



OFFICE OF INSPECTOR GENERAL

UNITED STATES POSTAL SERVICE

U.S. Postal Service's
Delivering Results,
Innovation, Value,
and Efficiency
Initiative 43 – Building
a World-Class
Package Platform

Audit Report

Report Number
MI-AR-15-003

May 4, 2015





OFFICE OF INSPECTOR GENERAL

UNITED STATES POSTAL SERVICE

Highlights

DRIVE 43 is supposed to increase package volume and revenue net contribution by FY 2016.

Background

In fiscal year (FY) 2011, the U.S. Postal Service established 36 Delivering Results, Innovation, Value, and Efficiency (DRIVE) initiatives to improve its business strategy. The goal of DRIVE is to reduce the agency's reported \$20 billion gap between revenue and expenses by FY 2016. DRIVE initiatives are to be bold and aggressive and have measurable outcomes.

DRIVE Initiative 43 – Building a World-Class Package Platform has 10 projects that are supposed to increase cumulative package volume by 35 percent for a [REDACTED] by FY 2016.

Our objective was to determine whether the DRIVE 43 Initiative used established DRIVE project management processes.

What The OIG Found

We found the Postal Service is measuring the success of DRIVE Initiative 43 with incomplete information and an unreliable project management process for this initiative. Postal Service management established cumulative goals of a 35 percent increase in domestic package volume and a [REDACTED]. However, they did not include these goals in the underlying projects or establish a way to accurately measure progress toward meeting the revenue net contribution goal.

Specifically, the goals for three projects – optimize package delivery, deploy next generation scanners, and improve the customer pick-up experience – were not included in DRIVE Initiative 43's overall initiative. Also, changes to and removal of project goals occurred without proper authorization and separation of duties. As a result, we identified [REDACTED] that was not measured in the underlying projects for FY 2014.

These issues occurred because the Strategic Management Office did not ensure DRIVE governance and documentation procedures were followed; other controls in the DRIVE process are believed to ensure goals are measurable, realistic, and accurate. As a result, there is increased risk that executive level management cannot accurately evaluate progress towards goals and make informed decisions.

What The OIG Recommended

We recommended management ensure the DRIVE governance policy is followed by requiring initiative leads and roadmap owners to include initiative goals in the underlying projects, ensure all projects have at least one goal measured in the initiative charter, and complete all appropriate forms and obtain all necessary approvals when making changes to initiative and project goals.

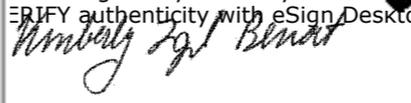
Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

May 4, 2015

MEMORANDUM FOR: EMIL J. DZURAY, JR.
DIRECTOR, STRATEGIC PLANNING

E-Signed by Kimberly Benoit
VERIFY authenticity with eSign Desktop


FROM: Kimberly F. Benoit
Deputy Assistant Inspector General
for Technology, Investment and Cost

SUBJECT: Audit Report – U.S. Postal Service’s Delivering Results,
Innovation, Value, and Efficiency Initiative 43 – Building a
World-Class Package Platform (Report Number MI-AR-15-003)

This report presents the results of our audit of the U.S. Postal Service’s Delivering Results, Innovation, Value, and Efficiency Initiative 43 – Building a World-Class Package Platform (Project Number 14WG012DP000).

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Michael Thompson, director, Major Investments, or me at 703-248-2100.

Attachment

cc: Corporate Audit and Response Management

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Findings

The Postal Service uses DRIVE to manage strategic programs to close a \$20 billion revenue and expense gap by FY 2016.

DRIVE 43 has objectives to support package growth, meet delivery expectations and improve the customer experience.

Introduction

This report presents the results of our self-initiated audit of the U.S. Postal Service's Delivering Results, Innovation, Value, and Efficiency (DRIVE) Initiative 43 – Building a World-Class Package Platform (Project Number 14WG012DP000). Our objective was to determine whether the DRIVE 43 Initiative used established DRIVE project management processes (see [Appendix A](#) for additional information about this audit).

The Postal Service uses DRIVE to manage strategic programs designed to close an identified \$20 billion gap between revenues and expenses by fiscal year (FY) 2016. This includes about \$16 billion related to legislative efforts to reduce the Postal Service's obligation to prefund employee retirement benefits and healthcare. In FY 2011, the Postal Service defined 36 key DRIVE initiatives, each addressing a strategic program area.

Each initiative consists of roadmaps and projects with specific annual and cumulative goals for meeting cost-cutting and revenue-growth objectives. An initiative's charter outlines the program objective and goals, and identifies the roadmaps that align to contribute to the initiative's overall success. DRIVE initiatives are to be bold and aggressive, with specific measurable outcomes that are realistic and include deadlines. The Strategic Management Office (SMO) tracks the Postal Service's performance and progress toward achieving these goals. The SMO also provides project management guidance and standardized processes for managing program initiatives and reporting to the Executive Leadership Team (ELT).¹

DRIVE Initiative 43 has 10 financial and non-financial² roadmap objectives. These roadmaps are supposed to establish a processing and delivery network that supports package volume and growth, meets delivery expectations, and improves the customer experience. DRIVE Initiative 43 is supposed to increase cumulative package volume by 35 percent for a [REDACTED].

Conclusion

We found the Postal Service is measuring the success of DRIVE Initiative 43 with incomplete information and an unreliable project management process for this initiative. Postal Service management did not include two of the eight charter goals in the underlying 10 projects or establish a method to accurately measure progress toward meeting the revenue net contribution goal. Further, the goals for three projects – optimize package delivery, deploy next generation scanners, and improve the customer pick-up experience – were not included in DRIVE Initiative 43's overall initiative goals. Additionally, changes to and removal of project goals occurred without proper authorization and separation of duties. As a result, we identified [REDACTED] that was not measured in the underlying projects for FY 2014. These issues occurred because the SMO did not ensure DRIVE governance and documentation procedures were followed. The SMO relied on project management processes established by the initiative lead³ and other controls, such as the ELT's bi-weekly review, to ensure goals are measurable, realistic, and accurate.

Delivering Results, Innovation, Value, and Efficiency Initiative 43 Planning Process

The managers of DRIVE Initiative 43 established cumulative goals of a 35 percent increase in domestic packages and a [REDACTED]. However, they did not include these two overall goals in the initiative's [REDACTED].

¹ *DRIVE Governance Guide*, September 30, 2014, establishes the requirements and procedures for the DRIVE process.

² There are four additional projects from other DRIVE initiatives listed as roadmaps in DRIVE Initiative 43. These are 15.1, *Evaluate Pricing and Costing Methods*; 20.1, *Package Visibility*; 25, *Improve Customer Experience*; and 45, *Building the Workforce of the Future*. We consider these projects to be separate initiatives.

³ The initiative lead establishes impacts and milestones and reports to the ELT sponsor on progress toward project goals.

The Strategic Management

Office did not enforce requirements to set measurable objectives that aligned with the underlying projects.

There is no system in place to measure progress towards the revenue net contribution goal.

underlying projects or establish a method to accurately measure progress towards the revenue net contribution goal. This occurred because the SMO did not ensure DRIVE governance procedures were followed. As a result, the success of DRIVE Initiative 43 is being measured with incomplete information and an unreliable project management process for this initiative.

The SMO performs an initial assessment called rigor testing during the planning phase to ensure the projects contribute to overall program goals. This testing assesses the alignment between the chartered objectives and the roadmaps for achieving those objectives. One part of the process is to determine whether each initiative has goals that are specific, measurable, attainable, realistic, and include deadlines. The ELT sponsor approved DRIVE Initiative 43 in August 2013 after it met all rigor testing requirements.

However, during the rigor testing process the SMO did not enforce planning requirements that the initiative lead set measurable, chartered objectives that are aligned with the underlying projects. One goal called for 10 percent domestic package growth in FY 2014, with a cumulative goal of 35 percent by FY 2016. Another charter-level goal was a [REDACTED]. However, neither goal was aligned with a DRIVE Initiative 43 roadmap.

Additionally, the Postal Service did not measure and track the domestic package revenue net contribution in the Technology Management Office System (TMOS). The TMOS is a dashboard reporting and monitoring tool that allows executive level management to monitor the health, quality, and timeliness of DRIVE projects on an ongoing basis.

Further, we determined there was no system in place to measure progress toward the [REDACTED] until after the fiscal year ends. The Postal Service is working to improve the timeliness of operational data as part of the DRIVE Initiative 47 to improve the current costing system.⁴ During our audit, DRIVE Initiative 43 managers recognized that revenue net contribution was not an accurate and timely measurement of domestic package growth. As a result, it was removed from the FY 2015 DRIVE Initiative 43 charter; however, at the time of this report, the ELT has not yet approved the removal.

The SMO said it tries to ensure roadmaps are accurately planned. They believe all DRIVE Initiative 43 projects contributed to both of the charter-level goals to increase domestic package growth and revenue net contribution even when not directly aligned with a roadmap. However, three of the 10 projects did not have goals that were measured in the initiative's charter. These three projects are supposed to optimize package delivery, deploy next generation scanners, and improve the customer pick-up experience. The SMO did not see this as an issue because the underlying projects all contribute in some way to the overall success of DRIVE 43. Additionally, management encourages the establishment of supplemental goals; however, without aligning project and charter goals, there is an increased risk that changes will negatively affect the success of the overall initiative. Further, the SMO stated that the Postal Service implemented DRIVE governance to promote best practices; and the ELT, initiative lead, and roadmap owner (RMO)⁵ are responsible for determining what is an initiative or a roadmap goal. However, DRIVE governance states that all roadmaps must have at least one goal measured in the overall charter.⁶

⁴ The objective of DRIVE Initiative 47, *Greenfield Costing*, is to develop an improved costing approach that could potentially transform the Postal Service's business intelligence capabilities through a common and accepted view of costs and profitability, the ability to accurately allocate all postal costs, and the capacity to generate profit and loss statements and other reports frequently and on demand throughout the year.

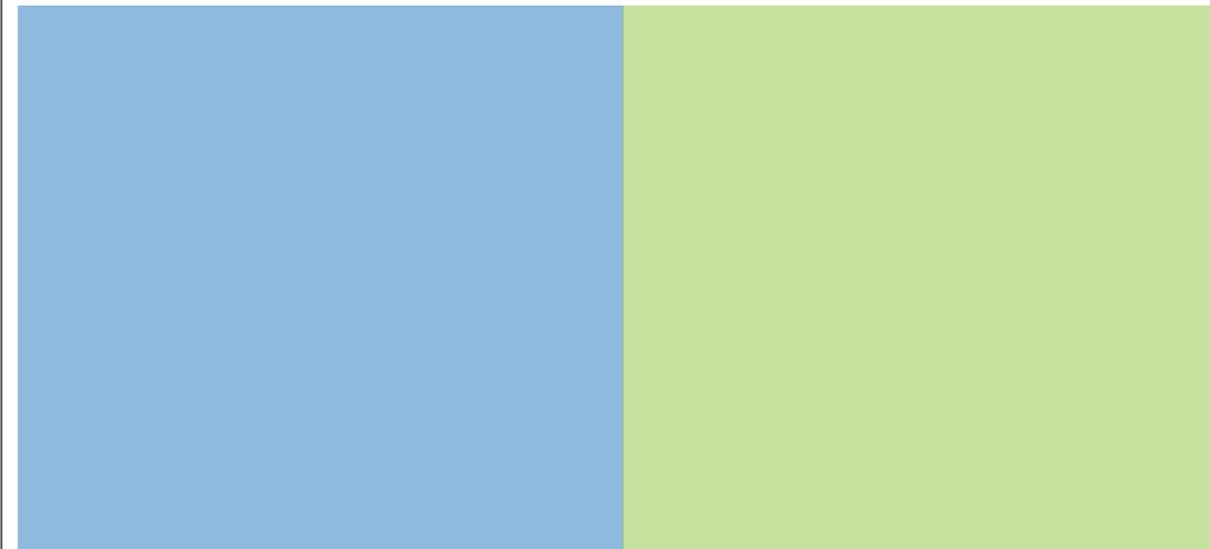
⁵ The RMO forms and monitors the teams and is responsible for schedule and risk management as part of initiating and executing the project plans.

⁶ *DRIVE Governance Guide*, Section 3.3, DRIVE Roadmap Rigor-Test Checklist.

Delivering Results, Innovation, Value, and Efficiency Initiative 43 Monitoring and Controlling

Monitoring and controlling processes were not followed to validate changes to and removal of project goals. During the course of the year, RMOs and the initiative lead submit change request forms when they need to change or remove goals or milestones⁷. Each request can affect multiple project goals or milestones and DRIVE governance includes a process to document such requests to promote accountability and ensure visibility to all stakeholders. This process establishes a separation of duties and specifies approval levels based on the nature of the request. For example, the ELT sponsor must approve a change request of 30 days or more from a project's due date.⁸ However, 13 of the 42 change requests in FY 2014 were not properly approved (see Figure 1 for a list of change requests that were not properly approved).

Figure 1: DRIVE Initiative 43 Change Requests Not Properly Approved



Source: OIG analysis.

These 13 change requests did not follow the required separation of duties. For two requests, the RMO did not obtain the proper approval authority. Additionally, 39 of 42 change request forms were not properly completed – some were missing approval dates or sections that identify risks and stakeholder concurrence. The SMO is responsible for ensuring change request forms are complete before making changes in TMOS; however, it did not ensure established DRIVE governance and documentation procedures were followed. Instead, it stated that the initiative lead has a project management process that includes a dashboard and bi-weekly meetings with RMOs and stakeholders. This process includes discussion of the goals and plans of the DRIVE initiative, as well as changes to project plans affecting initiative objectives, with the ELT, initiative lead, and RMOs. The SMO relies on this project management process as another level of control to monitor and control changes to initiative plans. Additionally, the SMO stated that it discusses requests with RMOs and key stakeholders before making changes in TMOS. However, without documenting the process there is no guarantee that all changes to or removal of project goals are properly approved and that senior management has the correct information to manage projects.

⁷ Checkpoints along a project's timeline.

⁸ *DRIVE Governance Guide*, Section 7, Charter/Roadmap Change Requests.

Separation of duty requirements were not followed when changing initiative and project goals.

Recommendations

We recommend management ensure the DRIVE governance policy is followed by requiring initiative leads and roadmap owners to include initiative goals in the underlying projects, ensure all projects have at least one goal measured in the initiative charter, and complete all appropriate forms and obtain all necessary approvals when making changes to initiative and project goals.

We recommend the director, Strategic Planning, ensure that the Delivering Results, Innovation, Value, and Efficiency governance policy is followed by requiring initiative leads and roadmap owners to:

1. Include initiative goals in the underlying projects.
2. Ensure all projects have at least one goal measured in the initiative charter.
3. Complete all appropriate change request forms and obtain all necessary approvals before making changes to initiative and project goals.

Management's Comments

Management disagreed, in part, with our conclusion, agreed with recommendations 1 and 3, and disagreed with recommendation 2.

Management disagreed with the conclusion that the SMO did not follow DRIVE governance procedures and that the DRIVE project management process is unreliable. Management stated that the SMO escalated all issues identified in the report to the ELT sponsor or initiative lead. Management stated that this occurred either during rigor testing or DRIVE biweekly meetings, or appeared in the initiative lead's biweekly status reports. Further, the Postal Service designed the DRIVE governance process based on industry best practices for rigorous portfolio and program management.

In response to recommendation 1, management agreed to include initiative goals in the underlying projects, per DRIVE governance and stated that they have taken action to modify the objectives of DRIVE Initiative 43 with the underlying projects.

In response to recommendation 2, management disagreed stating that the intent of DRIVE governance is to ensure projects have a clear relationship, either direct or indirect, with at least one charter objective. They stated that they will update DRIVE governance by May 30, 2015 to show that a roadmap may support an overall objective without specifically listing project goals in the initiative charter.

In response to recommendation 3, management agreed to follow DRIVE governance when making changes to initiative and project goals and stated that they will update DRIVE governance by May 30, 2015, to modify the change request process.

See [Appendix B](#) for management's comments, in their entirety.

Evaluation of Management's Comments

The OIG considers management's comments responsive to recommendations 1 and 3 and considers management's comments on recommendation 2 to be unresponsive.

Management disagreed with our conclusion that the SMO did not follow DRIVE governance planning processes when rigor testing DRIVE Initiative 43. They stated that the role of the SMO is to establish DRIVE governance, compare initiatives against the governance, and escalate any issues to the appropriate decision maker. Management also stated that the SMO brought all deviations the OIG identified, including establishing measurable objectives aligned with underlying projects, to the ELT sponsor or initiative lead. While these activities can mitigate the impact to stakeholders, the SMO could not provide support that the ELT sponsor or initiative lead viewed this information either during rigor testing or in other biweekly meetings, or that the deviations were approved.

Management also disagreed with the OIG's conclusion that the DRIVE project management process was unreliable for this initiative. Management noted that a prior OIG audit report⁹ concluded that DRIVE program governance is based on industry best practices for rigorous portfolio and program management. However, that report also stated that DRIVE does not ensure that projects will be successful and cited project management issues concerning better coordination, monitoring, timeliness, and financial and operating performance. This audit's finding is that DRIVE Initiative 43 project management processes were not followed and, therefore, are unreliable. This included planning measurable and realistic goals, controlling and monitoring changes to project goals with proper approvals, and following separation of duty requirements.

Management agreed with recommendation 1 and stated that they have already taken action to include initiative goals in the underlying projects; however management did not provide documentation showing how the Postal Service will measure progress towards the goals. Further, the revised DRIVE Initiative 43 charter is still not complete or approved by the ELT.

Management disagreed with recommendation 2 to ensure that all projects have at least one goal measured in the initiative charter. They stated that the intent of the governance is to have roadmaps with a direct or indirect relationship with at least one charter objective. Further, management stated that tracking a project's work is sufficient to support the contribution to an interim goal of the initiative. However, the DRIVE governance states that all roadmaps must have at least one goal measured in the initiative charter. Although management is updating the guidance, the OIG believes this best practice helps ensure that projects measured and tracked through the DRIVE process directly contribute to the initiative and support the Postal Service's performance and financial goals. Although we will not elevate this disagreement for resolution at this time, we will continue to address this subject in future audits of DRIVE initiatives.

Management agreed with recommendation 3 and stated that they will update DRIVE governance to promote accountability and transparency while reducing redundant activities. The OIG believes this will resolve the issues identified in the report.

⁹ OIG report, *Delivering Results, Innovation, Value, and Efficiency Management* (Report Number [DP-AR-13-008](#), dated June 19, 2013).

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Appendix A: Additional Information

Background

The Postal Service established 36 DRIVE initiatives in FY 2011 to improve business strategy. DRIVE aims to reduce the Postal Service's reported \$20 billion gap between revenue and expenses by FY 2016 through data-driven program and project management. However, almost \$16 billion of that gap depends on legislative action by Congress. Annually, the Postal Service reviews and adjusts the portfolio of initiatives to achieve its strategic objectives. The program management process is designed to measure progress through clearly defined goals and objectives. It applies leading program management principles to increase the chance of success while providing executive visibility, early risk indicators, and involvement of different functional areas. There are 19 DRIVE initiatives in FY 2015 aligned with four core strategies¹⁰ and seven operational objectives.¹¹

The DRIVE organizational structure refers to three levels of management as initiatives, roadmaps, and projects. Roadmaps are the collection of program-level activities critical to the success of an initiative. They consist of projects with clearly identified impacts and indicators, milestones, interdependencies, and risks (see Figure 2).

Figure 2: DRIVE Pyramid



Source: *TMOS DRIVE User Guide*, page 8.

Each year ELT sponsors present their recommended initiatives for inclusion in the DRIVE portfolio.

ELT sponsors identify initiatives that:

- Are bold and have significant and measurable outcomes that:
 - Have greater than \$50 million in revenue contribution or cost reduction.
 - Improve key stakeholder alignment.
 - Greatly enhance key capabilities.
 - Grow revenue from new products, markets, and customers.

¹⁰ Improve customer experience; compete for the package business; strengthen the business to consumer channel; and build a leaner, smarter, and faster organization.

¹¹ Grow revenue from innovation, core products, and markets; optimize the value of infrastructure; build competitive workforce of the future; improve customer experience; leverage technology to drive business value; strengthen financial and risk management capabilities; and assure executive transparency.

- Aggressively address cost in the next few years to get ahead of the revenue plan.
- Are critical to either the short- or long-term success of the Postal Service.
- Require extensive cross-enterprise coordination and ELT visibility.
- Merit using top staff and resources.

The Postal Service's DRIVE guidelines have five key project management phases:

Initiation - define a new project, complete a project charter with measurable objectives, and authorize project launch.

Planning - define the course of action to achieve project objectives; and create and receive approval for the project scope, schedule, budget, resources, quality standards, and risk management plan.

Executing - perform the defined work, including managing the team and approving any changes to the plan.

Monitoring and Controlling - track, review, and report on the progress of the project. Analyze changes to plan schedules, costs, and scope; and manage any necessary course corrections.

Closing - receive sign-off that project outcomes have met the objectives, close all activities, and archive documents and lessons learned.

The SMO manages projects through the TMOS by tracking the performance and progress of milestones, risk, impacts, and roadmap completion. The TMOS provides a color-coded traffic light dashboard view for executive and cross-functional insight into strategies, programs, and projects. The red, yellow, and green traffic light colors show changes from planned financial and non-financial metrics. The SMO has standardized processes for managing program initiatives and reporting to the ELT. These include criteria to approve and manage initiatives, such as uniform formatting of charters, quarterly metric reporting, and communication with project managers. The SMO prefers each initiative is staffed with a person who has completed DRIVE project management training. The SMO provides this training using classroom and virtual training sessions, online resources, and individual guidance.

Objective, Scope, and Methodology

Our objective was to determine whether the DRIVE Initiative 43 used established DRIVE project management processes. The scope of this audit was the FY 2014 DRIVE Initiative 43 charter and six roadmaps with goals measured in TMOS. To accomplish our objective we:

- Reviewed procedures and criteria related to establishing DRIVE initiatives.
- Reviewed and evaluated six of the 10 DRIVE 43 roadmaps and their respective goals in TMOS.
- Discussed DRIVE Initiative 43 project management with Engineering, Operations, Finance, and Marketing and Sales personnel, including establishment of metrics and milestones that align with overall portfolio goals.

- Reviewed, evaluated, and discussed the testing of roadmap milestones and established metrics with SMO and Finance personnel to determine whether the DRIVE planning processes were followed and whether established goals within the DRIVE portfolio aligned.
- Reviewed and evaluated change requests submitted to the SMO for changes to established milestones, metrics and the subsequent approval process; and discussed the approval process with the SMO and RMOs.
- Reviewed project management information, guidelines, training material, and support provided by the SMO.
- Reviewed available reports in the Postal Service's TMOS to obtain information on DRIVE Initiative 43 project management and project lifecycles.
- Discussed the evaluation of established metrics and validation of reported results with Finance personnel. We reviewed and compared documentation Finance used to evaluate the establishment of project metrics with the metrics reported in TMOS.
- Discussed and assessed the reliability of data systems and reports used to measure success of DRIVE Initiative 43 with the RMOs.

We conducted this performance audit from September 2014 through May 2015, 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. We discussed our observations and conclusions with management on March 19, 2015, and included their comments where appropriate.

We assessed the reliability of computer-generated data from the TMOS by comparing key information against separately prepared documents provided by management. We determined that the data were sufficiently reliable for the purposes of this report.

Prior Audit Coverage

Report Title	Report Number	Final Report Date	Monetary Impact
<i>U.S. Postal Service's Delivering Results, Innovation, Value, and Efficiency Initiative 42 - Market New and Existing Services</i>	DP-AR-14-005	9/10/2014	None

Report Results: The audit found that DRIVE Initiative 42 managers did not follow DRIVE project management processes when planning and evaluating overall project metrics and revenue goals. Management established an FY 2014 revenue goal of \$5.2 billion without a system in place to accurately measure achievement. Another goal was not aggressive and the cumulative goal of DRIVE Initiative 42 was \$8 billion less than the combined goals of the five underlying projects. These issues occurred because there is no independent audit process in DRIVE to promote accountability and ensure that goals are measurable, realistic, and accurate. Management partially agreed with the recommendations; however they stated that initiative leaders and the ELT are responsible for setting specific initiative targets.

Report Title	Report Number	Final Report Date	Monetary Impact
<i>U.S. Postal Service's Delivering Results, Innovation, Value, and Efficiency Initiative 6, Improve Employee Availability</i>	DP-AR-14-001	3/7/2014	None

Report Results: The audit found that the DRIVE Initiative 6 managers did not use established DRIVE project management practices. The five projects comprising the initiative were being accomplished outside of DRIVE. This occurred because there was no separation of duties between the DRIVE initiative lead and the RMO. We also noted that there was no independent internal audit process to oversee DRIVE management. Management agreed with our recommendations but disagreed that changes to projects were not made because the same person was both initiative lead and RMO. Management also stated that they used established DRIVE project development management processes and asserted that DRIVE governance does not prohibit initiatives that existed prior to DRIVE.

<i>Delivering Results, Innovation, Value, and Efficiency Management</i>	DP-AR-13-008	6/19/2013	None
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Report Results: The audit found the Postal Service's DRIVE program compares favorably to best-in-class program management practices; however, it does not ensure that projects will be successful. DRIVE does not use an important best practice that requires regular audits and controls for each project at the program manager level. Further, a formal policy supporting the overall program management process has not been developed. Management agreed with our findings and recommendations yet thinks DRIVE does control and provide reviews or "audits" of strategic programs and projects through bi-weekly Deep-Dive meetings.

Appendix B: Management's Comments



April 22, 2015

Lori Lau Dillard
Director, Audit Operations
U.S. Postal Service Office of Inspector General

Subject: OIG Project Number 14WG012DP000 - U.S. Postal Service's Delivering Results, Innovation, Value, and Efficiency Initiative 43 – Building a World-Class Package Platform (Report Number MI-AR-15-DRAFT dated April 1, 2015)

Thank you for the opportunity to review and provide comments on the Office of Inspector General (OIG) subject draft audit report. We agree with two of the recommendations in the report and would like to comment on several portions of the audit to correct some factual errors.

OIG Finding, Conclusion, Para 1 (page 2): "We found the Postal Service is measuring the success of DRIVE Initiative 43 with ... an unreliable project management process."

OIG Finding: Conclusion, Paragraph 1 (page 2): "These issues occurred because the SMO did not ensure DRIVE governance and documentation procedures were followed. The SMO relied on project management processes established by the initiative leads and other controls, such as the ELT's bi-weekly review, to ensure goals are measurable, realistic, and accurate."

OIG Finding: Delivering Results, Innovation, Value, and Efficiency Initiative 43 Planning Process, Paragraph 3 (page 2): "However, during the rigor testing process the SMO did not enforce planning requirements that the initiative lead set measurable, chartered objectives that are aligned with the underlying projects."

USPS Response: USPS disagrees with the underlying conclusions that the SMO did not ensure DRIVE governance processes were followed and that the DRIVE process is unreliable based on the following two points. 1) As defined in the DRIVE Governance guidelines, the role of the SMO is to establish and refine the governance guidelines, rigor test initiatives against those guidelines, and identify and escalate material deviations to the guidelines to the appropriate decision makers. All of the issues that the OIG identified as deviations to the DRIVE process were escalated to the appropriate Executive Leadership Team sponsor and/or the Initiative Lead during the rigor test feedback sessions, DRIVE Deep Dive bi-weekly status meetings, and/or the Initiative's own PMO bi-weekly status reports. 2) The DRIVE governance process is designed based on industry best practices established for rigorous portfolio and program management. The Office of Inspector General has audited the overall DRIVE governance process in previous audits and has come to the conclusion that it represented best practices.

OIG Recommendations

OIG Recommendation 1: "Include initiative goals in the underlying projects."

USPS Response: Management Agrees. As stated in your report, this recommendation is already included in the USPS DRIVE Governance guidelines and we will continue to follow this guideline and identify, evaluate, and escalate deviations as appropriate. The intent of the guidelines is to ensure that roadmap level objectives, metrics and targets clearly align to charter level objectives, metrics and targets. The SMO notifies the appropriate level of leadership when a deviation occurs or gap is identified in order to facilitate corrective action, as was done in the case of Initiative 43.

Target Implementation Date: N/A - The USPS has already taken action to modify Initiative 43 objectives and underlying roadmap targets.

Responsible Office: Emil J Dzuray, Jr., Director, Strategic Planning

OIG Recommendation 2: "Ensure all projects have at least one goal measured in the initiative charter. "

USPS Response: Management disagrees. Although a checklist in the DRIVE Governance guidelines did use similar language, the intent of the guideline is that all roadmaps objectives, metrics, and targets have a clear relationship (either direct or indirect) with at least one charter objective, metric and target. In some cases, roadmaps may only contribute to interim or in-progress activities that support the charter outcomes as articulated on the charter itself. As long as the related work and in-progress metrics are tracked within the roadmaps, as was done in this case, we believe it is sufficient to show only the primary objectives and supporting roadmaps on the face of the charter without listing the in-progress metrics. The USPS will modify DRIVE Governance guidelines to clarify this intent.

Target Implementation Date: May 30, 2015

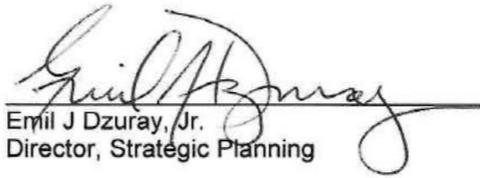
Responsible Office: Emil J Dzuray, Jr., Director, Strategic Planning

OIG Recommendation 3: "Complete all appropriate change request forms and obtain all necessary approvals before making changes to initiative and project goals. "

USPS Response: Management agrees. The DRIVE Governance guidelines are intended to promote best practices for both accountability and transparency while not introducing redundant administrative activities that are not appropriate for every change request. The USPS will modify DRIVE Governance guidelines to clarify what steps of the change process are appropriate given the scope of a particular change request.

Target Implementation Date: May 30, 2015

Responsible Office: Emil J Dzuray, Jr., Director, Strategic Planning



Emil J Dzuray, Jr.
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