OFFICE OF
INSPECTOR
GENERAL
UNITED STATES POSTAL SERVICE

Surface Visibility – Transportation Operations – Oklahoma District

Audit Report

September 25, 2013

Report Number NO-AR-13-007

OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

HIGHLIGHTS

September 25, 2013

Surface Visibility – Transportation Operations – Oklahoma District

Report Number NO-AR-13-007

BACKGROUND:

The U.S. Postal Service uses the Surface Visibility (SV) system to collect data to support planning, management, and optimization of transportation. Employees scan barcodes on mail containers to provide visibility into the volume of mail at various points in the surface transportation network. This gives managers information to manage resources, track mail volume, and identify and correct transportation problems.

Our objective was to assess SV system use in transportation operations in the Oklahoma District.

WHAT THE OIG FOUND:

The Oklahoma District could more effectively execute SV system scanning. Controls were not in place to ensure scanning integrity. We observed that employees were estimating trailer bed loads and entering the information into the SV system, instead of scanning actual containers. We also found employees were not always scanning actual truck arrival and departure times, but were sometimes using workarounds, such as scanning preprinted, photocopied barcodes.

These conditions occurred because containers did not always contain properly barcoded placards and there was inadequate management oversight and employee training. Also, some employees stated it was more convenient to use the workarounds than to actually perform the scans. As a result, the SV scan compliance performance scores for some area and district staff may have been artificially inflated. This information was provided to the OIG, Office of Investigations, for action as appropriate. Further, data from the SV system was unreliable and not useful to management in optimizing transportation. For example, management missed an opportunity to eliminate or modify 38 highway contract route trips and reduce 3,636 postal vehicle service driver workhours - saving an average of $445,900 annually in transportation costs.

WHAT THE OIG RECOMMENDED:

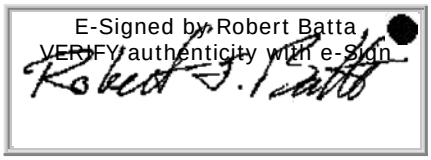
We recommended the vice president, Southern Area Operations, ensure containers have the proper barcodes for scanning; eliminate the manual and prescan barcode workarounds; put controls in place to prevent recurrence of improper scanning; and train employees on the proper SV scanning policies and procedures. We also recommended management verify and document the elimination or modification of 38 trips from highway contract routes and, review and eliminate 3,636 workhours from postal vehicle service schedules or document the reasons for retaining the workhours.

Link to review the entire report

OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

September 25, 2013

MEMORANDUM FOR: JO ANN FEINDT
VICE PRESIDENT, SOUTHERN AREA OPERATIONS



FROM: Robert J. Batta
Deputy Assistant Inspector General
for Mission Operations

SUBJECT: Audit Report – Surface Visibility – Transportation Operations – Oklahoma District
(Report Number NO-AR-13-007)

This report presents the results of our audit of Surface Visibility – Transportation Operations – Oklahoma District (Project Number 13XG021NO000).

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact James Ballard, director, Network Processing and Transportation, or me at 703-248-2100.

Attachment

cc: Corporate Audit and Response Management

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Introduction

This report presents the results of our self-initiated audit of Surface Visibility (SV) – Transportation Operations – Oklahoma District (Project Number 13XG021NO000). Our objective was to assess SV system use in transportation operations in the Oklahoma District. Our audit included a review of highway contract routes (HCR) and Postal Vehicle Service (PVS) schedules using data generated from SV. See Appendix A for additional information about this audit.

The goal of the SV system is to collect data on surface mail transportation at the mail transport equipment handling unit (sack, tray, and tub) and rolling stock[1] container level and to track volume through the surface network. Employees are required to perform scans for SV to be successful. The data is needed to support planning, management, and optimization of the transportation network which directly impacts the U.S. Postal Service's Delivering Results, Innovation, Value and Efficiency initiative, Network Optimization.

To collect SV data, clerks, mail handlers, and dock personnel are required to scan handling units and containers at various points in the mail processing and dispatch process using both passive[2] and manual scanning methods. These scans are used to calculate trailer utilization and record trailer arrivals and departures. The scanned data also assists in monitoring late transportation, which can be a result of processing delays, poor dock management, delays related to weather, or contractor issues. The data feeds into SVWeb, the Transportation Information Management Evaluation System (TIMES), and Electronic Data Warehouse for use in transportation analyses. If this data is inaccurate, the resulting analyses will also be inaccurate.

Prior to implementation of the SV system in 2004, the Postal Service relied on manually entering transportation utilization and tracking data into TIMES to perform transportation analyses.

Conclusion

The Oklahoma District could more effectively execute SV system scanning for transportation operations. We determined controls were not in place to ensure the integrity of the scanning. We observed containers did not always have properly barcoded placards and that employees were estimating trailer bed loads and entering this information into the scanners for upload into the SV system, instead of scanning actual containers as required. We also found that employees were not always scanning actual truck arrival and departure times. Instead, they were sometimes using workarounds, such as scanning pre-printed, photocopied barcodes for arrival and

[1] Rolling stock is another term for all purpose mail containers used to transport mail to and from facilities.
[2] A passive scan occurs via mechanized means at various points through processing and dispatch of mail products.

departure times for trucks. These conditions occurred because containers were not always properly barcoded. In addition, there was inadequate management oversight and employee training. We also found some employees stated it was more convenient to use the workarounds than perform the actual barcoded container scans or actual trailer scans, as required.

As a result, the SV scan compliance performance scores[3] for some area and district staff may have been artificially inflated. This information was provided to the U.S. Postal Service Office of Inspector General (OIG), Office of Investigations, for action as appropriate. Further, the data from the SV system was unreliable and not a useful management tool. Management in the Oklahoma District was not able to take advantage of SV system features to optimize the transportation network, including using SV calculated mail volumes to adjust trips. For example, the Postal Service missed an opportunity to use accurate data to identify and eliminate or modify 38 trips from HCR with estimated savings of $265,000 annually. In addition, the Tulsa Processing and Distribution Center (P&DC) could have removed 3,636 unnecessary workhours from existing PVS schedules, saving an average of $184,000 annually. See Appendix B for a detailed analysis of this topic and Appendix C for monetary impact.

Mail Container Scanning

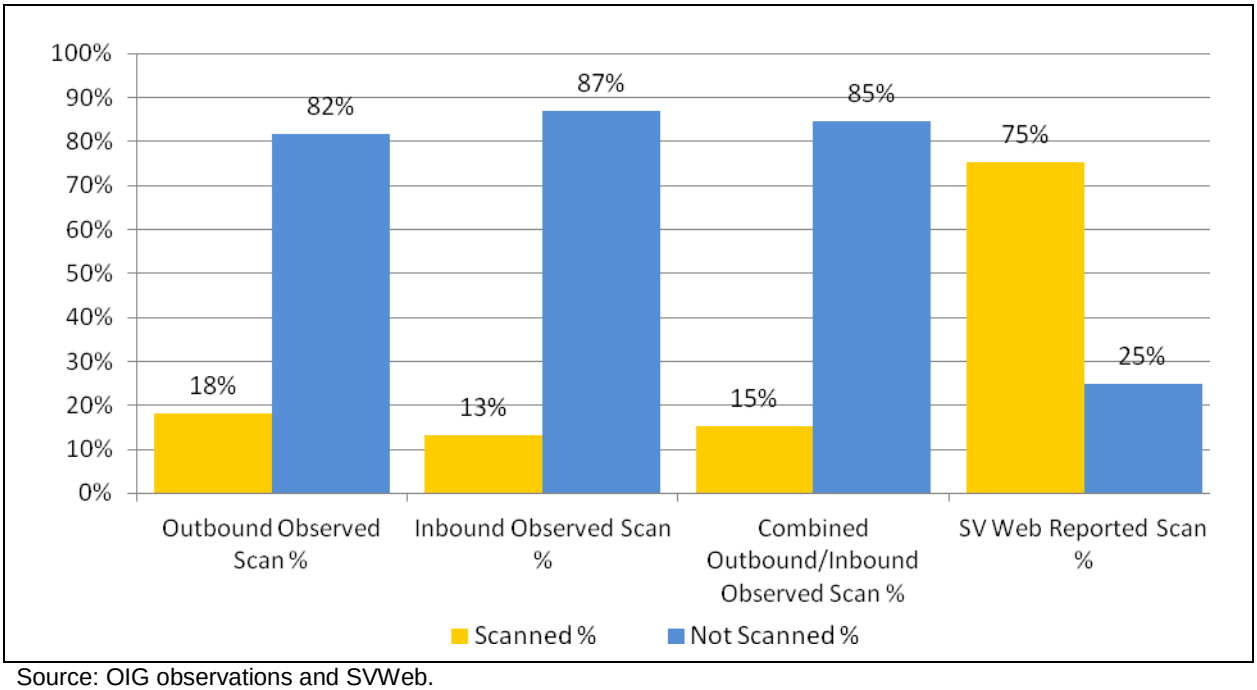
Transportation container scan data residing in the SV system was unreliable in the Oklahoma District. We found that:

- Some containers were not properly placarded with barcodes and employees neglected to scan properly placarded containers.
- Empty mail equipment was not scanned as it was loaded and unloaded from trailers.
- Employees used workarounds and subjectively entered trailer bed load percentages into the scanners because it was convenient.

We corroborated this condition by observing 202 trips between January 29 and February 5, 2013. From those observations, we found that 18 percent of the outbound trips and 13 percent of the inbound trips (aggregated to 15 percent) had containers scanned as they were loaded or unloaded from the trailers. However, because the facilities used improvised workarounds, what was officially reported in the SV system was a much higher container scan compliance score of 75 percent. This amounted to a 60 percent scan variance. See Chart 1.

[3] National Performance Assessment is a web-based system that collects performance-related metrics — such as retail revenue, on-time express mail delivery, scan compliance, and so forth — from source systems across the organization. These metrics are translated into web-based balanced scorecards that can be used to monitor the performance of both the entire enterprise and of individual units across the nation.

Chart 1. Oklahoma District Observed Container Scan Percentages Compared to SVWeb[4]



Source: OIG observations and SVWeb.

This occurred because mail containers were not always assigned barcoded placards needed for scanning. In addition, some employees were not scanning properly placarded containers and stated it was more convenient to manually input the information. For an example of an unbarcoded placard on a container of mail about to be dispatched to an associate office see Figure 1.

[4] Data from SV scanning is downloaded into SVWeb which is an application used by management to perform analysis and track scanning performance. SVWeb reported scan percentage is the total container score which is the sum of performed placard assign, placard close, container load, and container unload divided by expected. Observations were conducted from January 29 through February 5, 2013. SVWeb data are for the period of January 26 through February 8, 2013.

Figure 1. Oklahoma City Container without a Properly Assigned Placard

Source: OIG photograph taken January 30, 2013.

Trip Arrival and Departure Scanning

We also found transportation trip arrival and departure scan data residing in the SV system unreliable in the Oklahoma District. Employees were not always scanning actual truck arrival and departure times. Instead, they were sometimes using preprinted, photocopied barcodes for arrival and departure times for trucks. See Figure 2 for an example of a clipboard containing photocopied barcodes which employees used in place of actually performing scans.

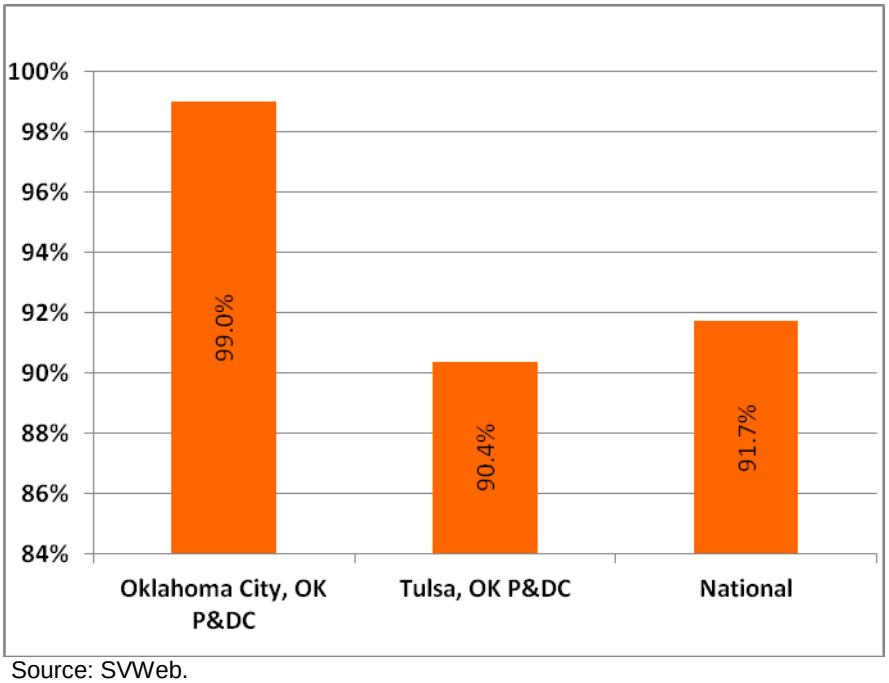
Figure 2. Tulsa P&DC Clipboard of Photocopied Barcodes

Source: OIG Tulsa P&DC, clipboard of photocopied barcodes used to prescan trip departures and arrivals, February 5, 2013.

Improper scanning occurred because there was inadequate management oversight and employee training. Some employees stated this occurred because it was more convenient than performing the actual scans.

The process also inflates the reported scan compliance scores for the Oklahoma District. For example, for the fiscal year (FY) through May 3, 2013, the Oklahoma City scored a 99.0 percent compliance score – one of the best in the nation. The Tulsa P&DC scored above 90 percent compliance in trailer arrival and departure scans as well (see Chart 2). However, given the workarounds used, the actual compliance score as reported may not be reliable. These scores are used as a basis for managers' annual ratings.

Chart 2. Oklahoma District and National Trailer Scanning Compliance Scores FY through May 3, 2013



Source: SVWeb.

As a result, the SV scan compliance performance scores for some area and district staff may have been artificially inflated. This information was provided to the OIG, Office of Investigations, for action as appropriate. Further, this renders the SV system unreliable and not a useful tool for decision making in the Oklahoma District. Management was not able to take advantage of the SV system to optimize the transportation network, including using SV calculated mail volumes to adjust trips. For example:

- The Oklahoma District could improve the effectiveness of scheduled HCRs and save more than $264,000 annually by modifying or eliminating 38 trips. The Postal Service could change these trips without negatively affecting on-time service because mail volume was low and mail could be consolidated on other trips.

- The Tulsa P&DC could more effectively manage PVS transportation processes and schedules by reducing driver workhours as well as associated fuel use. PVS schedules contained unneeded workhours, and the Postal Service spent more money than necessary because trips were underutilized and could be consolidated,

or did not run as scheduled. By eliminating 3,636 annual workhours from scheduled PVS routes, the Postal Service could save about $183,000[5] annually. See Appendix B for a detailed analysis on this topic.

Recommendations

We recommend the vice president, Southern Area Operations:

1. Ensure the containers coming from the mail processing operations have the proper barcoded placards so they can be scanned.
2. Eliminate the prescan barcode workarounds and any unnecessary manual inputs and follow prescribed scan procedures.
3. Put controls in place to prevent recurrence of improper scanning.
4. Retrain employees on the proper Surface Visibility policies and procedures regarding scanning.
5. Verify and document the elimination or modification of 38 trips from highway contract routes in the Oklahoma District and eliminate 3,636 workhours from Postal Vehicle Service trip schedules assigned to the Tulsa Processing and Distribution Center, or document the reasons for retaining the workhours.

Management's Comments

Management agreed with the findings and recommendations, but disagreed with the monetary impact. The disagreement is the result of the elimination of some of the trips identified in the audit, additional cost savings from the elimination or modification to other HCR trips not identified in the audit, and the time period used to determine the savings.

In response to recommendation 1, management agreed to eliminate the use of "preview" placards in place of the correct "barcoded" placards, and they plan on continuing to monitor and enforce this policy. They expect to complete this process by October 18, 2013.

In response to recommendation 2, management has mandated the destruction of preprinted and photocopied barcodes and network specialists will ensure they are no longer used to prescan trips. They expected to complete this process by October 4, 2013.

In response to recommendation 3, network specialists at each plant will ensure proper scanning is taking place and will provide feedback to plant management for follow up or corrective action. They expect to complete this process by October 18, 2013.

[5] PVS estimates savings include workhours and tort claims.

In response to recommendation 4, all employees who scan will complete refresher SV training and completion is expected by November 1, 2013.

Finally, in response to recommendation 5, management reviewed the 38 HCR trips and workhours savings from PVS trips. Management eliminated 19 of the HCR trips we identified and found additional or alternate trips to eliminate. Management will continue to monitor routes for optimization. They also agreed to eliminate the 3,636 workhours from PVS schedules that we identified. These changes will be implemented by November 2, 2013. See Appendix D management's comments.

Evaluation of Management's Comments

The OIG considers management's comments responsive to the recommendations in the report.

With regard to the monetary impact, management agreed with our $183,000 annualized savings associated with the elimination of 3,636 workhours from PVS schedules at the Tulsa P&DC. With regard to HCRs, management agreed with some of the trips we cited and identified additional HCR trips not included in our audit for elimination and modification. Management's projected annualized savings of $296,575 for the HCR adjustments exceeded the annual amount we identified. Overall, management's actions addressed our recommendations, and we will resolve any differences in monetary savings from those identified in our report during the audit closeout process. Further, regarding the time period used in our monetary impact calculations, it is standard OIG policy to project the amount for 2 years.

The OIG considers all of the recommendations significant, and therefore requires OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. These recommendations should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendations can be closed.

Appendix A: Additional Information

Background

In 2004, SV was deployed to various Postal Service facilities, including P&DC, Surface Transfer Center, and the former bulk mail centers[6] — now NDCs. Currently, SV is active at 169 sites, including 121 P&DCs and 21 NDCs. SV is designed to provide the following benefits:

- More accurate transportation utilization and tracking data.
- Real-time asset identification and tracking capabilities.
- Improved dock productivity tracking and performance.
- Elimination of manual data entries in TIMES.

Prior to implementation of the SV system, the Postal Service relied on manually entered transportation utilization and tracking data into TIMES to perform transportation analyses.

The goal of the SV system is to collect data at the handling unit (tray, tub, sack) level in order to track volume through surface transportation. Employees use hand-held scanners called Intelligent Mail Devices (IMD) to capture SV data.

Figure 3. Intelligent Mail Device

Source: OIG. IMD photograph taken October 24, 2012.

SV provides visibility into the volume of mail moving through various points in the surface transportation network and records transportation dispatches and arrivals. It is designed to allow managers to access detailed information needed to manage resources, track mail volume, and identify network problems at Postal Service facilities and take corrective action to improve performance. This includes using the SV data to assess PVS and HCR routes for efficiency.

[6] Now currently called network distribution centers (NDC).

PVS Operations. Postal Service network transportation that uses Postal Service vehicles and employees is called PVS. Management typically assigns PVS vehicles and personnel to Postal Service network facilities, such as NDCs or P&DCs in or near metropolitan areas. PVS operations typically include yard operations in which PVS drivers use spotter trucks to move or 'spot' trailers and equipment in or around a facility yard. In the Oklahoma District, the Oklahoma P&DC does not use PVS; however, the Tulsa P&DC has 19 drivers and 19 PVS schedules.

HCR Operations. The primary mode of surface transportation is contracted highway transportation. HCR is a surface transportation route served by a Postal Service contractor (a HCR supplier) to carry mail by highway between designated points. HCR transportation costs the Postal Service about $3 billion annually. HCRs are managed at the facility level under the guidance of area and headquarters transportation officials.

Objective, Scope, and Methodology

The objective was to assess SV use in transportation operations in the Oklahoma District. During our work, we interviewed Postal Service officials at headquarters and at the Oklahoma City and Tulsa P&DCs. We reviewed relevant Postal Service policies and procedures, interviewed managers and employees, and observed and photographed operations.

We tested the validity of SV data by comparing our observations to data recorded by postal employees into SV. Our audit also included a review of HCR and PVS schedules for opportunities for elimination or modification. We extracted HCR from Transportation Contract Support System and PVS routes from Vehicle Information Transportation Analysis & Logistics that detailed all routes servicing the Oklahoma and Tulsa P&DCs. We analyzed the schedules along with SV data downloads into the TIMES. During our analysis, we considered trailer utilization, type of mail carried, Dispatch of Value, Critical Entry Times, and other operational service standards to identify opportunities for trip elimination or modification.

We conducted this performance audit from January through September 2013 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 August 29, 2013, and included their comments where appropriate.

We assessed the reliability of SV data by comparing observations to electronic data and by evaluation controls over data sources. We determined that the data were not sufficiently reliable.

Prior Audit Coverage

Report Title	Report Number	Final Report Date	Monetary Impact
Audit Report – Evaluation of Major Transportation Technology Initiatives	NL-AR-11-008	9/27/2011	$9,323,532

Report Results:
The OIG reviewed four technology initiatives, SV, Transportation Optimization, Planning, and Scheduling (TOPS), Postal Vehicle Service Management System (PVS-MS), and the Yard Management System Pilot (YMS Pilot). The Postal Service expensed more than $300 million on these transportation technology initiatives and none of them achieved all of their intended results. Specifically (1) the SV technology initiative was generally capable of functioning as planned, but it is not fully providing the intended transportation visibility, (2) the TOPS technology initiative was implemented for routing air transportation, but not for surface transportation (one of its major components) and long-range air route planning as originally designed, (3) the PVS-MS technology initiative was implemented to monitor driver and fleet performance, but lacked the necessary connectivity to function properly and was discontinued in 2008, and (4) the YMS Pilot technology initiative was implemented at two locations and improved yard efficiency through automation, but it did not replace all required manual processes. Management agreed with most of the findings and all of the recommendations.

Appendix B: Assessment of Postal Vehicle Service and Highway Contract Routes Using Surface Visibility Scan Data

SV is used to collect data required to support planning, management, and optimization of the transportation network. It provides visibility into the volume of mail moving through the surface transportation network. By using SV data, managers can access detailed information needed to optimize HCR and PVS operations, manage resources, track volume, and identify network problems at Postal Service facilities in order to take corrective action to improve efficiency.

Prior to conducting our observations, we analyzed PVS and HCR schedules servicing the Oklahoma and Tulsa P&DCs. As part of this analysis, we assessed trailer volumes reported in TIMES and identified potential opportunities for trip elimination and modification. We validated the data and our analysis through observations. We found that PVS and HCR trips were not efficient and that some trips could be consolidated or eliminated without negatively impacting on-time service due to low volume.

See Tables 1 and 2 for HCR mileage reductions, cost savings, and recommended adjustments; and 3 for PVS hour reduction recommendations.

Table 1. Oklahoma District HCR Recommended Route Reductions and Savings

Facility	HCR Contract Number	Total Number of Trips Modified	Annual Mileage Reduced	Annual Savings
Oklahoma City P&DC	[redacted]	8	79,801	$ 129,274
Oklahoma City P&DC	[redacted]	4	6,809	17,826
Oklahoma City P&DC	[redacted]	2	459	686
Oklahoma City P&DC	[redacted]	14	3,488	28,525
Tulsa P&DC	[redacted]	2	33,311	53,449
Tulsa P&DC	[redacted]	8	11,310	35,220
Total		**38**	**135,177**	**$ 264,980**

Source: OIG analysis.

Table 2. Oklahoma District HCRs – Summary of Recommended Adjustments

HCR Contract No.	Facility	Trip Numbers	Frequency and Annual Trips	Recommendation
[redacted]	Oklahoma City P&DC	1	K67 Daily Except Saturdays, Sundays, and Holidays 251.46	Eliminate trip
[redacted]	Oklahoma City P&DC	2	K67 Daily Except Saturdays, Sundays, and Holidays 251.46	Eliminate trip
[redacted]	Oklahoma City P&DC	11	B7 Sundays and Holidays 62.18	Eliminate Sundays only. Change Frequency to B Holidays 10
[redacted]	Oklahoma City P&DC	12	B7 Sundays and Holidays 62.18	Eliminate Sundays only. Change Frequency to B Holidays 10
[redacted]	Oklahoma City P&DC	27	B7 Sundays and Holidays 62.18	Eliminate Sundays only. Change Frequency to B Holidays 10
[redacted]	Oklahoma City P&DC	28	B7 Sundays and Holidays 62.18	Eliminate Sundays only. Change Frequency to B Holidays 10
[redacted]	Oklahoma City P&DC	41	B7 Sundays and Holidays 62.18	Eliminate Sundays only. Change Frequency to B Holidays 10
[redacted]	Oklahoma City P&DC	42	B7 Sundays and Holidays 62.18	Eliminate Sundays only. Change Frequency to B Holidays 10
[redacted]	Oklahoma City P&DC	25	B7 Sundays and Holidays 62.18	Eliminate Sundays only. Change Frequency to B Holidays 10
[redacted]	Oklahoma City P&DC	26	B7 Sundays and Holidays 62.18	Eliminate Sundays only. Change Frequency to B Holidays 10
[redacted]	Oklahoma City P&DC	39	B7 Sundays and Holidays 62.18	Eliminate trip
[redacted]	Oklahoma City P&DC	40	B7 Sundays and Holidays 62.18	Eliminate trip
[redacted]	Oklahoma City P&DC	1	Q7 Daily Except Sundays and Holidays other than MLK's Birthday, Washington's Birthday, Columbus Day and Veteran's Day 307.07	Adjust frequency to K7 Daily Except Sundays and Holidays 303.07
[redacted]	Oklahoma City P&DC	4	CC MLK's Birthday, Washington's Birthday, Columbus Day and Veteran's Day 4.0	Eliminate trip
[redacted]	Oklahoma City P&DC	463	9-887 Days following MLK's Birthday, Washington's Birthday, Columbus Day and Veteran's Day 4.0	Eliminate trip
[redacted]	Oklahoma City P&DC	464	9-887 Days following MLK's Birthday, Washington's Birthday, Columbus Day and Veteran's Day 4.0	Eliminate trip
[redacted]	Oklahoma City P&DC	465	9-887 Days following MLK's Birthday, Washington's Birthday, Columbus Day and Veteran's Day 4.0	Eliminate trip
[redacted]	Oklahoma City P&DC	466	9-887 Days following MLK's Birthday, Washington's Birthday, Columbus Day and Veteran's Day 4.0	Eliminate trip
[redacted]	Oklahoma City P&DC	467	9-887 Days following MLK's Birthday, Washington's Birthday, Columbus Day and Veteran's Day 4.0	Eliminate trip
[redacted]	Oklahoma City P&DC	468	9-887 Days following MLK's Birthday, Washington's Birthday, Columbus Day and Veteran's Day 4.0	Eliminate trip

HCR Contract No.	Facility	Trip Numbers	Frequency and Annual Trips	Recommendation
[redacted]	Oklahoma City P&DC	469	9-887 Days following MLK's Birthday, Washington's Birthday, Columbus Day and Veteran's Day 4.0	Eliminate trip
[redacted]	Oklahoma City P&DC	470	9-887 Days following MLK's Birthday, Washington's Birthday, Columbus Day and Veteran's Day 4.0	Eliminate trip
[redacted]	Oklahoma City P&DC	535	N1 Daily except Mondays, Holidays, and days after Holidays 293.07	Eliminate trip
[redacted]	Oklahoma City P&DC	536	N1 Daily except Mondays, Holidays, and days after Holidays 293.07	Eliminate trip
[redacted]	Oklahoma City P&DC	543	9-887 Days following MLK's Birthday, Washington's Birthday, Columbus Day and Veteran's Day 4.0	Eliminate trip
[redacted]	Oklahoma City P&DC	544	9-887 Days following MLK's Birthday, Washington's Birthday, Columbus Day and Veteran's Day 4.0	Eliminate trip
[redacted]	Oklahoma City P&DC	553	9-887 Days following MLK's Birthday, Washington's Birthday, Columbus Day and Veteran's Day 4.0	Eliminate trip
[redacted]	Oklahoma City P&DC	554	9-887 Days following MLK's Birthday, Washington's Birthday, Columbus Day and Veteran's Day 4.0	Eliminate trip
[redacted]	Tulsa P&DC	5	X7 Daily Except Sundays 313.07	Eliminate trip
[redacted]	Tulsa P&DC	6	X7 Daily Except Sundays 313.07	Eliminate trip
[redacted]	Tulsa P&DC	5	K1 Daily Except Mondays and Holidays 309.21	Eliminate trip
[redacted]	Tulsa P&DC	6	K1 Daily Except Mondays and Holidays 309.21	Eliminate trip
[redacted]	Tulsa P&DC	11	K1 Daily Except Mondays and Holidays 309.21	Eliminate trip
[redacted]	Tulsa P&DC	12	K1 Daily Except Mondays and Holidays 309.21	Eliminate trip
[redacted]	Tulsa P&DC	19	7X Sundays except Sunday Holidays 51.61	Eliminate trip
[redacted]	Tulsa P&DC	20	7X Sundays except Sunday Holidays 51.61	Eliminate trip
[redacted]	Tulsa P&DC	29	K16 Daily Except Saturdays, Mondays, and Holidays 257.04	Eliminate trip
[redacted]	Tulsa P&DC	30	K16 Daily Except Saturdays, Mondays, and Holidays 257.04	Eliminate trip
Trip Count		**38**		

Source: OIG analysis.

Table 3. PVS Schedules Recommended Hour Reductions[7]

Facility	Schedule	Tour of Operation	Frequency	Scheduled Annual Miles	Total Annual Hours	Annual Hours Eliminated
Tulsa	[redacted]	2	6X	4,665.54	309.40	309.40
Tulsa	[redacted]	2	6X	2,719.85	309.40	309.40
Total Saturday Only				**7,385.39**	**618.80**	**618.80**
Tulsa	[redacted]	1	K7	32,731.56	2,424.34	399.04
Tulsa	[redacted]	1	K7	13,335.08	2,424.34	227.30
Tulsa	[redacted]	1	K7	8,485.96	2,399.18	227.30
Tulsa	[redacted]	1	K7	28,488.58	2,424.34	277.81
Tulsa	[redacted]	2	K67	14,132.05	2,011.41	398.15
Tulsa	[redacted]	2	K67	26,051.26	2,011.41	461.01
Tulsa	[redacted]	2	K67	18,306.29	1,990.43	251.46
Tulsa	[redacted]	2	K67	8,700.52	2,011.40	544.83
Tulsa	[redacted]	2	K67	11,592.31	2,011.41	230.51
Total Daily Exception				**161,823.61**	**19,708.26**	**3,017.41**
Total				**169,209.00**	**20,327.06**	**3,636.21**

Source: OIG analysis.

[7] Recommend that the two Saturday schedules be eliminated and the other schedules staffed by Non-Traditional Full-Time Employees, as they will be less than 8-hour schedules.

Appendix C: Monetary Impacts

We concluded that the Oklahoma District could eliminate or modify 38 trips from HCRs identified during our audit for savings of about $265,000 annually or $524,000 over 2 years. We concluded they could eliminate 3,636 workhours from PVS trip schedules assigned to the Tulsa P&DC identified during our audit for an average savings of about $183,000 annually, or $368,000 over 2 years. These savings estimates are based on a phase in of workhour reductions over years 2015 and 2016 and include tort claims cost avoidance.

Estimated Discounted Savings	FY 2014	FY 2015	FY 2016	2-Year Total
PVS Workhour Savings		$168,061	$167,075	$335,136
Tort Claims Savings		16,384	16,192	32,575
Total PVS Estimated Savings		**$184,444**	**$183,266**	**$367,711**
Elimination of 38 HCR Trips	$264,980	259,023		524,003
Total Estimated PVS and HCR Savings	**$264,980**	**$443,467**	**$183,266**	**$891,713**

Recommendation	Impact Category	Amount
3	Funds Put to Better Use[8]	$891,713

[8] Funds that could be used more efficiently by implementing recommended actions.

Appendix D: Management's Comments

MANAGER, OPERATIONS SUPPORT
SOUTHERN AREA

UNITED STATES POSTAL SERVICE

September 18, 2013

JUDITH LEONHARDT, DIRECTOR, AUDIT OPERATIONS

SUBJECT: Draft Audit Report - Surface Visibility - Transportation Operations - Oklahoma District (Report Number NO-AR-13-Draft)

Southern Area agrees with the findings of the audit and listed in the draft. Southern Area agrees with each recommendation and has provided responses below. Southern Area agrees with the potential for $183,000 in annualized savings associated with the elimination of 3,636 workhours from Postal Vehicle Service operations assigned to the Tulsa Oklahoma Processing and Distribution Center. Southern Area has reviewed the 38 HCR trips identified and other HCR trips not identified in the report and have projected the potential annualized savings of $296,575 in HCR route elimination or modification(s). Southern Area does not agree with the projected savings of $891,713 and the time period outlined within the report.

The following responds to the recommendations made in the report.

Recommendation 1:
Ensure the containers coming from the mail processing operations have the proper barcoded placards so they can be scanned.

Management Response/Action Plan:
The Area agrees to this recommendation. Management found that Expeditors/Lead Clerks and SDOs were using "Preview" MTEL placards for dispatch containers destined for local AO's and City Stations. Proper "Barcoded" MTEL placards were being used for Long Haul Dispatch transportation. Upon this notification, changes were made to eliminate the use of "Preview" MTEL placards in place of the correct "Barcoded" MTEL placards in all operations. We will continue to monitor and enforce this policy.

Target Implementation Date:
October 18, 2013

Responsible Official:

PO BOX 225459
DALLAS TX 75222-5459
214-819-8600
FAX: 214-819-7220

Michael Melendrez

Recommendation 2:
Eliminate the pre-scan barcode workarounds and any unnecessary manual inputs and follow prescribed scan procedures.

Management Response/Action Plan:
The Area agrees to this recommendation. All Expeditors/Lead Clerks and SDOs have been instructed to dispose of any pre-printed or photocopied barcodes for the use of scanning arrivals and departures. Network Specialists in each plant are doing walk thru audits to ensure all have been disposed and proper scans are being made.

Target Implementation Date:
October 4, 2013

Responsible Official:
Michael Melendrez

Recommendation 3:
Put Controls in place to prevent recurrence of improper scanning.

Management Response/Action Plan:
The Area agrees to this recommendation. Network Specialists in each plant will perform Surface Visibility audits to ensure process understanding and proper MTEL placards are being utilized, Expeditors/Mail handlers are performing load and unload scans and Expeditors are scanning actual Trailer barcodes for Arrivals and Departures. Feedback will be given to the MDOs/Plant Manager for follow up or corrective action.

Target Implementation Date:
October 18, 2013

Responsible Official:
Michael Melendrez

Recommendation 4:
Retrain employees on the proper Surface Visibility policies and procedures regarding scanning.

Management Response/Action Plan:
The Area agrees to this recommendation. All employees who have access to scanning via Surface Visibility have been targeted to complete Refresher Surface Visibility training.

Target Implementation Date:
November 1, 2013

Responsible Official:
Michael Melendrez

Recommendation 5:
Verify and document the elimination or modification of 38 trips from highway contract routes in the Oklahoma District and eliminate 3,636 workhours from Postal Vehicle Service trip schedules assigned to the Tulsa Processing and Distribution Center, or document the reasons for retaining the workhours.

Management Response/Action Plan:
The Area agrees to this recommendation. Management has reviewed the 38 HCR trips and potential workhour savings from PVS trips. We have eliminated 19 HCR trips, combined 3 HCR routes and changed the frequency in 1 HCR route. We are continuing to monitor our HCR routes to reduce our Sunday/Holiday trips and eliminate redundant HCR routes. Tulsa P&DC agrees with the elimination of the 3,636 workhours from the Postal Vehicle Service trip schedules and will implement the savings with the October 2013 route posting.

Target Implementation Date:
November 2, 2013 (Postal Service posting awards)

Responsible Official:
Scott Tosch/Danny Castro

This report and management's response do not contain information that may be exempt from disclosure under the FOIA.

Eric D. Chavez

cc: Edward F. Phelan
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