Office of Inspector General | United States Postal Service

Audit Report

City Carrier Cost System

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Highlights

Objective

The City Carrier Cost System (CCCS) is a statistical study of mail delivered on city carrier routes. For each selected route, a data collection technician selects a sample of mail to be delivered on the scheduled test date. The technician records the mail class, product type, and other characteristics of each manually sampled mailpiece directly into a portable microcomputer using the Computerized On-Site Data Entry System (CODES) data collection software. The U.S. Postal Service conducted 9,257 and 8,694 CCCS tests in fiscal years (FY) 2019 and 2020, respectively.

Our objective was to assess the reliability of CCCS data and evaluate CCCS sampling methodologies to identify opportunities for improved efficiencies.

Findings

While technicians followed most CCCS sampling policies and procedures, there are opportunities to improve the consistency of data collection activities and enhance the reliability of CCCS data. During our observations of seven CCCS tests, we found that technicians did not always follow policies that indicated numeric intervals for mail selection and/or did not confirm the delivery status of parcels and mail that needed a signature.

These issues occurred due to:

- Technicians did not notice the random start number generated by CODES to identify the first sampled mailpiece. In addition, a software issue caused CODES to improperly change the random start number during some tests.

- The absence of system controls to discourage the use of selection intervals greater than one for parcels.

- Technicians' lack of awareness of the importance of receiving carrier confirmation of the delivery status for each sampled parcel and mailpiece that needed a signature.

Management developed sampling procedures to ensure data is collected in a way that does not introduce error or bias. Technicians must follow these procedures to ensure that data collection is consistent regardless of who performs the tests. Improper or inconsistent sampling poses a data integrity risk and may not result in reliable data for attributing costs to mail products and services.

We also found there are opportunities for the Postal Service to provide delivery personnel with more comprehensive guidance to ensure they fully understand how to properly gather and document information on mail coming from the customer to the delivery unit (collection mail) for CCCS test routes. Two of the seven evening supervisors who gathered collection mail information for the CCCS tests we observed did not have a full understanding of how to correctly gather and/or record information for the test route. This was because the evening supervisors had little to no prior experience gathering this information and/or felt that the technician did not provide clear, detailed instructions for completing this step of the CCCS sampling process.

Without clear and comprehensive instructions on how delivery personnel should complete the required form, supervisors may not always complete the form accurately. This could negatively impact the reliability of percentages used to attribute collection mail costs to mail products and services.

There are also opportunities for the Postal Service to enhance CCCS sampling efficiencies by leveraging real-time census data. In the FY 2020 Annual Compliance Report, the Postal Service reported that it used scan data from the Product Tracking and Reporting (PTR) system as replacement sample data for 39 CCCS-Special Purpose Route tests cancelled in FY 2020, Quarter 3, due to the COVID-19 pandemic. Although the approved CCCS-Special Purpose Route sampling methodology did not include the use of PTR scan data, management believed it was necessary to leverage this data on an emergency basis to ensure statistically reliable sample data and mitigate the pandemic's impact on in-person CCCS testing.

Management stated they believe there is an opportunity to use PTR scan data more heavily in CCCS-Special Purpose Route sampling beyond FY 2020. However, to do this, they must assess some operational challenges and propose a methodology change to the PRC for approval.

If proposed and approved, expanding the use of PTR data in CCCS-Special Purpose Route sampling would cut costs associated with manual sampling and improve sampling capabilities. Since management is currently assessing the operational challenges prior to proposing a methodology change to the PRC, we are not making a recommendation on this matter at this time.

Recommendations

We recommended management:

1. Modify the CODES software to alert technicians of the correct random start number to use throughout the test and correct the software issue that causes the random start number to change.

2. Require technicians to enter a justification when selecting a selection interval greater than one for parcel sampling.

3. Reiterate to technicians the importance of communicating with the city carrier to confirm the delivery status of each sampled parcel and whether the city carrier plans to deliver all parcels and accountable mail on the test date. In addition, evaluate whether delivery scan data can be used to determine if any sampled parcels should be excluded from the test data.

4. Develop online training and/or instructional materials that provide comprehensive guidance on how to properly gather and document collection mail information. In addition, consider developing a web-based form with guided prompts and instructions to replace manual documentation.

Transmittal Letter

July 14, 2021

MEMORANDUM FOR: SHARON D. OWENS
                        VICE PRESIDENT, PRICING AND COSTING

[signature: M S Schoenberg]

FROM: Mitchell S. Schoenberg
                        Deputy Assistant Inspector General for Finance and Pricing

SUBJECT: Audit Report – City Carrier Cost System
                        (Report Number 21-036-R21)

This report presents the results of our audit of the U.S. Postal Service's City Carrier Cost System.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Sherry Fullwood, Director, Cost and Pricing, or me at 703-248-2100.

Attachment

cc: Postmaster General
     Corporate Audit Response Management

Results

Introduction/Objective

This report presents the results of our self-initiated audit of the U.S. Postal Service's City Carrier Cost System (CCCS) (Project Number 21-036). We performed this audit as part of our mandate under the Postal Accountability and Enhancement Act of 2006 (PAEA)[1] to regularly audit Postal Service data collection systems and procedures used to collect information and prepare reports.[2] Our objective was to assess the reliability of CCCS data and evaluate CCCS sampling methodologies to identify opportunities for improved efficiencies. See Appendix A for additional information about this audit.

Background

The CCCS is a statistical study, or probability sample, of mail delivered on city carrier routes. Accrued city carrier costs are available from Postal Service payroll data in aggregate amounts but are not generally associated with any particular mail class or service. Therefore, the Postal Service uses CCCS data to allocate major portions of city carriers' salaries, benefits, and related costs to mail products and services. This is done to support postal regulatory reporting requirements and rate-making decisions.

The Postal Service develops the CCCS sample by selecting specific routes for testing. For each selected route, a data collection technician[3] selects a sample of the mail to be delivered on the scheduled test date. The technician records the mail class, product type, and other characteristics of each manually sampled mailpiece directly into a portable microcomputer using the Computerized On-Site Data Entry System (CODES)[4] data collection software. The Postal Service conducted 9,257 CCCS tests in fiscal year (FY) 2019 and 8,694 CCCS tests in FY 2020.

In FYs 2019 and 2020, the Postal Service used the CCCS to attribute about $4.9 billion annually in volume variable[5] city delivery street costs to mail products and services. The Postal Service reports these costs in its annual Cost Segments

The Postal Service develops the CCCS sample by selecting specific routes for testing.

For each selected route, a data collection technician selects a sample of the mail to be delivered on the scheduled test date.

The technician records the mail class, product type, and other characteristics of each manually sampled mailpiece directly into a portable microcomputer using the Computerized On-Site Data Entry System data collection software.

The Postal Service conducted

9,257
CCCS tests in FY 2019

and

8,694
CCCS tests in FY 2020

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1   39 U.S.C. §§101 et seq.
2   39 U.S.C. §3652(a).
3   An employee who gathers and records data from mail samples and other valid sources.
4   A computer architecture structured around the functions of a physical work site, which serves as the central gathering place of collected data from technicians.
5   Volume variable costs are those that change with mail volume and operational activities. Volume variable and fixed product specific costs make up total attributable costs.

and Components Report,[6] which it uses to support development of the annual Cost and Revenue Analysis Report[7] and Annual Compliance Report (ACR).[8] Postal Service management and the PRC[9] use these reports to determine whether revenue from postal products and services cover their respective costs, as required by the PAEA.

Finding #1: City Carrier Cost System Sampling Procedures

While technicians generally followed CCCS sampling policies and procedures, there are opportunities to improve the consistency of data collection activities to enhance the reliability of CCCS data. During our observations of seven CCCS tests,[10] we found that technicians did not always:

> *" There are opportunities to improve the consistency of data collection activities to enhance the reliability of CCCS data."*

- Use the correct random start number to select the first sampled mailpiece.

- Use the skip interval[11] that policy indicated was most appropriate for parcels.

- Communicate with the city carrier to confirm the deviation[12] status of sampled parcels and/or whether the carrier planned to deliver sampled parcels and accountable mail on the test date.

Random Start Mailpieces

We observed one of seven technicians using the incorrect random start number to select the first sampled mailpiece. According to Handbook F-55,[13] CODES provides a random start number for technicians. The system generates the random start number after technicians select the first skip interval for the test. Technicians count the mailpieces until they reach the start number, then set that mailpiece aside for recording in CODES. For example, if a technician selects a skip interval of three and CODES generates a random start number of two, then the technician must select the second mailpiece (in the tray or case) as the first sampled mailpiece. Then the technician selects every third mailpiece after the random start mailpiece to add to the sample.

We observed an instance when CODES had generated a random start number of four; however, the technician started with the fifth (instead of the fourth) mailpiece. This occurred because the technician did not notice the random start number generated by the system after they selected a skip interval of five. A noticeable system alert or reminder may help technicians to remember this sampling step. Starting samples with the incorrect first mailpiece resulted in the subsequent selection and entry of mail characteristics for incorrect mailpieces, according to how the sampling design was supposed to work.

We also noticed that CODES changed the random start number at times during CCCS tests. When we discussed this with management, they stated that a software issue caused CODES to improperly change the random start number when technicians locked their laptop to move around the facility and then unlocked it to resume sampling when they returned to laptop. They further explained that technicians are supposed to use the initial random start number throughout the entire test even if the system generates a new one. We observed

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6   This report provides estimates of costs attributable to mail classes, subclasses, and special services by cost segment and cost component.
7   This report shows revenue and types of costs for all mail classes, products, and services.
8   The Postal Service submits this report to the Postal Regulatory Commission (PRC) to present an analysis of costs, revenue, pricing, and quality of service for all products.
9   An independent establishment of the executive branch of the U.S. government that has regulatory oversight over many aspects of the Postal Service, including the development and maintenance of regulations for pricing and performance measures.
10 We focused our seven site visits only in the local DC-Maryland-Virginia area within the Postal Service Atlantic Area. Additional planned site visits were canceled, including five sites where the same DCTs we had previously observed were assigned to perform CCCS tests at the facilities. Our results would not have changed with the inclusion of additional observations of the same DCTs.
11 A number used to systematically select mailpieces to sample and record a fraction of the volume of mail.
12 A deviation parcel cannot fit in the customer's mail receptacle along with the flats and letters the carrier is delivering that day.
13 *Carrier Cost Systems*, dated February 2020.

one technician continue using the initial random start number generated by the system, while most of the other technicians began using the new random start number when they resumed sampling. Management acknowledged that this software issue should be corrected to mitigate inconsistent sampling by different technicians.

Skip Intervals for Parcels

Second, we observed that one of seven technicians did not use the skip interval that policy indicated was most appropriate for parcels. Our analysis of CCCS data found that technicians did not use the suggested skip interval of one for parcels sampled during more than 1,200 (about 7 percent) CCCS tests conducted from FY 2019 to FY 2020, as shown in Table 1.

Table 1. FYs 2019-2020 CCCS Tests with Parcels Sampled Using Skip Intervals Greater Than One

Skip Interval	FY 2019	FY 2020	Total
03	415	443	858
05	169	126	295
10	23	50	73
20	6	4	10
Total	**613**	**623**	**1,236**

Source: CCCS data sets filed with FY 2019-2020 ACRs.

Handbook F-55 states that when a technician comes across any parcel or accountable[14] mailpiece during a CCCS test, it should be included in the count and recorded in CODES, regardless of the skip interval selected. In addition, the CCCS documentation filed with the FYs 2019 and 2020 ACR states that parcels and accountables are usually sampled with certainty. This indicates an expectation that technicians sample all parcels and accountable mail during CCCS tests. However, Handbook F-55 also indicates that technicians can use a

skip interval of three for parcels if the test route has a heavy parcel workload. This may cause confusion and sampling inconsistencies because it conflicts with other CCCS guidance and because technicians may interpret heavy parcel workload differently.

During site visits, we observed a technician choosing a skip interval of three instead of one when he began to sample parcels. The technician stated that, although he understood management's expectation for technicians to sample 100 percent of parcels whenever possible, he generally chose a skip interval of three because it took less time. The technician also said the route received well over 100 parcels daily. However, we observed that this technician's test route did not receive any more parcels than other test routes in the area for which other technicians had sampled 100 percent of the parcels in the same amount of time without issue. In this case, the technician missed the opportunity to collect more sample data on parcels, as the policy intended. There may be many other instances when technicians have missed opportunities to collect more mail characteristic data for parcels, as shown in Table 1.

This issue occurred because selection of the skip interval for parcels is at the technician's discretion. In addition, CODES did not have system controls in place to discourage the use of skip intervals greater than one for parcels (except for when operational circumstances would make it too difficult to sample all parcels). Management stated that technicians should use some discretion when selecting the skip interval for parcels because there are numerous legitimate factors that may hinder their ability to sample all parcels to be delivered on the test route. These factors include, but are not limited to:

- The amount of time remaining before the city carrier must depart for the route in relation to the number of parcels to sample.

- Mail from the test route will be pivoted to another route.

- The amount of time it takes the clerks to complete sorting of inbound parcels to the test route for delivery.

- The technician's speed of entering the test data in CODES.

14 Accountable mail requires a signature of the addressee or addressee's agent upon receipt to provide evidence of delivery.

However, management acknowledged that they prefer technicians use a skip interval of one for parcels to obtain 100 percent of the parcels' barcode scan information on the test routes whenever possible. While management believed that requiring technicians to always use a skip interval of one for parcels would likely result in significant sampling and operational challenges at times, they stated that a system control that required technicians to enter a justification whenever they selected a skip interval greater than one for parcels could be useful. This type of system control would discourage the use of skip intervals other than one for parcels when there is not a justifiable reason, and it would provide management with information on the breadth of factors that hinder technicians from sampling 100 percent of parcels.

Communications with City Carriers

Lastly, we observed that five of the seven technicians did not communicate with the city carrier to confirm the deviation status of sampled parcels and/or whether the city carrier planned to deliver all parcels and accountable mail sorted to the test route on the test date. Handbook F-55 states that a technician must ask the city carrier to classify parcels as regular or deviation and identify parcels or accountable mail that will be held and not delivered on the test day. Technicians must capture the proper deviation status in CODES and exclude held mailpieces from the test.

However, one technician asked the carrier for a general explanation of what should be considered a deviation parcel instead of asking the carrier to confirm the deviation status for all sampled parcels. This occurred because the technician did not realize the importance of receiving carrier confirmation for each sampled parcel. During other tests we observed, technicians had the carriers confirm whether they had categorized each parcel correctly. In these cases, the carriers would look at each parcel's dimensions and mailing address to confirm whether the parcels would fit in the addressee's mail receptacle with the letter and flat mail.

Customers may have mail receptacles of varying sizes (which can hold parcels of various sizes). A deviation parcel is any parcel that would not fit in the addressee's mail receptacle with the letter and flat mail, requiring the carrier to deliver the piece to a location other than the mailbox (for example, a front porch, parcel locker, or leasing office). The carrier's confirmation of the parcel's deviation status selected by the technician is important because a technician who does not know the route like the carrier does may make an incorrect deviation status selection in CODES. Management stated that their expectation is that technicians have carriers confirm the deviation status of each sampled parcel whenever possible. They also stated that they plan to reiterate this expectation at an upcoming technician quarterly training session.

We also observed that four technicians did not ask city carriers to confirm whether they planned to deliver all sampled parcels and accountable mail on the test date. The policy stipulates that technicians receive this confirmation from the carriers, so they know which mailpieces to exclude from the CCCS test on that day. When asked why they did not confirm the planned delivery status for parcels and accountable mail, technicians stated the step was unnecessary because they capture the city carrier's scanner identification (ID)[15] number in CODES.

Technicians explained that carriers use an assigned scanner to scan the barcode on parcels and accountable mail when they attempt or complete a delivery. During a CCCS test, the technician inputs the carrier's scanner ID number into CODES. Technicians explained that management would process the data associated with the scanner ID later. They said that if the carrier does not make a delivery attempt on a sampled parcel or accountable mailpiece on the test day, based on scan data, CODES will flag the submitted test so the sample information can be updated to omit the held mailpieces.

However, management confirmed that they do not automatically analyze the scan data associated with the scanner IDs as the technicians explained. Instead, they only analyze the scan data for very specific purposes, such as the late arrival of a Priority Mail Express truck that a technician did not wait around to sample. Even in these cases, management did not have a formal mechanism in place to alert them of circumstances that required them to review the scan data associated with the scanner IDs entered into CODES.

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15 An ID number that identifies a letter carrier's mobile delivery device used on the street to track package delivery in real time.

If technicians do not confirm whether carriers will deliver all sampled parcels and accountable mail on the test date and management does not verify this from the scan data, it is possible that held mailpieces are inadvertently included in the sample. Management stated they planned to reiterate the importance of technicians asking carriers to confirm the delivery plans of all sampled parcels and accountable mail during an upcoming technician quarterly training session. However, they also expressed an interest in exploring whether they can use the scanner ID number to perform an automated confirmation of this and adjust the sample data, as needed, at the headquarters level when a delivery attempt was not made on a sampled parcel or accountable mailpiece.

According to Handbook F-55, management develops sampling questions and procedures to ensure all data is collected in a way that does not introduce error or bias. Technicians must follow the required sampling procedures to ensure that data collection is consistent regardless of who performs the tests. Improper or inconsistent sampling poses a data integrity risk,[16] such as sample data that may not be reliable for attributing costs to mail products and services.

Recommendation #1
We recommend the **Vice President, Pricing and Costing**, modify the Computerized On-Site Data Entry System software to alert data collection technicians of the correct random start number to use throughout the test and correct the software issue that causes the random start number to change when technicians lock and unlock their laptop.

Recommendation #2
We recommend the **Vice President, Pricing and Costing**, require data collection technicians to provide a justification when selecting a skip interval greater than one for parcel sampling.

Recommendation #3
We recommend the **Vice President, Pricing and Costing**, reiterate to data collection technicians the importance of communicating with the city carrier to confirm the deviation status of each sampled parcel and whether the city carrier plans to deliver all parcels and accountable mail on the test date. In addition, we recommend they evaluate whether delivery scan data can be used to determine if any sampled parcels should be excluded from the test data due to missing delivery attempts on the test date.

Finding #2: Collection Mail Sampling Procedures

The technicians we observed during site visits generally provided instructions to city carriers and supervisors responsible for conducting collection mail[17] sampling procedures, as policy requires. However, there are opportunities for the Postal Service to provide delivery personnel with more comprehensive guidance to ensure they fully understand how to properly gather the collection mail information for CCCS test routes. According to two of the seven evening supervisors that gathered the collection mail information for the CCCS tests we observed, they did not have a full understanding of how to correctly gather and/or record the information for the test route.

"There are opportunities for the Postal Service to provide delivery personnel with more comprehensive guidance to ensure they fully understand how to properly gather the collection mail information for CCCS test routes."

The Postal Service uses PS Form 2846[18] to report the volume of mail a city carrier collects on the day of a CCCS test. The technician, carrier, and postmaster or designee (which is typically the evening supervisor) share responsibility for completing the form.

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16 Validation of the consistency, accuracy, and completeness of data used by the Postal Service. Data used to support management decisions that are not fully supported or completely accurate. This can be the result of flawed methodology; procedural errors; or missing or unsupported facts, assumptions, or conclusions.
17 Mail deposited into a collection box or lobby drop, as well as mail collected by carriers on their delivery routes.
18 *City Carrier Route Mail Acceptance Data*, dated June 2019.

Handbook F-55 states that the technician must explain to the carrier and postmaster or designee that the carrier must separate collection mail into three tubs for:

- Mail collected from online requests for Package Pickup.

- Mail collected from blue collection boxes.

- Customer outgoing mail, missorted mail, and mail brought back to the office.

It also states that the technician must meet with the postmaster or designee to explain:

- The test and role of each participant.

- That the technician completes section one of PS Form 2846 and the postmaster or designee completes sections two and three after the carrier returns from the route.

- What mail the postmaster or designee must count.

- To whom and how the postmaster or designee must return PS Form 2846 upon completion.

While technicians are required to provide this information to personnel responsible for completing PS Form 2846, some evening supervisors were not sure if they completed the form properly due to their limited or lack of prior experience gathering this information or belief that the technician did not provide clear instructions for completing this step of the CCCS sampling process. We also observed that technicians generally provided the morning supervisors instructions on how to complete PS Form 2846. The morning supervisors planned to inform the evening supervisors once they arrived later that day; however, this second-hand communication of instructions likely contributed to some evening supervisors not having a full understanding of how to complete the form correctly.

One supervisor stated that an online form with clear instructional prompts for completing and submitting the information on PS Form 2846 would significantly improve the process as opposed to relying on the morning supervisor's understanding of the instructions, the technician's explanation of the instructions, or even the brief instructions on the form. Management was agreeable to the possibility of creating an online training module to provide clear, understandable guidance and instructions for properly gathering and recording the collection mail information on PS Form 2846.

The Postal Service uses the information on PS Form 2846 to develop the distribution keys[19] used to attribute collection mail activity costs to mail products and services.

Without clear and comprehensive instructions on how to properly complete PS Form 2846, personnel may not always complete the form accurately and reliably. This could negatively impact the reliability of the distribution keys and the collection mail costs assigned to mail products and services.

Recommendation #4
We recommend the **Vice President, Pricing and Costing**, develop online training and/or instructional materials that provide comprehensive guidance to postmasters or their designees on how to properly complete PS Form 2846, *City Carrier Route Mail Acceptance Data*. In addition, we recommend she consider developing a web-based form with guided prompts and instructions to replace manual entry of PS Form 2846 information.

Other Matters

Opportunities for Increased Sampling Efficiencies

There are opportunities for the Postal Service to enhance CCCS sampling efficiencies by leveraging real-time census data.[20] In the FY 2020 ACR, the Postal Service reported that it used scan data from the Product Tracking and Reporting[21] system as replacement sample data for 39 CCCS-Special Purpose Route tests cancelled in FY 2020, Quarter 3, due to the COVID-19 pandemic.

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19 Distribution keys are percentages used to assign volume variable costs to products.
20 Census data captures information about everything in the population.
21 A system that receives and stores all tracking scan data from acceptance to delivery.

While the current approved CCCS-Special Purpose Route sampling methodology does not include the use of scan data, management believed it was necessary to leverage scan data on an emergency basis to ensure they achieved statistically reliable sample data and mitigate the pandemic's impact on in-person CCCS testing.

To collect sample data for the 39 CCCS- Special Purpose Route tests, management used Time and Attendance Collection System[22] data to identify city carriers clocked into special purpose route operations for specific routes as well as the time they spent on the street on the test date. Then they pulled scan data for the specific time period the city carriers were on the street. Using these scans, they were able to gather information about the mailpieces delivered on the test routes without having to conduct in-person CCCS-Special Purpose Route tests.

Management stated they believe there is an opportunity to use scan data more widely in CCCS-Special Purpose Route sampling beyond FY 2020. However, to use this methodology on a regular basis going forward, management would have to propose a methodology change to the PRC for approval. When asked about plans to submit a methodology change proposal, management stated there are operational matters to assess prior to doing so. They explained that the matters include determining whether:

- City carriers were properly logged into their scanning devices.

- City carriers were clocked into the correct labor distribution code.[23]

- There is an ability to collect data on mailpieces without a barcode, among other things.

> "*There are opportunities for the Postal Service to enhance CCCS sampling efficiencies by leveraging real-time census data.*"

If these operational matters have a material impact on the reliability of the scan data, expanded use of that data for CCCS-Special Purpose Route sampling may not improve the precision of cost estimates.

However, if proposed and approved, expanding the use of scan data in CCCS-Special Purpose Route sampling would cut costs associated with manual sampling and improve sampling capabilities. The average cost of a manual CCCS test was $312.94 for FY 2020, which equates to about $217,000 for CCCS-Special Purpose Route tests for the fiscal year. This amount includes the salary and benefits of employees involved in data collection activities as well as training and travel costs. The ability to use available data to replace manual CCCS-Special Purpose Route sampling would enable the Postal Service to reduce the labor and travel costs associated with the CCCS.

Management is currently investigating the potential impact of the aforementioned operational matters on special purpose route cost estimates. Based on the results of their evaluation, they plan to consider proposing a methodology change to the PRC to leverage scan data in place of manual CCCS-Special Purpose Route sampling. Therefore, we are not making a recommendation on this matter at this time.

Rescheduled Tests

While the Postal Service generally followed policies for rescheduling CCCS tests, there may be opportunities to improve rescheduling procedures. During FYs 2019 and 2020, the Postal Service rescheduled a total of 1,027 out of 17,712 (about six percent) CCCS tests. We found that, out of the 1,027 rescheduled tests, personnel did not reschedule 128 (about 12 percent) tests in accordance with policy.

According to Handbook F-95,[24] CCCS tests must be rescheduled on the same day of the week, usually one week later than the original date. If a test is scheduled during the last week of a quarter, it can be rescheduled on any day of the last week of that quarter. While the 128 tests were not scheduled

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22 The system used by all installations to automate the collection of employee time and attendance.
23 A two-digit number that is used to identify the type of work a Postal Service employee performs.
24 *Statistical Programs Management Guide*, dated September 2020.

within the last week of a quarter, management stated that it can be difficult to reschedule tests to the same day of the week as the original test date before the end of a quarter. This is oftentimes due to the unavailability of technicians and/or knowledgeable supervisors and city carriers of the test route on the ideal rescheduled dates. Management further explained that it is more important that a CCCS test be rescheduled (to any day of the week) and completed by the end of the quarter than it is to require that the test be rescheduled for the same day of the week as the original test date.

We understand that there are legitimate reasons why personnel may not be able to reschedule CCCS tests for the same day of the week as the original test date. In addition, we acknowledge that it is more important for personnel to complete CCCS tests than to reschedule tests to a specific day of the week. For these reasons, we are not making a recommendation on this matter.

Training Records

We found that the Postal Service did not have complete training records for technicians who conducted CCCS tests during FYs 2019 and 2020. Specifically, we reviewed the training records for a statistical random sample[25] of 155 (out of a total of 608) CCCS technicians and determined that none of them had complete records for all required training courses. According to Handbook F-95, CCCS technicians must complete 14 initial training courses and additional CCCS specific courses prior to conducting CCCS tests. However, management stated that technician training records were missing due to the loss of information resulting from the Postal Service's transition from the National Training Database System to the Learning Management System and then to the new HERO training system.

Management stated that they plan to investigate the historical training record issues with the HERO support team. In addition, effective FY 2020, Quarter 4, they began capturing technician training records in their own internal Statistical Programs Training Documentation System. This new system will enable them to maintain visibility of technicians' completion of training requirements going forward. Therefore, we are not making a recommendation on this matter.

Management's Comments

Management agreed with all recommendations presented in the report and, in subsequent correspondence, also agreed with the findings in the report.

Regarding recommendation 1, management will implement improvements to the data collection software regarding the random start number by January 31, 2022.

Regarding recommendation 2, management will implement a change to the data collection software to obtain a comment when the data collector selects a skip greater than one when sampling parcels. Management expects to implement the change by January 31, 2022.

Regarding recommendation 3, management conducted national training for data collectors, on June 3, 2021, to reiterate the importance of confirming the delivery status of sampled parcels and whether the city carrier plans to deliver all parcels and accountable mail on the test date. Management will also investigate whether scan data can be used to better identify sampled parcels where no delivery attempt was made by July 31, 2022.

Regarding recommendation 4, management will develop online training for delivery supervisors and investigate the feasibility of web-based reporting input by supervisors. Management expects to complete these tasks by July 31, 2022.

See Appendix B for management's comments in their entirety.

Evaluation of Management's Comments

The OIG considers management's comments responsive to the recommendations in the report and corrective actions should resolve the issues identified in the report.

All recommendations require OIG concurrence before closure. The OIG requests written confirmation when corrective actions are completed. 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.

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25 We selected a statistical random sample with a 95 percent confidence level and 14 percent precision range.

Appendices

Click on the appendix title below to navigate to the section content.

City Carrier Cost System
Report Number 21-036-R21

Appendix A: Additional Information

Objective, Scope, and Methodology

The scope of the project included an evaluation of the reliability of mailpiece sample data gathered during CCCS tests performed between FYs 2019 and 2020. We also reviewed the current CCCS sampling process and procedures to determine if there were opportunities for process improvements and enhanced efficiencies in the collection of the data.

To accomplish our objective, we:

- Reviewed Postal Service policies, reference guides, and ACR documents related to CCCS sampling methodologies and procedures.

- Conducted local site visits to observe technicians conducting CCCS tests to determine if they correctly captured and recorded mail characteristics in CODES and properly instructed facility personnel on how to gather and record collection mail information.

- Interviewed Postal Service Cost Systems and Analysis and Statistical Programs personnel to further our understanding of required CCCS sampling methodologies and procedures and to discuss the implications of site visit observations.

- Analyzed CCCS test data to assess the accuracy, completeness, and reliability of the data.

- Reviewed delinquent, rescheduled, and cancelled CCCS tests to determine if technicians submitted, rescheduled, and cancelled tests in accordance with Postal Service policy.

- Reviewed CCCS technicians' training records to determine if they met the training requirements for their position.

- Evaluated CCCS sampling procedures and methodologies to identify opportunities for improvement and enhanced efficiencies.

We conducted this performance audit from December 2020 through July 2021 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 June 21, 2021 and included their comments where appropriate.

We assessed the reliability of CCCS test data by performing logical tests of completeness, accuracy, and validity on key fields. We also interviewed knowledgeable officials from the Cost Systems and Analysis and Statistical Programs groups about how technicians capture CCCS test data in CODES and how management consolidates the raw data into data reports that they submit to the Cost Attribution group and the PRC. We determined that the data were sufficiently reliable for the purposes of this report.

Prior Audit Coverage

The OIG did not identify prior audits or reviews related to the objective of this audit conducted within the last five years.

Appendix B: Management's Comments

SHARON OWENS
VICE PRESIDENT, PRICING AND COSTING

UNITED STATES POSTAL SERVICE

July 8, 2021

JOSEPH WOLSKI
DIRECTOR, AUDIT OPERATIONS

SUBJECT: City Carrier Cost System (Project Number [21-036-DRAFT])

Postal Service management has reviewed the findings and recommendations outlined in the subject audit report and provide the following responses to the recommendations.

Recommendation 1:

> Modify the CODES software to alert technicians of the correct random start number to use throughout the test and correct the software issue that causes the random start number to change.

Management Response / Action Plan:

Management agrees with the recommendation and will implement improvements to the data collection software regarding the random start number.

Target Implementation Date: January 2022

Responsible Official: Director, Cost Systems and Analysis

Recommendation 2:

> Require technicians to enter a justification when selecting a selection interval greater than one for parcel sampling.

Management Response / Action Plan:

Management agrees with the recommendation and will implement a change to the data collection software to obtain a comment when the data collector selects a skip greater than one when sampling parcels.

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Target Implementation Date: January 2022

Responsible Official: Director, Cost Systems and Analysis

Recommendation 3:

> Reiterate to technicians the importance of communicating with the city carrier to confirm the delivery status of each sampled parcel and whether the city carrier plans to deliver all parcels and accountable mail on the test date. In addition, evaluate whether delivery scan data can be used to determine if any sampled parcels should be excluded from the test data.

Management Response / Action Plan:

Management agrees with the recommendation. National training for data collectors on this issue was conducted on June 3, 2021. The Postal Service will also investigate whether scan data can be used to better identify parcels where no delivery attempt is made.

Target Implementation Date: July 2022

Responsible Official: Director, Cost Systems and Analysis

Recommendation 4:

> Develop online training and/or instructional materials that provide comprehensive guidance on how to properly gather and document collection mail information. In addition, consider developing a web-based form with guided prompts and instructions to replace manual documentation.

Management Response / Action Plan:

Management agrees with the recommendation. The Postal Service will develop online training for delivery supervisors and will investigate the feasibility of web-based reporting input by the supervisors.

Target Implementation Date: July 2022

Responsible Official: Senior Director, Statistical Programs

E-SIGNED by Sharon.D Owens
on 2021-07-07 17:57:58 CDT

Sharon D. Owens
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Cc: Manager, Corporate Audit Response Management

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