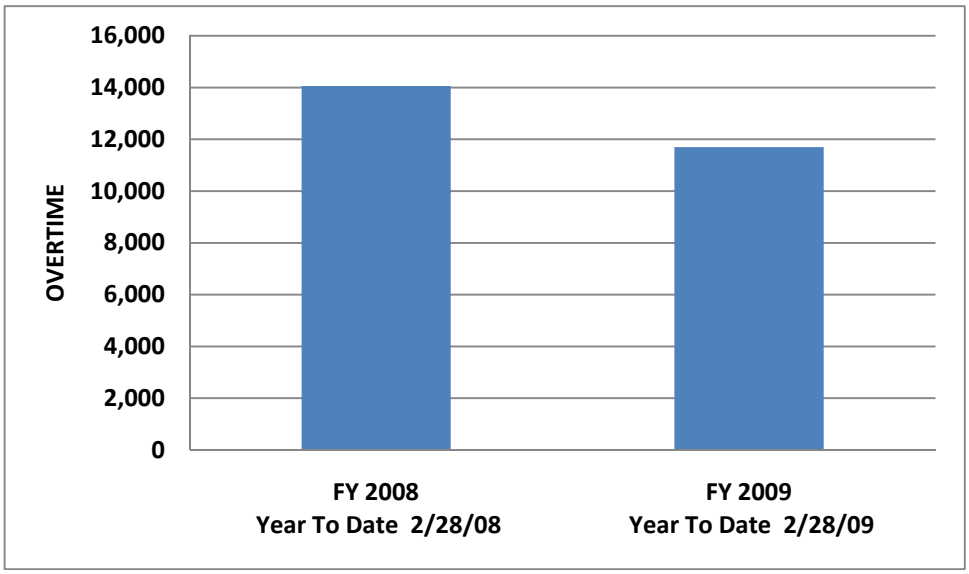
We noted that during FY 2009, workhours and overtime used in tow and forklift operations began to decrease in the Oakland P&DC. For example, they used 7.4 percent fewer workhours and almost 17 percent less overtime in these operations in February 2009 compared to February 2008. See Charts 3 and 4.

CHART 3: OAKLAND P&DC TOW AND FORKLIFT WORKHOURS FEBRUARY 2008 AND FEBRUARY 2009



The Oakland P&DC used 7.4 percent fewer workhours in February 2009 compared to February 2008.

CHART 4: OAKLAND P&DC TOW AND FORKLIFT OVERTIME FEBRUARY 2008 AND FEBRUARY 2009



The Oakland P&DC used almost 17 percent less overtime in February 2009 compared to February 2008.

Use of the PIVMS

The Oakland P&DC used the PIVMS to complete the OSHA checklist to identify employees involved in vehicle accidents and to locate vehicles in the facility. However, they did not always use the PIVMS to:

- Manage equipment operator workhours.
- Schedule preventive maintenance or ensure that maintenance was accomplished.
- Monitor vehicle inventory or battery usage.
- Identify opportunities to reduce vehicle inventory.

In addition, management occasionally bypassed some safety and security features.

Management of Equipment Operator Workhours

Management at the Oakland P&DC did not always use the operational features of the PIVMS. For example, we reviewed the number of logon accesses to the PIVMS and found that only nine out of the 83 mail processing managers and supervisors (10.8 percent) logged into the PIVMS from January 2 to February 19, 2009. We interviewed supervisors and found the majority of them accessed the PIVMS only for tasks such as starting vehicles for employees or locating vehicles. As of February 2009, only 33 percent of managers and supervisors and approximately 2.5 percent of powered equipment operators had received PIVMS training.

We also found the majority of Oakland P&DC supervisors did not use 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 travel time while carrying or pulling a load[4] in order to assess productivity. Management stated the reports were cumbersome, difficult to interpret, and difficult to obtain; and that they were not always confident in the accuracy of the reports.

We found that PIVMS reports might not always be accurate. For example, we found that, according to the Travel With Load reports, in FY 2008, the Oakland P&DC forklift travel with load percentages was 12 percent and the tow truck travel with load percentages was 7 percent.

[4] Travel With Load reports measure time traveled while carrying or pulling a load.

However, several factors might have contributed to the accuracy of the percentage rates of the reports, such as.

- Not all vehicles in use were reporting data, so recorded loads were also inaccurate. For example, 14 vehicles showed "0" or near "0" percent travel with load for all of FY 2008.

- One vehicle not used to carry mail was incorrectly coded in the PIVMS as a load-bearing vehicle, which decreased the travel with load percentages.

- Management allowed employees to use more than one piece of equipment at a time, so they overstated login hours.

Consequently, the reported utilization rates may have been lower than actual utilization.

Maintaining Vehicle Equipment and Monitoring Battery Usage

Management at the Oakland P&DC did not use the PIVMS reports to schedule preventive maintenance or ensure that unit personnel performed the maintenance. Instead, management used the Electronic Maintenance Activity Reporting and Scheduling System (eMARS) to schedule maintenance.[5] The PIVMS maintenance tool provides the ability to forecast, schedule, and process preventative maintenance events. 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] See Illustration 1.

[5] We will address the use of eMARS instead of PIVMS in our capping report.
[6] Industrial batteries provide a maximum return on investment when they are discharged to appropriate levels during operation and allowed to recharge and cool down for enough time during their charge cycles. I.D. Systems' Fleet Management System notifies the operator when the battery has been sufficiently discharged and can be replaced. Electronic battery fobs to track battery usage were not installed on the PIV batteries at the Oakland P&DC.

Illustration 1: Batteries did not include battery fobs, which should be located on top of the batteries.[7]

[7] The battery fob is used as the means of keeping track of the batteries. The Vehicle Asset Communicator reads the battery fob identification code and sends information on the battery to the central computer server.

Management stated that space in the battery room was not sufficient to store all batteries. Consequently, there were not always sufficiently charged batteries for the vehicle inventory and they were sometimes used before being completely charged. Using a battery that is not completely charged reduces battery life.

Vehicle Inventory Management

Management did not use the PIVMS to identify opportunities to make reductions in inventory. Although management planned vehicle reductions when they implemented the PIVMS at the Oakland P&DC in April 2007, vehicle inventory increased by 19 pieces of equipment by March 2009.[8]

We found the maximum number of vehicles used simultaneously from April 2007 through January 2009 was 46, indicating a possible surplus of 49 vehicles. In addition, the maximum number of powered equipment operators scheduled to work at any one time was 30, also indicating there were more than enough vehicles for equipment operators to use. During our observations, we noted that vehicles were often idle. See Illustrations 3 and 4.

[8] This increase was due in part to the closure of operations at the Oakland AMC and the Oakland ISF and the subsequent transfer of vehicle equipment to the Oakland P&DC.

Illustration 3: Idle forklifts at the Oakland P&DC on 3/2/2009 at 5:25 p.m.

Illustration 4: Idle tow trucks at the Oakland P&DC on 3/4/2009 at 6:31 p.m.

We also found unused equipment in the maintenance unit awaiting parts and repair. See Illustration 5.

Illustration 5: Vehicles awaiting parts and repair in the maintenance workroom at the Oakland P&DC on 3/3/2009 at 8:35 p.m.

During our audit, management stated they planned to reduce PIV equipment by 49 pieces. We will examine the costs associated with vehicle reductions in our capping report.

Safety and Security Features

During our review at the Oakland P&DC, we did not observe unsafe driving practices or accidents. In addition, we found that supervisors used the PIVMS to identify employees that were involved in vehicle accidents. However, management at the Oakland P&DC occasionally bypassed some of the PIVMS security features designed to ensure compliance with OSHA.

For example:

- One of the PIVMS safety design features only allows currently certified operators to logon and operate specified equipment. Oakland P&DC supervisors sometimes used master badges to start vehicles for operators.

- Another PIVMS safety design feature requires the operator to complete an electronic 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. See Illustration 6. However, operators sometimes asked a supervisor to bypass the system and start the vehicle.

Illustration 6: Most employees used proper identification and the electronic OSHA checklist to start a vehicle.

APPENDIX C: CALCULATION OF FUNDS PUT TO BETTER USE

By using the PIVMS as intended, we estimated that management could reduce 38,000 workhours by the end of FY 2011 based on the following factors:

- The Oakland P&DC's FHP productivity in FY 2008 was 742 and was lower than the median FHP productivity of 851 for the other 43 sites using PIVMS. We used this median productivity to calculate earned hours[9] for mail processing operations (Function 1).

- We determined the average percentage of hours used in tow and forklift operations as a percent of total Function 1 hours for the other sites using PIVMS. The average percentage of workhours used in tow and forklift operations is 6.21 percent.

- The Oakland P&DC used 6.65 percent of earned Function 1 workhours in tow and forklift operations.

- We multiplied the 6.21 average percentage of hours used in tow and forklift operations by the calculated earned Function 1 hours for the Oakland P&DC of 2,665,380. We determined that the number of tow and forklift hours that should be used (earned hours) by the Oakland P&DC is 164,839. We compared this earned hour calculation to the actual FY 2008 workhour usage in these operations of 202,485. This comparison revealed a difference of 37,646 workhours, which represents the potential workhour savings. Oakland P&DC management agreed to reduce 38,000 workhours. This workhour savings has an associated economic impact of over $14.5 million (net present value) in savings over 10 years.

FUNDS PUT TO BETTER USE (WORKHOUR SAVINGS)

Employee Category Impacted	Workhour Reduction	TIMEFRAME 10 FISCAL YEARS Discounted Savings (Net Present Value)
Function 1 Mail Processing Level 5 Mail Handler Hours	38,000	$14,598,866

[9] Earned hours are the hours justified based on the number of workhours used by other sites for a given workload or volume.

NOTES

- We based the 38,000 workhour reduction on management's plan to reduce workhours over a 2-year period, based on FY 2008 usage.

- We calculated 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 November 28, 2008, discount rate of 3.5 percent over a 10-year period.

- We based labor rates on FY 2009 Actual Wage Rates for a level 05 (PS-05) mail handler.

- The yearly escalation factor is 1.8 percent, based on the Postal Service's Decision Analysis Factors, effective November 28, 2008.

APPENDIX D: MANAGEMENT'S COMMENTS

SENIOR PLANT MANAGER
OAKLAND P&DC

UNITED STATES
POSTAL SERVICE

July 13, 2009

OFFICE OF THE INSPECTOR GENERAL

SUBJECT: Draft Audit Report – Powered Industrial Vehicle Management System at the Oakland PDC (Report Number NO-AR-09-DRAFT).

This provides the management response to the above referenced draft audit report. (Project Number 09XG017NO000).

The report contained the following observations and recommendations specific to the Pacific Area.

Observations

Management did not use the Powered Industrial Vehicle Management System to:

1. Manage equipment operator workhours or overtime.
2. Schedule preventative maintenance or ensure that maintenance was completed.
3. Monitor vehicle inventory or battery usage.
4. Identify opportunities to reduce vehicle inventory. Instead, management increased the number of powered industrial vehicles, (PIV) at the Oakland P&DC.

Recommendations

1. Use the PIVMS to the fullest extent possible to manage operations and continue to improve mail processing efficiency by reducing 38,000 workhours in tow and forklift operations by FY 2011, with an associated economic impact of $14.5 million present value dollars in savings occurring over 10 years.
2. Reduce the number of powered industrial vehicles by 49 by the end of FY2010.
3. Provide PIVMS training to all employees that need to use the system by Postal Quarter 4 FY 2009.

Response

Postal Service Management Responses

Identify Opportunities to Reduce Inventory

Management agrees that Postal Service management must use the PIVMS to the fullest extent possible to ensure that mail processing efficiency is improved and it is a cost effective investment.

As part of a comprehensive strategy to reduce costs and increase efficiency, the Pacific Area began an Area and site initiative focused on PIV, Bid Realignment, Hours Reductions and reductions in Higher Level and Maintenance costs. In response to this initiative, the Pacific Area had conducted an inventory usage study and had established prior to the initiation of the audit that 49 pieces of PIV equipment should be reduced at the Oakland PDC. The request and approval for the reductions were already in place prior to the conclusion of the audit. Since May 2009, 43 pieces of PIV have been removed from service. A new analysis of PIV usage will be conducted using PIVMS data to identify additional vehicles with low usage.

Manage Equipment Operator Workhours or Overtime

Management has already begun initiatives to reduce MHEO bids and PIV through Baseline Staffing and Scheduling models, Tour Compression, and PIT reduction. Although there was an increase of workhours and PIT equipment in the previous fiscal years, this increase was due to facility consolidation as both the AMF and ISF have been moved into Oakland P&DC. Due to this move, some of the MHEO bids remained the same, thus attributing to the slight increase of workhours from FY 2007 to FY 2008. Since the installation of PIVMS (FY 2007), Oakland P&DC has reduced a total of 19 MHEO. Management would also like to note that for FY 2009, workhours and overtime used in tow and forklift operations have decreased.

Given the current state of the business and our increased focus on improved efficiency and cost savings, Management will continue to reduce workhours in tow and forklift operations at the Oakland PDC.

Maintaining Vehicle Equipment and Monitoring Battery Usage

Management agrees that accountability with battery usage must increase. Management has begun developing battery charging procedures to ensure proper maintenance of batteries. As well, management agrees to look into usage of battery fobs to monitor battery abuse through PIVMS.

However, management, feels that monitoring PIT preventative maintenance is not a primary function of PIVMS. The EMARS system which is used nationwide is the appropriate tool to monitor preventative maintenance routes and costs associated with maintenance of all equipment, including PIT.

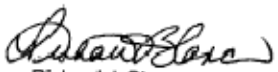
Provide Training to Employees That Need to Use PIVMS System

The audit draft report references that Management was aware and supportive of the need to achieve an acceptable return on investment for PIVMS. To this end, management would like to note that the audit draft references that management was providing refresher training for powered equipment operators during the audit period. All refresher training will be complete as recommended by the end of the fiscal year.

Summary

The Senior Plant Manager, Oakland P&DC Operations, has established the internal controls required to effectively manage PIV in the Oakland P&DC. Specifically, we:

1. Identified and captured savings in the reduction of PIV equipment prior to the initiation of the PIVMS audit.
2. Notified the OIG of the number of PIV equipment identified for reduction prior to the start of the audit.
3. Established a baseline modeling and excessing plan of resources to reduce workhour and equipment costs and increase efficiency.



Richard J. Biancas
Senior Plant Manager
Oakland P&D C

cc: Drew Aliperto, Area Manager, Operations Support
Kim Fernandez, Bay Valley District Manager