March 29, 2010

BERNICE GRANT
SENIOR PLANT MANAGER, INDIANAPOLIS PROCESSING AND DISTRIBUTION CENTER

SUBJECT: Audit Report – Powered Industrial Vehicle Management System at the Indianapolis Processing and Distribution Center (Report Number NO-AR-10-004)

This report presents the results of our review of the Powered Industrial Vehicle Management System (PIVMS)[1] at the Indianapolis Processing and Distribution Center (P&DC), located in the Great Lakes Area (Project Number 10XG011NO000). 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

The Indianapolis P&DC did not always use the PIVMS as intended and consequently had not realized all possible efficiency improvements from the system. While management used the PIVMS to identify employees involved in vehicle accidents, and evaluate equipment operator staffing levels, they did not use it to manage equipment operator productivity, schedule preventive maintenance, monitor vehicle battery usage, or identify opportunities to reduce vehicle inventory. If the Indianapolis P&DC used the PIVMS as intended, we estimate that management could save 20,000[2] workhours by the end of fiscal year (FY) 2013, with an economic impact of $7.9 million in savings over 10 years. In addition, opportunities to reduce powered vehicle equipment exist.

Use of the PIVMS at the Indianapolis P&DC

When the Indianapolis P&DC deployed PIVMS in June 2007, management realized some efficiency improvements and reduced 8 percent of the workhours in tow and forklift operations. However, the Indianapolis P&DC did not achieve the average level of improvements attained by the other 65 P&DCs that had the PIVMS installed for at least 1 year. The Indianapolis P&DC used 8.47 percent of mail processing workhours in tow

[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.
[2] Our actual estimation was 20,351 workhours, which we rounded to 20,000 workhours.

and forklift operations in FY 2009 compared to the lower 6.26 percent used by the average of the 65 sites. See Appendix B for our detailed analysis of this issue.

Management did not use the PIVMS as intended due to several factors because they:

- Were not aware of any established national goals or requirements to use the PIVMS to increase operational efficiency.
- Had little confidence in the accuracy of system reports or design features.
- Had not trained all supervisors who use the PIVMS.

By using the PIVMS as intended, the Postal Service could increase operational efficiency at the Indianapolis P&DC. We estimated that management could reduce 20,000 mail processing workhours by the end of FY 2013, with an associated economic impact of $7.9 million present value dollars in savings occurring over 10 years. See Appendix C.

Management was aware and supportive of the need to achieve an acceptable return on investment from the PIVMS. At our exit conference on February 2, 2010, Indianapolis P&DC management committed to improve efficiency, reduce equipment inventory, and improve internal controls over powered vehicle equipment inventory.

We noted the Postal Service had not established specific PIVMS goals and targets 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.

We recommend the senior plant manager, Indianapolis 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 20,000 workhours in tow and forklift operations by fiscal year 2013.
2. Reduce the number of powered equipment vehicles.
3. Provide Powered Industrial Vehicle Management System training to all employees who need to use it.

Powered Vehicle Equipment Internal Controls

Internal controls over employee and vehicle safety at the Indianapolis P&DC were not in place. Specifically, we found that:

- Three vehicles used for mail processing did not have PIVMS equipment. Consequently, equipment operators using these vehicles did not complete Occupational Safety and Health Administration (OSHA) checklists as required.

- Management had disabled the PIVMS feature that verifies that drivers have valid licenses less than 1 year after management implemented the PIVMS (June 2007). As a result, licenses had expired and the PIVMS would not allow vehicles to start; therefore, access to vehicles was not controlled and there was potential for unlicensed drivers to operate vehicles.

Management stated that they let these conditions occur in order to address operational issues temporarily; however, they did not implement sufficient compensating controls. As a result, the safety and security of employees and equipment was at risk. See Appendix B for our detailed analysis of this issue.

During our audit, we verified that all vehicles had the PIVMS installed and that management had re-enabled the PIVMS license verification feature. Management had a plan in place to ensure that all vehicle drivers maintained current licenses.

Other Matters – Security of Facility

We observed security deficiencies at the Indianapolis P&DC. For example, there was no fence around the perimeter of the facility, [redacted] Failure to secure entry points exposes the Postal Service's portable assets (such as computers, printers, televisions, etc.) to potential theft or damage. We identified $830,171 in portable capital assets "at risk," and will report this amount as non-monetary impact. See Appendix B for our detailed analysis.

We recommend the senior plant manager, Indianapolis P&DC:

4. Improve controls over access to the Indianapolis Processing & Distribution Center.

Management's Comments

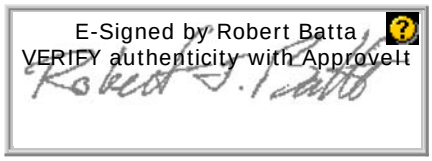
Management agreed with the findings and recommendations. Management stated they would increase use of the PIVMS and achieve the recommended 20,000 workhour savings in tow and forklift operations by FY 2013. Management also indicated they have established an automated reporting system to expose themselves to efficiency data from the PIVMS and to assist them in periodically analyzing the vehicle inventory level

to identifying cost-reduction opportunities. They are also developing employee PIVMS training courses for March and April 2010. Further, management acknowledged that facility access controls need improvement and funding requests have, and will continue, to be submitted. They also agreed to ensure access controls are in place and functioning. 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 and management's corrective actions should resolve the issues identified in the report. The OIG considers recommendation one significant, and therefore requires OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. The 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 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
Steven J. Forte
Jordan Small
Sally K. Haring

APPENDIX A: ADDITIONAL INFORMATION

BACKGROUND

The Indianapolis P&DC is located in the Great Lakes Area, Greater Indiana District. The map below shows the Great Lakes Area Districts.

The Indianapolis P&DC processed over 1.5 billion first handling pieces (FHP) and used 1,510,476 Function 1 workhours in FY 2009. The Postal Service leases the facility. The Indianapolis P&DC implemented the PIVMS in June 2007 at a projected cost of $418,000. The Postal Service justified the purchase stating it would:

- Eliminate unauthorized use of Powered Industrial Vehicles (PIVs).
- Reduce injuries resulting from unsafe operation of PIVs.
- Reduce damage to mail and equipment resulting from unsafe operation of PIVs.
- Reduce the number of workhours used to transport mail and equipment throughout the plant.
- Reduce the number of pieces of equipment needed to perform this work.
- Reduce the number of 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 October 2009, the Postal Service placed orders for PIVMS deployment in 114 facilities. The total amount funded for the PIVMS as of October 2009 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 capability.
- Assurance of OSHA safety compliance by allowing only currently certified operators to logon and operate specified equipment.
- An increase in safety and accountability by shutting down a vehicle after recording a significant impact.
- Ability to measure the amount of time an operator is logged into a vehicle and the amount of time the vehicle is in motion.
- Ability to locate and track 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 both volume and workhour trends at the Indianapolis P&DC. We benchmarked the Indianapolis P&DC with 65 other P&DCs, all of which have the PIVMS. We also evaluated utilization and capacity, staffing levels, and the inventory of powered equipment at the Indianapolis P&DC.

To conduct this audit, we relied on computer-processed data maintained by Postal Service Operational Systems, which included 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 checked the accuracy of the data by confirming our analysis and results with Postal Service managers and found that the data was sufficiently reliable.

We conducted this performance audit from November 2009 through March 2010 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 February 2, 2010, and included their comments where appropriate.

PRIOR AUDIT COVERAGE

We conducted six prior reviews. The sites we reviewed did not always use the PIVMS as intended and consequently did not fully realize efficiency improvements. Management agreed with our recommendations in these prior reports.

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-08-007	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
Powered Industrial Vehicle Management System at the Oakland Processing and Distribution Center	NO-AR-09-007	July 23, 2009	$14,598,866
Powered Industrial Vehicle Management System at the Washington Network and Distribution Center	NO-AR-09-010	September 22, 2009	$0
Powered Industrial Vehicle Management System at the Tampa Processing and Distribution Center	NO-AR-10-001	December 14, 2009	$0

APPENDIX B: DETAILED ANALYSIS

Volume and Workhour Trends

When the Indianapolis P&DC deployed PIVMS in June 2007, management realized some efficiency improvements. We reviewed mail volume, workhour, and productivity trends for the Indianapolis P&DC for FY 2007 through FY 2009. During this period FHP volume at the Indianapolis P&DC increased by 5.96 percent and mail processing (Function 1) workhours decreased by 15.15 percent.

Consequently, overall mail processing productivity improved by 24.88 percent. In FY 2009, Indianapolis P&DC tow and forklift actual workhours represented 8.47 percent of the total Function 1 hours. From FY 2007 to FY 2009, Indianapolis P&DC tow and forklift workhours decreased by 8.61 percent and overtime used in these operations decreased by 28.93 percent. See Charts 1 and 2.

CHART 1: INDIANAPOLIS P&DC TOW AND FORKLIFT WORKHOURS FY 2007 – FY 2009

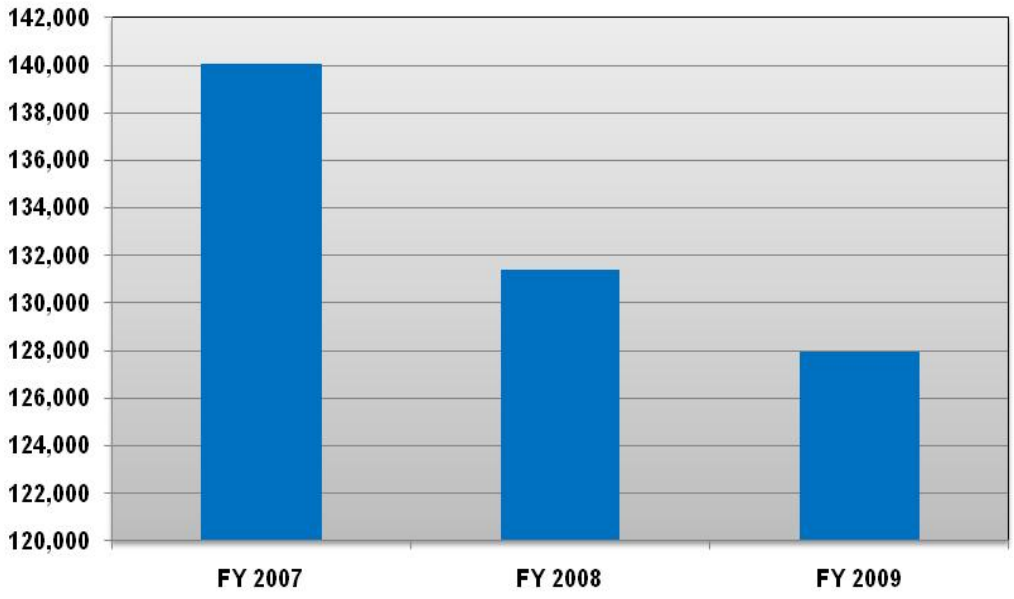
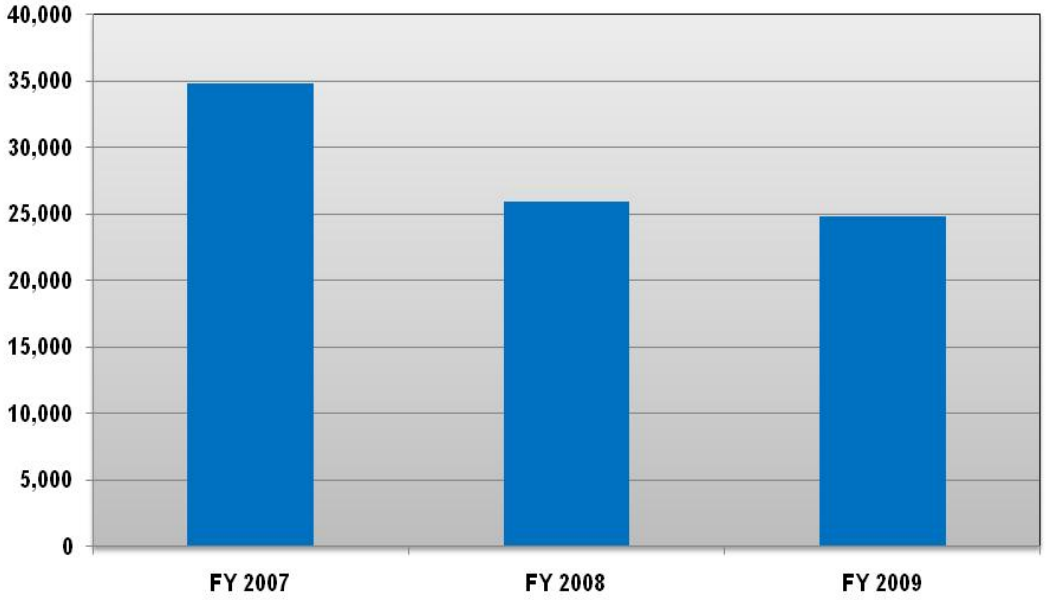


CHART 2: INDIANAPOLIS P&DC TOW AND FORKLIFT OVERTIME WORKHOURS FY 2007 – FY 2009



The Indianapolis P&DC did not achieve the average level of improvement attained by the other 65 P&DCs that had the PIVMS installed for at least 1 year. We reviewed volume, workhour, and productivity trends for the P&DCs that had the PIVMS installed before the end of FY 2009, so there was at least one completed fiscal year of data. For the 65 sites meeting these criteria, we reviewed volume, workhour, and productivity trends from FYs 2007 through 2009. The average site decreased workhours in these operations by 14.13 percent and decreased overtime by 65.17 percent. See Charts 3 and 4.

CHART 3: 65 P&DCs WITH PIVMS – TOW AND FORKLIFT WORKHOURS FY 2007 – FY 2009

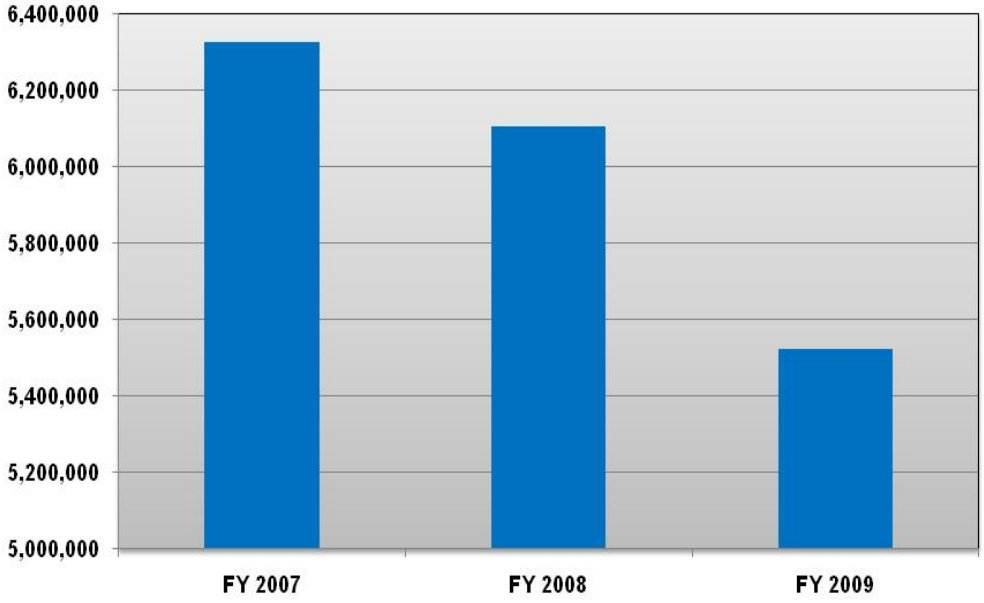
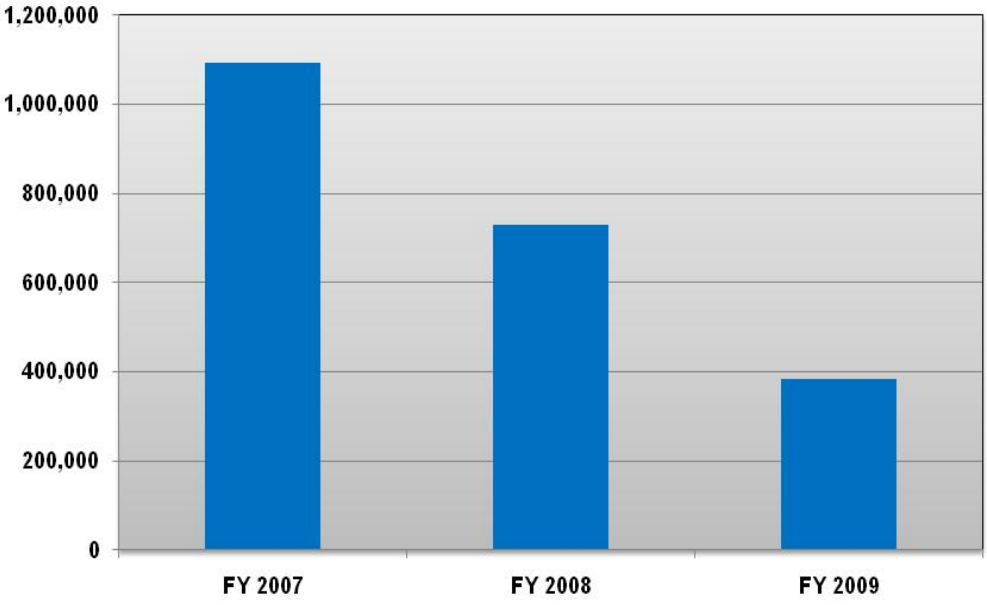


CHART 4: 65 P&DCs WITH PIVMS – TOW AND FORKLIFT OVERTIME WORKHOURS FY 2007 – FY 2009



The average site used 6.26 percent of Function 1 workhours in tow and forklift operations, compared to Indianapolis P&DC' use of 8.47 percent.

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. . . ."

Use of the PIVMS at the Indianapolis P&DC

The Indianapolis P&DC used the PIVMS to identify employees involved in vehicle accidents and evaluate equipment operator staffing levels. However, they did not always use the PIVMS to:

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

Management of Equipment Operator Workhours

Management at the Indianapolis P&DC did not always use the operational features of the PIVMS. For example, we interviewed supervisors and found that only two of the 31 supervisors used the PIVMS graphical viewer to locate vehicles on the workroom floor. As of November 2009, only 30 percent of managers and supervisors had received PIVMS training. We also found the majority of Indianapolis P&DC supervisors did not review any PIVMS reports. These 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[3] in order to assess productivity.

Management stated that they were not always confident in the accuracy of the reports. For example:

[3] Travel with Load reports measure time traveled while carrying or pulling a load.

- Not all PIVs were equipped to report data. For example, three vehicles did not have Vehicle Asset Communicators (VAC) or vehicle sensors used to report data; therefore, travel with load data was understated.

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

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

Maintaining Vehicle Equipment and Monitoring Battery Usage

Management at the Indianapolis P&DC did not use the PIVMS reports to schedule preventive maintenance on vehicles or ensure that unit personnel performed the required maintenance. Instead, management used the Electronic Maintenance Activity Reporting and Scheduling System (eMARS) to schedule vehicle maintenance and did not perform any preventive maintenance on the PIVMS equipment.[4] 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 and the PIVMS.

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. Management did not install electronic battery fobs to track battery usage on all PIV batteries at the Indianapolis P&DC.

We also found that the Indianapolis P&DC did not always efficiently charge vehicle batteries. During our prior PIVMS audits, we found that maintenance removed the batteries from the vehicle and placed them in a rack to be charged. Maintenance then installed another previously charged battery in the vehicle and immediately placed the vehicle back into service. The Indianapolis P&DC followed this procedure when they charged tow vehicle batteries. See Illustration 1.

[4] Preventive maintenance on the PIVMS includes checking communication connectivity, checking for hydraulic fluid leaks at the lift sensor, cleaning the sensor lens, and inspecting the sensor mounting and cables. We will address the use of eMARS instead of PIVMS and the lack of preventive maintenance on PIVMS equipment in our capping report.

Illustration 1: A battery being removed from a tow vehicle with a hoist on 11/17/09 at the Indianapolis P&DC. Employees discharged tow vehicle batteries and then removed them from the vehicles and recharged them.

However, the Indianapolis P&DC did not follow this procedure with forklift vehicles. Maintenance personnel did not remove forklift batteries from the vehicles to be charged. Instead, employees parked forklifts in the battery room and attached charger cables to the batteries. See Illustration 2.

Illustration 2: An employee charged a forklift vehicle battery at the Indianapolis P&DC without removing it from the vehicle on 11/16/09.

This procedure resulted in idle forklifts of as long as 8 hours while the batteries charged. By removing discharged batteries, replacing them with charged batteries and immediately returning the vehicle to service, management could reduce vehicle inventory.

Vehicle Inventory Management

We found that management did not use the PIVMS to identify opportunities to make reductions in inventory. During our observations, we noted that vehicles were often idle. See Illustrations 3 and 4.

Illustration 3: Idle forklift vehicle at the Indianapolis P&DC on 11/17/2009 at 8:06 p.m.

Illustration 4: Idle forklift vehicle at the Indianapolis P&DC on 11/17/2009 at 3:27 a.m.

Of the 44 total vehicles, we found the maximum number used simultaneously from October 2008 through September 2009 was 27, indicating surplus vehicles. In addition, the maximum number of powered vehicle equipment operators scheduled to work at any one time was 21, also indicating there were more than enough vehicles for equipment operators to use. During our audit, management stated they planned to reduce PIV equipment. We will examine the costs associated with vehicle reductions in our capping report.

Powered Vehicle Equipment Internal Controls

Internal controls over employee and vehicle safety at the Indianapolis P&DC were not in place. Specifically, we found that:

- Three vehicles used for mail processing did not have a PIVMS.[5] Consequently, equipment operators using these vehicles did not complete OSHA checklists. OSHA requires completion of a checklist to ensure the PIV is in good operating order prior to going into service. See Illustration 5.

[5] PIVMS requires the operator to complete an electronic OSHA checklist within a prescribed time after logging on to the vehicle. Management did not require employees driving the three vehicles without the PIVMS to complete manual OSHA checklists.

Illustration 5: Tow vehicle without a PIVMS VAC or tow sensor at the Indianapolis P&DC on 11/19/2009 at 11:29 a.m. The top arrow shows where the VAC was originally mounted. The bottom arrow shows where the tow sensor was originally mounted.

- Management disabled the PIVMS feature that verifies that drivers have valid licenses, since some licenses had expired and the PIVMS would not allow vehicles to start. Therefore, access to vehicles was not controlled and unlicensed drivers were able to operate vehicles. Management did not keep accurate records on employee licenses, but we found that at least seven of the 47 drivers (or 15 percent) were not certified to operate a vehicle.

Consequently, the Postal Service was at risk for incurring potential OSHA fines. For example, in September 2009, the OSHA imposed a $22,000 fine on the Eau Claire, WI Processing and Distribution Facility for failing to ensure that employees examined vehicles daily prior to placing them in service.

Management stated that they let these conditions occur to allow them to address operational issues temporarily, but they did not implement sufficient compensating controls. As a result, the safety and security of employees and equipment was at risk.

During our review at the Indianapolis P&DC, we did not observe unsafe driving practices or accidents. However, we observed damage to the facility from powered equipment vehicles. See Illustrations 6 and 7.

Illustration 6: Damage to the observation area at Grid G9, Indianapolis P&DC, 11/16/2009.

Illustration 7: Damage to brick corner near Bay 25, Indianapolis P&DC, 11/17/2009.

The *Strategic Transformation Plan 2006 to 2010* states, “Perhaps the greatest investment the Postal Service can make for employees is maintaining a safe work environment — making sure they return home to their families each day the same way they came in to work.” In addition, the plan says, “The Postal Service is subject to the reporting requirements of the Occupational Safety and Health Administration and follows the required criteria and reporting methodology. Providing a safe workplace is a demonstration of the commitment the Postal Service has to its employees.”

Other Matters – Security of the Facility

We observed security deficiencies at the Indianapolis P&DC. For example, there was no fence around the perimeter of the facility, gates leading to the dock areas were not badge-controlled, and access to the office tower was possible from outside the building without using the security key pads. The Indianapolis P&DC is across the street from the 63,000 seat Lucas Oil Stadium, which hosts National Football League games and other events. See Illustration 8.

Illustration 8: The Lucas Oil Stadium is across the street from the Indianapolis P&DC and is the planned site for the 2012 Super Bowl.

Close proximity to this stadium exposes the Indianapolis P&DC to large volumes of pedestrian traffic. Management agreed that security needs improvement. In fact, it has contracted for a security guard to be on site from 7:00 p.m. to 7:00 a.m., 7 days a week, with additional time on football game days. However, failure to secure entry points puts the Postal Service’s portable assets (such as computers, printers, televisions, etc.) at risk. We identified $830,171 in portable capital assets at risk and will report this amount as non-monetary impact. See Appendix C.

APPENDIX C: MONETARY AND NON-MONETARY IMPACTS

MONETARY IMPACT

Funds Put to Better Use (Workhour Savings)

Employee Category Impacted	Workhour Reduction	Time Frame: 10 Fiscal Years Discounted Savings (Net Present Value)
Function 1 Mail Processing Level 5 Mail Handler Hours	20,000	$7,913,246

Calculation of Funds Put to Better Use

By using the PIVMS as intended, we estimated that management could reduce 20,000 workhours by the end of FY 2013.

- We calculated earned hours using the median FHP productivity of 883 for mail processing operations (Function 1).
- We determined the average percentage of hours used in tow and forklift operation to total function 1 hours to be 6.26 percent.
- We determined the Indianapolis P&DC used 8.47 percent of earned function 1 workhours in tow and forklift operations.
- We multiplied 6.26 by calculated, earned Function 1 hours for the Indianapolis P&DC and determined that earned tow and forklift workhours were 20,000[6] higher than actual hours used in these operations.

NON-MONETARY IMPACT

Assets at Risk

Indianapolis P&DC Portable Capital Assets	Asset Value
Micro Computer Systems	$799,233
Printers	14,259
Television and Video Equipment	16,679
Total	**$830,171**

[6] Our actual estimation was 20,351, which we rounded down to 20,000.

APPENDIX D: MANAGEMENT'S COMMENTS

SENIOR PLANT MANAGER
GREATER INDIANA DISTRICT

UNITED STATES
POSTAL SERVICE

March 3, 2010

Lucine M. Willis
Director, Audit Operations

Subject: Response letter to the Draft Audit Report – Powered Industrial Vehicle Management System at the Indianapolis Processing and Distribution Center (Report Number NO-AR-10-DRAFT)

Thank you for the opportunity to review and comment on the Powered Industrial Vehicle Management System Audit Report at the Indianapolis Processing and Distribution Center.

Local management does hold a share of the responsibility for the underutilization of the Powered Industrial Vehicle Management System.

The Audit Report recommends that the Indianapolis P&DC fully utilize the Powered Industrial Vehicle Management System that would result in an additional 20,000 workhour savings by fiscal year (FY) 2013 that was estimated to have an impact of $7.9 million in savings over 10 years. The Indianapolis P&DC Management team is in agreement with these calculations.

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 20,000 workhours in tow and forklift operations by fiscal year (FY) 2013.

Response
Indianapolis P&DC management is in agreement with recommendation 1. Local management will continue and increase the utilization of the Power Industrial Vehicle Management System. An automated reporting system has been established to expose management to efficiency data available from the Powered Industrial Vehicle Management System. Management plans to use this data to identify efficiency opportunities and take corrective actions. The Senior Manager of Distribution Operations (Sr. MDO) and Manager of In Plant Support (MIPS) have been assigned to this task. The recommended 20,000 workhour savings in tow and forklift operations has a planned achievement of fiscal year 2013.

Recommendation 2
Reduce the number of powered equipment vehicles.

Response
Indianapolis P&DC management is in agreement with recommendation 2. Local management will continue to analyze the vehicle inventory level to identify cost reduction opportunities. An automated reporting system has been established to assist management in this identification using vehicle utilization data available from the Powered Industrial Vehicle Management System. The Senior Manager of Distribution Operations (Sr. MDO) and Manager of In Plant Support (MIPS) have been assigned to this task. Vehicle utilization data from the Powered

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Fax 317-464-6287

Industrial Vehicle Management System will be periodically analyzed for possible vehicle reduction as necessary.

Recommendation 3
Provide Powered Industrial Vehicle Management System training to all employees that need to use the system.

Response
Indianapolis P&DC management is in partial agreement with recommendation 3. The training of the employee stakeholders will continue and further advanced in depth training will be provided to the appropriate personnel. This training will also be documented and filed in a centralized location. Local management is developing and planning Powered Industrial Vehicle Management System training courses for the employees that use the system. The Senior Manager of Distribution Operations (Sr. MDO) and Manager of In Plant Support (MIPS) have been assigned to this task. The training courses are planned for March and April 2010.

Recommendation 4
Improve controls over access to the Indianapolis Processing and Distribution Center.

Response
Indianapolis P&DC management is in agreement with recommendation 4. The controls over the facility access need improvement. Funding requests have been submitted annually during security audits and will continue to be submitted. We will continue to ensure current controls are in place and are functioning as intended.

This report does not include any material to be exempt under the Freedom of Information Act (FOIA).

Sincerely,

Bernice Grant
Senior Plant Manager

cc: Lucine Willis
Sally Haring