



September 29, 2005

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MANAGER, CHICAGO DISTRICT

SUBJECT: Audit Report – City Letter Carrier Operations – Chicago District
(Report Number DR-AR-05-019)

This report presents the results of our self-initiated audit of City Letter Carrier Operations in the Chicago District (Project Number 05YG007DR002). This is the third in a series of six reports on city letter carrier operations issued under the Value Proposition Agreement between the vice president, Delivery and Retail, and the Office of Inspector General's (OIG) Delivery and Retail directorate. The overall objective was to assess the management of city letter carrier operations.

Opportunities exist to improve the management of city letter carrier operations in the district. Specifically:

- Delivery facility supervisors and managers did not adequately match workhours with workload when approving Postal Service Forms 3996, Carrier - Auxiliary Control. We projected the sample results for a total of 78,248 unjustified hours over the 5-month period September 1, 2004, through January 31, 2005. We informed Great Lakes Area delivery management of our unrecoverable costs of \$2,020,200 and we will report it as such in the Semiannual Report to Congress.
- Delivery facility supervisors and managers did not always timely view the Delivery Operations Information System Reports to manage daily operations.
- Delivery facility supervisors and managers did not effectively use the Managed Service Points (MSP) base information to monitor carrier performance.
- Delivery facility supervisors and managers did not always properly document letter carriers' unauthorized overtime occurrences and take appropriate corrective action.

We recommended the manager, Chicago District, direct delivery facility supervisors and managers to enforce the policy for carriers to properly complete required forms and

instruct supervisors to only authorize time carriers request. We also recommended the manager require supervisors and managers to use MSP more effectively, consistently document unauthorized overtime on required forms, and take appropriate corrective action.

Management agreed with our findings and recommendations but disagreed with the unrecoverable costs. Management has initiatives completed and planned addressing the findings and recommendations in this report. Management's comments and our evaluation of these comments are included in this report.

The OIG considers recommendations 1 and 2 significant and requires OIG concurrence before closure. The OIG considers the support provided by management detailing corrective actions to be sufficient to close the recommendations.

We appreciate the cooperation and courtesies provided by your staff during the audit. If you have any questions or need additional information please contact Rita Oliver, Director, Delivery and Retail, or me at (703) 248-2300.

/s/ Mary W. Demory

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TABLE OF CONTENTS

Executive Summary	i
Part I	
Introduction	1
Background	1
Objectives, Scope, and Methodology	4
Prior Audit Coverage	5
Part II	
Audit Results	7
Workhours Not Adequately Matched To Workload	7
Unjustified Time	8
PS Form 3996, Carrier – Auxiliary Control	9
Recommendations	9
Management’s Comments	9
Evaluation of Management’s Comments	10
Supervisors Did Not Always Timely View DOIS Reports	11
Recommendations	12
Management’s Comments	12
Evaluation of Management’s Comments	12
Managed Service Points Base Information	13
Recommendations	14
Management’s Comments	14
Evaluation of Management’s Comments	14
Unauthorized Time	15
Recommendation	16
Management’s Comments	16
Evaluation of Management’s Comments	16
Appendix A. Summary of 120 “3996 Audits”	17
Appendix B. Projection of “3996 Audit” Results Over Five-Month Period	21
Appendix C. Technical Documentation	22

Appendix D. OIG Calculation of Unrecoverable Costs	23
Appendix E. Management's Comments	24

EXECUTIVE SUMMARY

Introduction

This report presents the results of our self-initiated audit of city letter carrier operations in the Chicago District. The overall objective was to assess the management of city letter carrier operations.

Results in Brief

Opportunities exist to improve the management of city letter carrier operations in the Chicago District. Specifically:

- Delivery facility supervisors and managers did not effectively match workhours with workload. This occurred primarily because carriers did not always submit a Postal Service (PS) Form 3996, Carrier – Auxiliary Control, to document their requests for additional time. As a result, we projected the six delivery facilities had 22,356 unjustified hours that were not supported by volume or workload from September 1, 2004, through January 31, 2005. We projected the sample results to all 21 similarly sized delivery facilities in the district for a total of 78,248 unjustified hours. Per discussions with headquarters and Great Lakes Area management, we informed the Chicago District that 50 percent¹ of the total variance in the Web Enabled Enterprise Information System or \$2,020,200² will be used as the unrecoverable costs.
- Supervisors and managers did not always view Delivery Operations Information System (DOIS) Reports such as the Workload Status, Route/Carrier Daily Performance, and Managed Service Points (MSP) Overview Reports timely to effectively manage daily operations.
- Supervisors and managers did not consistently use the MSP base information to monitor carrier performance effectively. Supervisors were not using PS Form 3999, Inspection of Letter Carrier Route, or another current form to update the route pivot plan. Additionally, supervisors did not always retrieve the

¹Postal Service officials thought a reduction of 50 percent of the variance was a reasonable target.

²Fifty percent of the total variance for September 1, 2004, through January 31, 2005, for the 21 facilities with 30-55 routes.

MSP Overview Report³ daily to review, annotate and document any noncompliance indicators.

- Supervisors and managers did not always properly document letter carriers' unauthorized overtime and take corrective action to assist in managing overtime issues. Supervisors said documenting unauthorized overtime was a lower priority.

**Summary of
Recommendations**

We recommended the manager, Chicago District, direct delivery facility supervisors and managers to enforce the policy for carriers to submit a PS Form 3996 when workload or volume indicates the carrier will need additional time for the route and require them to properly document the reasons for the requests. The manager should also instruct the supervisors to only authorize time that carriers request on the form. In addition, the manager should direct supervisors and managers to use DOIS Reports to manage daily delivery and review MSP base information to monitor carrier performance.

Finally, the manager, Chicago District, should require supervisors and managers to consistently document unauthorized overtime on required forms and take appropriate corrective action.

**Summary of
Management's
Comments**

Management agreed with our findings and recommendations, but disagreed with the OIG's computation of the unrecoverable costs. Management detailed the actions already taken such as implementing the Pacific Area Overtime Management Guide to correct both supervisor and carrier behavior. Also, management conducted additional training in MSP and unauthorized overtime procedures. Management's comments, in their entirety, are included in Appendix E of this report.

**Overall Evaluation of
Management's
Comments**

Management, in disagreeing with the \$2,020,200 in unrecoverable costs, stated the OIG was errant in solely claiming unjustified time based on the 6 delivery units visited and then multiplying by an additional 21 similar sized units to arrive at the total of 78,248 hours of unjustified time. Management stated that the primary reason for the

³The Great Lakes Area MSP Standard Operating Procedure, Number 05-6, dated August 10, 2002, requires management to retrieve the MSP Overview daily.

unjustified overtime was because carriers failed to complete PS Form 3996 and that such a failure was not indicative of the workload that may have existed. We agree that completing the PS Form 3996 is not indicative of actual workload. We make two points related to this issue. First, our approach was in accordance with generally accepted government auditing standards allowing the use of statistical methods. We followed standard statistical procedures for a cluster sample. Our sample included 6 facilities with 265 routes in total. We used this as an indicator of the magnitude of the PS Form 3996 issue, which is 78,248 hours. Second, the actual cost impact was derived based on 50 percent of the variance of planned work hours and actual work hours (53,943 hours) from the Web Enabled Enterprise Information System. This approach was agreed to by Postal Service Headquarters management as a reasonable target to achieve.

Management's actions taken or planned are responsive to our findings and recommendations and should correct the issues identified in our report.

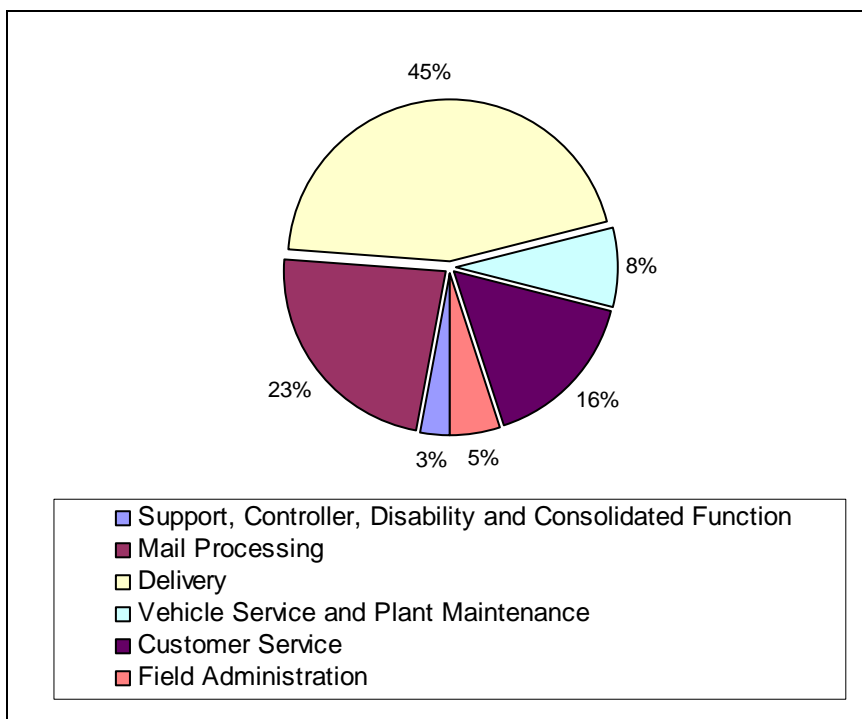
INTRODUCTION

Background

The Postal Service delivered over 200 billion pieces of mail to more than 143 million addresses in fiscal year (FY) 2004 and expects to deliver to an additional 1.6 million addresses in FY 2005. The Delivery Operations Information System (DOIS), deployed in FY 2002, provides operational data to the delivery facility supervisors and managers to assist them in managing daily carrier operations and reducing costs. This data includes mail volume, mail arrival and dispatch times, and projected office and street hours for routes.

As shown in Figure 1, delivery operations constitute 45 percent of the workhours in the FY 2005 field operating budget, which is mainly attributable to office and street workhours. Salary and benefits for rural and city carriers totaled approximately \$21 billion. Also, in the FY 2005 field budget, the Postal Service established a goal to reduce delivery workhours by 6.2 million. City delivery hours are budgeted as 73 percent of total delivery workhours.⁴

Figure 1. FY 2005 Field Budget Workhours



Source – Postal Service FY 2005 Field Budget

⁴Management budgeted total delivery workhours for FY 2005 at 631,731,535. Of the total delivery workhours, they charged 458,064,595 (or 73 percent) to the city delivery function code (2B).

The Great Lakes Area consists of 839 DOIS delivery facilities⁵ in 9 districts. The Great Lakes Area's FY 2005 budget performance goal is to reduce city delivery workhours by 614,617, representing a cost savings of \$21,636,868.⁶ The Chicago District ranks ninth in the Great Lakes Area with 49 DOIS delivery facilities and fourth in the area with 2,483 DOIS city delivery routes.

Each delivery facility's mail volume, mail arrival and dispatch times, and office and street hours vary and are managed by the delivery facility supervisor or manager. In addition, routes in a city delivery facility have an established office and street time (usually eight hours) based on the last route inspection. One aspect of daily delivery facility operations is preparation and submission of Postal Service (PS) Form 3996, Carrier – Auxiliary Control, by city letter carriers requesting overtime or assistance on their routes. The supervisor reviews each request and either approves the additional time, decreases the time, assigns assistance, curtails mail, or denies the carrier's request. The supervisor bases this decision on the daily workload or mail volume received in the delivery facility.

Unauthorized time is time worked that is not authorized by the supervisor/manager. For example, when a carrier requests 1 hour of additional time, but uses 1 hour and 30 minutes, the extra 30 minutes is unauthorized time. Unjustified time occurs when the workload or volume does not support the hours used. Using the above example, if the carrier worked 1 hour and 30 minutes of extra time, but the workload only supported 30 minutes, the extra 1 hour would be classified as unjustified time. A carrier can have both unauthorized and unjustified time, simultaneously.

To determine the amount of unauthorized and unjustified overtime on routes, a "3996 audit" of a delivery facility's activities can be performed. Using the DOIS Workload

⁵A DOIS delivery facility is a building with one or more delivery units with the capability to access DOIS to manage daily delivery operations. A delivery unit is a group of routes that usually belong to a ZIP Code. However, some ZIP Codes with a few routes can be combined to form one delivery unit and a ZIP Code with a large number of routes may be split into more than one delivery unit.

⁶Memorandum dated June 30, 2004, FY 2005 Area Targets.

Status Report,⁷ PS Form 3996,⁸ and the Route/Carrier Daily Performance Report,⁹ several factors are reviewed:

- The amount of time the carrier requests for the route.
- The amount of time the supervisor approves for the route.
- The total time the carrier uses on the route.
- The justified and unjustified time.

In addition to reviewing PS Forms 3996, an analysis of the completed PS Forms 1017-B, Unauthorized Overtime Record, can determine if supervisors are correcting carrier performance issues.

Managed Service Points (MSP) is a computerized tool designed to monitor consistency of delivery time and enhance street management. Letter carriers use mobile data collection devices (DCD) to scan barcodes placed at service points reflecting key elements of the employee workday. Seven basic scan points are required:

1. Hot Case¹⁰
2. Depart to Route
3. First Delivery
4. Last Delivery Before Lunch
5. First Delivery After Lunch
6. Last Delivery
7. Return to Office

At the conclusion of each workday, the carrier downloads the MSP data from the DCD into DOIS. Management compares this data to the route MSP base information

⁷Workload Status Reports provide management with data such as volume, parcel, and delivery point sequenced mail to make effective decisions in matching workhours to workload.

⁸Carriers complete PS Forms 3996 to request overtime or auxiliary assistance on their routes for days when they estimate the route will exceed eight hours because of workload and volume.

⁹The Route/Carrier Daily Performance Report assists supervisors in evaluating the performances of all routes within a delivery unit for a single day.

¹⁰A hot case is a location within the delivery facility where employees resort mail missent from the processing plant and give it to the assigned carrier.

employees store in DOIS to generate reports supervisors use to evaluate the carrier's performance.

**Objectives, Scope,
and Methodology**

Our overall objective was to assess the management of city letter carrier operations. Specifically, we determined whether delivery supervisors and managers adequately matched workhours with workload, used DOIS Reports in a timely manner to manage operations, and effectively used MSP base information to monitor carrier performance.

Additionally, we assessed whether delivery facility supervisors/managers properly tracked unauthorized time by documenting letter carriers' unauthorized time and taking corrective action. Our audit scope included reviewing city letter carrier operations for the 5-month period September 1, 2004, through January 31, 2005.

To accomplish our objectives, we randomly selected

[REDACTED]

To determine whether delivery facility supervisors/managers adequately matched workhours with workload, we randomly selected 20 days for each delivery facility and conducted "3996 audits" for each day to quantify the amount of unjustified time. We also observed the delivery facility supervisors' and station managers' morning activities of measuring and recording mail volume, reviewing Workload Status Reports, and approving overtime.

To determine whether delivery facility supervisors and managers effectively used DOIS Reports in a timely manner, we analyzed the time each day that supervisors first generated the Workload Status, Route/Carrier Daily Performance, and MSP Overview Reports. Additionally, we reviewed the base MSP information for all routes at the six delivery facilities and reviewed the use of the log for PS Forms 1017-B.

This audit was conducted from March through September 2005, in accordance with generally accepted government auditing standards and included such tests of internal controls as were considered necessary under the circumstances. We relied on data obtained from the Web

Enabled Enterprise Information System (WebEIS) and DOIS. We did not directly audit these systems, but performed a limited data integrity review to support our data reliance. We discussed our observations and conclusions with appropriate management officials and included their comments where appropriate.

Prior Audit Coverage

The Office of Inspector General (OIG) has issued five audit reports related to our objectives.

City Letter Carrier Operations - Santa Ana District (Report Number DR-AR-05-013, August 8, 2005). The report outlined opportunities to improve the management of city letter carrier operations in the Santa Ana District. Delivery facility supervisors and managers did not adequately match workhours with workload. We projected the 6 delivery facilities had 83,864 unjustified hours over the 5-month period May 1 through September 30, 2004, not supported by volume or workload. We agreed with headquarters and Pacific Area delivery management to unrecoverable costs of \$2,127,852. We also noted that supervisors/managers did not effectively use DOIS to manage daily operations and delivery unit supervisors and managers did not consistently perform street management or effectively use MSP to monitor city letter carriers' street time to correct negative trends.

City Letter Carrier Operations – San Diego District (Report Number DR-AR-05-014, August 8, 2005). The report outlined opportunities to improve the management of city letter carrier operations in the San Diego District. Delivery facility supervisors and managers did not adequately match workhours with workload. We projected the 6 delivery facilities had 53,835 unjustified hours over the 5-month period May 1 through September 30, 2004, not supported by volume or workload. We agreed with headquarters and Pacific Area delivery management to unrecoverable costs of \$1,423,935. We also noted that supervisors/managers did not effectively use DOIS to manage daily operations and delivery unit supervisors and managers did not consistently perform street management or effectively use MSP to monitor city letter carriers' street time to correct negative trends.

City Letter Carrier Operations – Rio Grande District (Report Number DR-AR-05-009, December 2, 2004). The report outlined opportunities to improve the management of city letter carrier operations in the Rio Grande District. Delivery facility supervisors and managers did not adequately match workhours with workload. We projected the 3 delivery facilities had 5,318 unjustified hours (at an estimated cost of \$193,947) not supported by volume or workload over the 5-month period October 1, 2003, through February 29, 2004. We reported 2,543 of the unjustified hours—or \$92,762—as unrecoverable costs. We also noted that supervisors/managers did not effectively use DOIS to manage daily operations and delivery unit supervisors and managers did not consistently perform street management or effectively use MSP to monitor city letter carriers' street time to correct negative trends.

City Letter Carrier Office Preparation in the Dallas District (Report Number DR-AR-04-005, July 26, 2004). The report stated that opportunities exist to improve Dallas District's city letter carrier office preparation operations. Specifically, impediments existed that adversely impacted delivery supervisors'/managers' ability to adequately match workhours with workload. In addition, city letter carriers' work activities did not always ensure they departed the delivery facility as scheduled and supervisors/managers did not use the DOIS to assist in managing office activities.

City Carrier Productivity – Letter Carrier Delays in the Baltimore District (Report Number TD-AR-03-011, July 28, 2003). The report stated that early reporting wasted carriers' morning time and exposed the Baltimore District to potential unnecessary evening overtime costs. It was noted supervisors/managers were not using DOIS to manage carrier schedules and, consequently, could not use the system to evaluate carrier scheduling or take corrective action.

AUDIT RESULTS

City Letter Carrier Operations

Opportunities exist to improve the management of city letter carrier operations in the Chicago District. Specifically:

- Delivery facility supervisors and managers did not effectively match workhours with workload. As a result, we projected the 6 delivery facilities had 22,356 unjustified hours that were not supported by volume or workload from September 1, 2004, through January 31, 2005. We projected the sample results to all 21 similarly sized delivery facilities in the district for a total of 78,248 unjustified hours. Headquarters management and the OIG agreed to unrecoverable costs of 50 percent of the total variance in WebEIS, which amounts to \$2,020,200. (See Appendix D.)
- Supervisors and managers did not always timely use DOIS Reports such as Workload Status, Route/Carrier Daily Performance, and MSP Overview Reports to manage daily operations effectively.
- Supervisors and managers did not consistently use the MSP base information to effectively monitor carrier performance.
- Supervisors and managers did not always properly document letter carriers' unauthorized overtime and take appropriate corrective action.

Workhours Not Adequately Matched to Workload

Delivery facility supervisors and managers did not adequately match workhours with workload. We projected the sample results in the 21 similarly sized delivery facilities in the district for a total of 78,248 unjustified hours with unrecoverable costs of \$2,020,200 over the 5-month period September 1, 2004, through January 31, 2005. The unjustified hours occurred primarily because carriers did not always submit a PS Form 3996 to document their requests for additional time. In addition, carriers did not properly complete PS Forms 3996, and supervisors authorized time carriers did not request and/or did not take action on PS Forms 3996.

Postal Service Handbook M-41, City Delivery Carrier Duties and Responsibilities, Section 131.41 (updated with Postal Bulletin revisions through April 2001), states that it is the carrier's responsibility to complete items on PS Form 3996 if overtime or auxiliary assistance is authorized for the office or the street.

Management Instruction PO-610-2000-1, Piece Count Recording System, dated December 2000, states that effective day-to-day management of a delivery facility requires evaluation of the facility's daily mail volume. The Postal Service uses volume data daily to assess the workhours needed for any given day.

Unjustified Time

We analyzed delivery facility information¹¹ and conducted "3996 audits" for 120¹² days at 6 randomly sampled delivery facilities from September 1, 2004, through January 31, 2005. The "3996 audits" identified 3,606 unjustified hours (or 99 percent) of the total 3,648 hours that were expended on routes with time used over 8 hours. We projected the sample results to all 21 similarly sized delivery facilities in the district for a total of 78,248.03 unjustified hours at a projected cost of over \$2.9 million.¹³

The "3996 audit" process assesses individual route time used over 8 hours. The audit process cannot differentiate between time that is truly unjustified and time that is simply not supported by documentation. The Total Variance Factor in the Postal Service's WebEIS shows the difference between projected workhours for the workload identified in DOIS and the actual workhours carriers used. Headquarters management and the OIG agreed to 50 percent of the total WebEIS variance from September 1, 2004, to January 31, 2005 as unrecoverable costs, which amounts to \$2,020,200.¹⁴

¹¹DOIS Workload Status Reports, PS Forms 3996, and Route/Carrier Daily Performance Reports.

¹²We randomly selected 20 days at each of the 6 facilities to conduct "3996 audits," so we completed 120 "3996 audits."

¹³Postal Service Finance memorandum dated March 7, 2005, shows the national average labor rate for city letter carriers in FY 2004 was \$37.45. The 78,248.03 hours multiplied by \$37.45 equals \$2,930,387.

¹⁴The WebEIS shows the total variance between projected workhours for the workload identified in DOIS and the actual workhours carriers used. The total variance for the 21 similarly sized delivery facilities is \$4,040,400 for September 1, 2004, through January 31, 2005.

PS Form 3996,
Carrier – Auxiliary
Control

Carriers did not always submit PS Forms 3996 to request additional time on routes. Of the days we reviewed, 3,227 of the 3,605 total unjustified hours (or 90 percent) were the result of carriers not submitting the form. This occurred because delivery facility management did not emphasize to carriers the importance of using the form. Further, supervisors often verbally approved overtime with carriers.

When carriers submitted PS Forms 3996, they did not always properly document their request for additional time. For example, carriers requested time with no reasons listed or gave reasons with no corresponding amount of time. This occurred because the supervisors accepted PS Forms 3996 carriers did not properly document to justify the additional time.

Postal Service Handbook M-41, City Delivery Carrier Duties and Responsibilities, Chapter 2, Section 28 (updated with Postal Bulletin revisions through April 2001), states that the carrier must show the reason for requesting assistance on his/her route in detail on PS Form 3996.

The delivery facilities incurred unjustified workhours as a result of carriers not submitting PS Forms 3996 or submitting incomplete documentation.

Recommendations

We recommend the manager, Chicago District:

1. Direct station managers and supervisors to enforce the policy for carriers to complete a Postal Service Form 3996, Carrier – Auxiliary Control, when workload or volume indicates the carrier will need additional time for the route and require carriers to properly document reasons for their request of additional time.
2. Instruct station managers and delivery facility supervisors to only authorize time carriers request if it is justified by the workload.

**Management's
Comments**

Management agreed with our findings, and recommendations, but disagreed with the unrecoverable costs. Management has taken actions to ensure compliance. Management conducted management

training for all 48 station managers and Customer Service operation managers on August 18, 2005. This training included proper completion and authorization of PS Forms 3996. In addition, management was tasked to train all carriers in the proper use and completion of the PS Forms 3996 no later than August 31, 2005.

**Evaluation of
Management's
Comments**







Management's comments are responsive to our findings and recommendations 1 and 2. The OIG calculated the unjustified costs through a random sample analysis of PS Form 3996. The "3996 audit" process is an assessment of individual route time greater than 8 hours. The audit process cannot differentiate between time that is truly unjustified and time that is simply not supported by documentation. The Total Variance Factor in the Postal Service's WebEIS data system shows the difference between projected workhours for the workload identified in DOIS and the actual workhours used by the carriers. The total variance factor indicates these delivery units were using more workhours than the workload or volume supported. Management's actions taken should correct the issues identified in the finding.

Supervisors Did Not Always Timely View DOIS Reports

Supervisors and managers did not timely view DOIS operational reports to assist in managing delivery operations. This occurred because they felt uncomfortable with the reports and felt they were a low priority. According to the Delivery Operations Information System Quality Assessment, September 9, 2002, it is critical that supervisors use DOIS to manage daily facility operations.

Supervisors and managers did not always review the Workload Status, Route/Carrier Daily Performance, and MSP Overview Reports at the appropriate time. As illustrated in Table 1, supervisors were not using the operational delivery data available to manage their delivery facilities.

**Table 1. Supervisors' DOIS Activity
September 1, 2004, Through January 31, 2005
(124 workdays)**

Six Randomly Sampled Delivery Facilities	Days Workload Status Report NOT Viewed Before 8:00 a.m.	Days Route/Carrier Daily Performance Report NOT Viewed Before 8:00 a.m.	Days MSP Overview Report NOT Viewed
	46	65	82
	39	5	5
	9	10	7
	4	8	2
	48	5	6
	23	5	14
TOTAL	169	98	116

Source: Postal Service DOIS Reports

The Workload Status Report was not viewed before 8:00 a.m. in 169 of 744¹⁵ instances (23 percent). The Route/Carrier Daily Performance Report was not viewed before 8:00 a.m. in 98 of 744 instances (13 percent). The MSP Overview Report was not viewed daily in 116 of 744 instances (16 percent).

¹⁵124 days x 6 DOIS delivery facilities = 744.

Delivery Operations Information System Quality Assessment, September 2002, states it is critical that supervisors use DOIS to manage daily facility operations and review reports timely. The Great Lakes Area MSP Standard Operating Procedure requires supervisors to pull the MSP Overview Report daily and to review, annotate, and document any noncompliance indicators.

Supervisors stated that they had received DOIS training, but felt they need additional training to fully understand the DOIS Reports. Chicago District management stated that the AM SOP certification process, which includes a reemphasis on the use of DOIS Reports, should help supervisors improve their working knowledge of the DOIS Reports.

Supervisors impact their ability to make effective decisions in matching workhours to workload by not reviewing operational and critical data such as mail volume, carrier performance, and street delivery activities in DOIS. In addition, by not reviewing the data, supervisors may not take timely corrective action to address carrier performance issues.

Recommendations

We recommend the manager, Chicago District:

3. Direct station managers and supervisors to review Workload Status and Route/Carrier Daily Performance Reports by 8:00 a.m. so they can accurately match workload to workhours.
4. Direct station managers and supervisors to review the Managed Service Points Overview Report daily.

**Management's
Comments**

Management agreed with the finding and recommendations and has taken actions to ensure compliance. Management conducted training on September 15, 2005, for all Station managers on pulling, reviewing, and analyzing DOIS reports.

**Evaluation of
Management's
Comments**

Management's comments are responsive to our finding and recommendations 3 and 4. Management's actions taken should correct the issues identified in the finding.

**Managed Service
Points Base
Information**

Delivery facility managers did not consistently use MSP base information to effectively monitor carrier street performance. We reviewed the base MSP information for all routes at the 6 randomly sampled delivery facilities and identified 157 of 272 routes that had issues where office or street times had excessive interval times or were out-of-sequence.¹⁶

Examples of out-of-sequence conditions included:

- Return to office time before the last delivery.
- Excessive return to office time.
- Excessive positive or negative interval time between MSP scan points.

The out-of-sequence times were the result of supervisors not having a current PS Form 3999, Inspection of Letter Carrier Route,¹⁷ or not using a current form to update the route pivot plan. The route pivot plan is a detailed description of the route that the city delivery carrier should follow while delivering mail on the street. However, even with a current PS Form 3999, the manager or supervisor must update the form and the pivot plan to reflect any changes to the route to ensure the correct placement of MSP scan points.

Also, the delivery supervisors we spoke with said they had received minimum MSP training, but needed additional training to interpret the MSP reports. District officials said they had conducted MSP training for most staff since they implemented DOIS. In addition, as part of the new AM SOP procedures, delivery facility management stated they were beginning to train supervisors on how to update PS Forms 3999.

The Great Lakes Area MSP Standard Operating Procedure dated August 2002, requires supervisors to retrieve the MSP Overview Report daily and to review, annotate, and document any non-compliance indicators. Supervisors and

¹⁶Out-of-sequence occurs when the scheduled times for the route do not occur in chronological order.

¹⁷PS Form 3999 records all pertinent information concerning a carrier's office and street performance, including line of travel details, listing office leave time, first delivery time, lunch time, and last delivery time.

managers who did not review this report daily (as illustrated in Table 1) were unable to determine variances between the actual and scheduled times of MSP scan points that would have identified carrier performance issues or identified inaccurate MSP base information.

Recommendations

We recommend the manager, Chicago District:

5. Require employees to update base information when any changes are made to a route.
6. Provide additional training to station supervisors and managers in using Managed Service Points more effectively.

**Management's
Comments**

Management agreed with the finding and recommendations and has implemented or will be implementing actions to ensure compliance with MSP. Management conducted additional MSP training for the six stations on September 15, 2005, and scheduled the remaining stations by the end of the fiscal year.

**Evaluation of
Management's
Comments**

Management's comments are responsive to our finding and recommendations 5 and 6. Management's action taken or planned should correct the issues identified in the finding.

Unauthorized Time

Supervisors/managers at the six delivery facilities sampled did not always properly document letter carriers' unauthorized overtime occurrences. For example, one delivery facility had no PS Form 1017-B log entries and another delivery facility only had five entries. Supervisors said completing PS Forms 1017-B was a low priority and believed it would have minimum impact on correcting carrier performance.

As shown in Table 2, there were 228 PS Form 1017-B entries recorded for all 120 sampled days for the 5-month period September 1, 2004, through January 31, 2005. However, 2 of the 6 delivery facilities accounted for 186 of the total PS Form 1017-B log entries.

Table 2. Summary of the PS Form 1017-B Log Entries for the Six Delivery Facilities from September 1, 2004, Through January 31, 2005¹⁸

Six Randomly Sampled Delivery Facilities	Total Number of 1017-B entries	Number of Days with Entries
[REDACTED]	118	11 of 20
[REDACTED]	68	7 of 20
[REDACTED]	20	2 of 20
[REDACTED]	17	5 of 20
[REDACTED]	5	3 of 20
[REDACTED]	0	0 of 20
OVERALL	228	28 of 120

Source: Postal Service Delivery Facility Records

Supervisors said they informally discussed unauthorized overtime with carriers. However, supervisors should have documented discussions regarding the reasons for unauthorized overtime after returning from the route in the remarks section of PS Form 1017-B.

¹⁸Twenty randomly selected days for each delivery facility, times six delivery facilities, equals 120 possible days.

Handbook F-401, Supervisor's Guide to Scheduling and Premium Pay, Chapter, 5, Section F, August 2000, states:

. . . employees are responsible for adhering to their assigned work schedules. A variance from the assigned work schedule will result in unauthorized overtime. Supervisors must document these occurrences on PS Form 1017-B and take corrective action.

As a result of not documenting unauthorized overtime, supervisors were not able to effectively consult and correct carrier performance issues to assist in managing overtime hours.

Recommendation

We recommend the manager, Chicago District:

7. Reinforce the policy in Handbook F-401, Supervisor's Guide to Scheduling and Premium Pay, to properly complete PS Form 1017-B, Unauthorized Overtime Record, to document unauthorized overtime, and take appropriate corrective action.

**Management's
Comments**

Management agreed with our finding and recommendation. Management provided training on unauthorized overtime to all station managers on August 18, 2005. Management will perform random station audits to reduce the amount of unauthorized overtime and to ensure corrective action is being taken.

**Evaluation of
Management's
Comments**

Management's comments are responsive to our recommendation. Management's actions taken should correct the issue identified in the finding.

APPENDIX A. SUMMARY OF 120 “3996 AUDITS”

Number	Delivery Facility	Date	Day of Week	Total Time Used Greater Than Eight Hours in Minutes	Total Unjustified Time in Minutes	Total Unjustified Percent	Total Routes Greater Than Eight Hours	No PS Form 3996 but Route Greater Than Eight Hours
1		09/02/04	Th	738	618	84%	8	7
2		09/07/04	T	2021	2021	100%	27	27
3		09/10/04	F	341	341	100%	6	6
4		09/13/04	M	823	823	100%	16	12
5		09/16/04	Th	294	294	100%	5	2
6		09/23/04	Th	68	68	100%	3	3
7		10/12/04	T	2526	2526	100%	33	30
8		10/13/04	W	410	410	100%	13	13
9		10/14/04	Th	48	48	100%	10	10
10		10/16/04	S	342	342	100%	10	10
11		10/19/04	T	565	565	100%	19	17
12		11/17/04	W	375	375	100%	10	10
13		11/18/04	Th	170	170	100%	6	6
14		12/10/04	F	102	102	100%	7	7
15		12/20/04	M	978	978	100%	13	13
16		12/30/04	Th	138	138	100%	5	5
17		01/10/05	M	881	881	100%	19	19
18		01/20/05	Th	1108	1108	100%	19	19
19		01/26/05	W	515	515	100%	22	22
20		01/27/05	Th	151	151	100%	10	9
21		09/15/04	W	1001	818	82%	20	13
22		09/22/04	W	675	571	85%	12	8
23		09/23/04	Th	588	588	100%	14	13
24		09/25/04	S	1,031	949	92%	20	16
25		09/28/04	T	995	873	88%	19	15
26		10/18/04	M	1,598	1,418	89%	25	18
27		11/19/04	F	239	239	100%	8	7
28		11/23/04	T	1,158	1,143	99%	20	16
29		11/26/04	F	2,114	2,056	97%	29	27

Number	Delivery Facility	Date	Day of Week	Total Time Used Greater Than Eight Hours in Minutes	Total Unjustified Time in Minutes	Total Unjustified Percent	Total Routes Greater Than Eight Hours	No PS Form 3996 but Route Greater Than Eight Hours
30	██████	12/06/04	M	638	550	86%	10	8
31	██████	12/07/04	Th	626	572	91%	11	6
32	██████	12/09/04	T	321	281	88%	12	9
33	██████	12/18/04	S	551	535	97%	13	11
34	██████	12/21/04	T	1,376	1,337	97%	28	26
35	██████	12/28/04	T	1,610	1,554	97%	33	28
36	██████	12/31/04	F	379	322	85%	10	6
37	██████	01/06/05	Th	1,177	1,147	97%	24	20
38	██████	01/07/05	F	681	681	100%	16	16
39	██████	01/25/05	T	1,323	1,323	100%	15	15
40	██████	01/26/05	W	1,171	1,171	100%	26	26
41	██████████	09/09/04	Th	2,801	2,801	100%	30	30
42	██████████	09/16/04	Th	1,433	1,433	100%	14	14
43	██████████	10/04/04	M	2,861	2,803	98%	25	22
44	██████████	10/20/04	W	910	910	100%	14	13
45	██████████	10/28/04	Th	1,711	1,692	99%	14	12
46	██████████	10/30/04	S	1,168	1,109	95%	16	15
47	██████████	11/09/04	T	2,495	2,478	99%	28	26
48	██████████	11/13/04	S	2,553	2,553	100%	26	26
49	██████████	12/02/04	Th	1,714	1,714	100%	22	22
50	██████████	12/07/04	T	807	807	100%	17	17
51	██████████	12/09/04	Th	767	767	100%	7	7
52	██████████	12/14/04	T	1,179	1,179	100%	23	23
53	██████████	12/24/04	F	747	747	100%	15	15
54	██████████	12/28/04	T	3,306	3,306	100%	27	27
55	██████████	01/04/05	T	1,420	1,420	100%	22	22
56	██████████	01/06/05	Th	1,875	1,875	100%	23	22
57	██████████	01/07/05	F	846	846	100%	18	18
58	██████████	01/26/05	W	2,628	2,628	100%	29	29
59	██████████	01/27/05	Th	2,029	2,029	100%	27	27
60	██████████	01/28/05	F	1,217	1,217	100%	16	16

Number	Delivery Facility	Date	Day of Week	Total Time Used Greater Than Eight Hours in Minutes	Total Unjustified Time in Minutes	Total Unjustified Percent	Total Routes Greater Than Eight Hours	No PS Form 3996 but Route Greater Than Eight Hours
61		09/13/04	M	3,198	3,198	100%	33	33
62		09/16/04	Th	2,452	2,452	100%	25	25
63		09/21/04	T	2,058	2,058	100%	27	23
64		09/22/04	W	1,533	1,533	100%	19	17
65		10/02/04	S	2,880	2,880	100%	30	30
66		10/15/04	F	2,891	2,891	100%	29	28
67		10/26/04	T	3,934	3,934	100%	38	36
68		11/04/04	Th	5,445	5,445	100%	34	34
69		11/23/04	T	2,634	2,634	100%	27	27
70		12/01/04	W	4,599	4,542	99%	38	36
71		12/04/04	S	2,198	2,165	98%	27	24
72		12/11/04	S	3,035	2,982	98%	22	19
73		12/22/04	W	2,245	2,112	94%	21	16
74		12/27/04	M	3,797	3,737	99%	25	23
75		12/31/04	F	707	688	97%	12	11
76		01/07/05	F	2,694	2,681	100%	28	27
77		01/12/05	W	4,517	4,286	95%	34	26
78		01/19/05	W	1,924	1,894	98%	25	23
79		01/21/05	F	1,201	1,180	98%	17	15
80		01/31/05	M	1,957	1,941	99%	30	29
81		09/08/04	W	5,153	5,153	100%	35	35
82		09/10/04	F	3,710	3,710	100%	25	25
83		09/27/04	M	3,114	3,114	100%	26	20
84		10/01/04	F	803	803	100%	15	15
85		10/02/04	S	1,749	1,749	100%	17	17
86		10/05/04	T	5,062	5,062	100%	26	26
87		10/14/04	Th	3,092	3,092	100%	27	27
88		11/06/04	S	3,357	3,357	100%	26	26
89		11/10/04	W	2,435	2,435	100%	29	28
90		11/18/04	Th	2,936	2,480	84%	22	16
91		11/26/04	F	3,177	3,177	100%	32	32

Number	Delivery Facility	Date	Day of Week	Total Time Used Greater Than Eight Hours in Minutes	Total Unjustified Time in Minutes	Total Unjustified Percent	Total Routes Greater Than Eight Hours	No PS Form 3996 but Route Greater Than Eight Hours
92		11/30/04	T	4,251	4,163	98%	29	28
93		12/17/04	F	1,283	1,283	100%	11	11
94		12/18/04	S	1,685	1,685	100%	15	15
95		12/23/04	Th	1,451	1,451	100%	13	12
96		01/05/05	W	3,218	3,137	97%	30	30
97		01/15/05	S	2,537	2,537	100%	23	23
98		01/18/05	T	12,695	12,408	98%	42	34
99		01/25/05	T	3,493	3,493	100%	28	28
100		01/27/05	Th	3,666	3,652	100%	31	30
101		09/01/04	W	1,155	1,155	100%	18	17
102		09/02/04	Th	131	131	100%	6	6
103		09/07/04	T	2,436	2,436	100%	26	25
104		09/18/04	S	1,489	1,489	100%	11	11
105		09/21/04	T	1821	1821	100%	15	15
106		10/01/04	F	1,789	1,789	100%	16	16
107		10/13/04	W	1,536	1,536	100%	28	26
108		10/15/04	F	383	383	100%	14	13
109		10/19/04	T	1,901	1,901	100%	20	19
110		10/20/04	W	1,396	1,396	100%	16	16
111		10/21/04	Th	590	590	100%	10	8
112		10/28/04	Th	685	685	100%	11	11
113		11/10/04	W	858	858	100%	12	12
114		12/03/04	F	274	274	100%	5	5
115		12/21/04	T	3,098	3,098	100%	30	28
116		12/28/04	T	2,536	2,536	100%	24	24
117		01/05/05	W	1,155	1,155	100%	18	18
118		01/15/05	S	1,048	1,048	100%	15	15
119		01/19/05	W	1,987	1,987	100%	25	23
120		01/28/05	F	1,996	1,996	100%	25	24
TOTALS				218,872	216,354		2427	2264

APPENDIX B

PROJECTION OF “3996 AUDIT” RESULTS OVER FIVE-MONTH PERIOD

Delivery Facility	Projection of Unjustified Time (Point Estimate) in Minutes	95 Percent Confidence Interval Lower Bound in Minutes	95 Percent Confidence Interval Upper Bound in Minutes	Relative Precision	Projected Hours Not Justified by Workload in 5-Month Period (Sept. 1, 2004, Through Jan. 2005)
██████	77,339	39,669	115,009	48.7%	1,288.98
██████	112,394	84,543	140,244	24.8%	1,873.23
██████████	212,747	166,112	259,382	21.9%	3,545.78
██████████	342,445	274,014	410,876	20.0%	5,707.41
██████████	421,234	280,813	561,655	33.3%	7,020.57
██████████	175,237	128,797	221,676	26.5%	2,920.61
Total of six Facilities					22,356.58
Overall					
Chicago : 21 Facilities	4,694,882	2,176,592	7,213,172		78,248

APPENDIX C. TECHNICAL DOCUMENTATION

Sampling

An objective of the audit was to quantify the amount of unjustified time in the Chicago District in the Great Lakes Area. In support of this objective, the audit team employed a two-stage sample of carrier time, selecting delivery units and delivery days randomly. The sample design allows statistical projection of the minutes of unjustified time total, unjustified office time, unjustified street time, and unexplained unjustified time.

Audit Universe

The team judgmentally selected the Chicago District, which had 21 delivery units with 30 to 55 carrier routes. The audit universe consisted of 124 working days from September 1, 2004, through January 31, 2005.

Sample Design and Modifications

We chose a two-stage sample design, with simple random selection of delivery units at the first stage and a simple random sample of delivery days at the second stage. We examined all delivery routes on the days selected. We had no information regarding the variability we might see between delivery units. To size the sample, we considered each delivery unit and delivery day combination as a universe element (a total of 2,064 unit days). We selected a desired confidence level of 95 percent and, for sample size calculation purposes, a desired relative precision for a variable estimate of 20 percent. We considered coefficient of variation (CV) values of 100 and 125 percent. With application of the finite population correction, these CVs generated sample sizes of 95 to 145, respectively. We chose to use a total of 120 delivery unit days, randomly selecting six delivery units at the first stage and then randomly selecting 20 delivery days at each of the units.

Results

The value assigned to each delivery unit day is the total number of unjustified minutes in a particular category. Using the total time value as the variable, we applied the equations for the projection of a variable in a two-stage sample using the equations from Chapter 9 of Scheaffer, Mendenhall, and Ott, Elementary Survey Sampling, c. 1996. The results for total unjustified time are summarized in Appendix B.

APPENDIX D

OIG CALCULATION OF UNRECOVERABLE COSTS

As shown in the table below, the OIG identified \$2,930,387¹⁹ in unjustified (unrecoverable) costs. The OIG calculated the unjustified costs through a random sample analysis of PS Form 3996. The “3996 audit” process is an assessment of individual route time greater than 8 hours. The audit process cannot differentiate between time that is truly unjustified and time that is simply not supported by documentation. The Total Variance Factor in the Postal Service’s WebEIS data system shows the difference between projected workhours for the workload identified in DOIS and the actual workhours used by the carriers. Postal Service Headquarters management and the OIG agreed to 50 percent of the WebEIS variance from September 1, 2004, through January 31, 2005, as the unrecoverable costs, which amounts to \$2,020,200.²⁰

	Workhours	Labor Rate	Cost
Unjustified workhours projected by the OIG from “3996 audits” during September 1, 2004, through January 31, 2005, for 21 delivery facilities with 30 to 55 routes	78,248.03	\$37.45	\$2,930,387
Workhours using Total Variance Factor in WebEIS for September 1, 2004, through January 31, 2005, for the 21 delivery facilities with 30 to 55 routes	107,887.87	\$37.45	\$4,040,400
Unrecoverable workhours identified by using 50 percent of WebEIS variance	53,943.93	\$37.45	\$2,020,200

¹⁹Postal Service Finance memorandum dated March 7, 2005, shows the actual national average labor rate for city letter carriers in FY 2004 was \$37.45. The 78,248.03 hours multiplied by \$37.45 equals \$2,930,387.

²⁰Postal Service Finance memorandum dated March 7, 2005, shows the actual national average labor rate for city letter carriers in FY 2004 was \$37.45. The 53,943.93 hours multiplied by \$37.45 equals \$2,020,200.

APPENDIX E. MANAGEMENT'S COMMENTS

DISTRICT MANAGER
CHICAGO PERFORMANCE CLUSTER



UNITED STATES
POSTAL SERVICE

September 19, 2005

MARY W. DEMORY
DEPUTY ASSISTANT INSPECTOR GENERAL
FOR OPERATIONS AND HUMAN CAPITAL
UNITED STATES POSTAL SERVICE
OFFICE OF INSPECTOR GENERAL
1735 N. LYNN STREET
ARLINGTON, VA 22209-2020

SUBJECT: City Letter Carrier Operations (Chicago District) Report Number DR-AR-05-DRAFT)

By the transmittal of the draft audit report (Report Number DR-AR-05-DRAFT) dated August 19, 2005, the results of the self-initiated Office of Inspector General audit of city letter carrier operations in six Chicago District delivery units were shared with me. The overall objective of the audit was to assess the management of city letter carrier operations. The draft audit identified opportunities to improve management of city letter carrier operations specifically in the [REDACTED] and implement standardized processes throughout all city delivery units.

The recommendations of the audit team and the Chicago District responses, including abatement activities as applicable are listed below. The Chicago Performance Cluster is in agreement that opportunities exist for improvement in the respective areas of controlling workload to workhours, ensuring MSP program compliance, and the documentation requirement regarding the use of unauthorized overtime.

Management does not agree with the \$2,020,200 in recoverable costs, solely based the audit the six (6) delivery units had 22,356 unjustified hours that were not supported by volume or workload. This number was multiplied by an additional 21 similar sized delivery facilities in the district for a total of 78,248 unjustified hours. The primary reason for the unjustified overtime is because the carriers failed to complete a PS Form 3996. When a letter carrier fails to complete a PS Form 3996, it represents a failure to comply with that requirement. However, such a failure is not necessarily indicative in all cases that the actual workload did not indeed exist in the facility and subsequently reported as an unrecoverable cost. In addition, we request

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- 2 -

this information be withheld under the Freedom of Information Act (FOIA) showing recoverable cost of \$2,020,200 due to the method in which this amount was derived.

The Chicago District has adopted and implemented the Overtime Management Guide used in the Pacific Area (See attached Overtime Management Guidelines, exhibit 1) for the purpose to correct behavior by carriers and delivery managers. It includes the requirement for proper completion and analysis of PS Form 3996. AM SOP training has been completed in all delivery facilities. (See attached AM SOP, exhibit 2)

Response to the Seven (7) Recommendations:

Recommendations:

1. *Direct station managers and supervisors to enforce the policy for carriers to complete a Postal Service Form 3996, Carrier-Auxiliary Control when workload and volume indicates the carrier will need additional time for the route and require carriers to properly document reasons for their request of additional time.*
2. *Instruct station managers and delivery facility supervisors to only authorize time carriers request if it is justified by the workload.*

Response

Management agrees with the recommendations. The Chicago District completed training for all 48 Station Managers and Customer Service Operations Managers on August 18, 2005 on the proper completion of PS Form 3996. Each station manager was tasked to train all carriers in their respective unit's no later than August 31, 2005.

Each station manager was tasked with training their supervisors on the procedures to properly review the Workload Status Report prior to approving the PS Form 3996 by comparing the carrier based information contained on the Workload Status Report and what amount of time the carrier requested. Training was completed by August 31, 2005.

Stand-up talks were given to letter carriers in each of the audits units by August 31, 2005. (See attached PS Form 3996 Training, exhibit 3) (See attached Certification, exhibit 4)

- 3 -

Recommendations:

3. *Direct station managers and supervisor to review Workload Status and Route/Carrier Daily Performance Report by 08:00 a.m. so they can accurately match workload to workhours.*
4. *Direct station managers and supervisors to review the Managed Service Points Overview Report daily.*

Response:

Management agrees with the recommendation. Instructions have been reissued to all station managers to review the Workload Status Report and Route/Carrier Daily Performance Report by 8:00 a.m.

Operations Programs Support is reviewing, on a daily basis, each station's login times into DOIS and which reports were generated.

The Postmaster requires the daily "TO DO LIST" to be randomly viewed by the Customer Service Operations Manager. The TO DO LIST outlines each report to be generated in DOIS and reviewed. (See attached TO DO LIST, exhibit 5)

AMSOP training has been conducted for the [REDACTED]. The daily review of these reports (MSP Overview, Route/Carrier Daily Performance Report) was a part of this training. Refresher training was conducted and completed for these units by September 15, 2005 and for all stations by end of the fiscal year.

Recommendations:

5. *Require employees to update base information when any changes are made to a route.*
6. *Provide additional training to the station supervisor and managers in using Managed Service Points more effectively.*

Response:

Management agrees with the recommendation. District policy states that changes to base data can only be made when the unit meets the following criteria and has been forwarded to the District Operations Programs Support department.

- a. Changes are the result of a full count and inspection.
- b. Changes are the result of a minor route adjustment with no territory changes.
- c. Changes are the result of a minor route adjustment with territory changes.
- d. Changes are a result of an annual street review with a completed PS Form 3999.
- e. Changes are a result of line of travel changes with a completed PS Form 3999.

Training will be provided to the supervisors and managers using Managed Service Points by September 23, 2005.

Recommendation:

7. Reinforce the policy in Handbook F-401, Supervisor's Guide to Scheduling and Premium Pay, to properly complete PS Form 1017-B, Unauthorized Overtime Records, to document unauthorized overtime, and take appropriate corrective action.

Response:

Management agrees with the recommendations. The five managers, whose units were audited, received an overview of the policies and procedures for Unauthorized Overtime and proper usages of the PS Form 1017A-B.

On August 18, 2005 Internal Control provided a training class to all Station Managers on the audit procedures in which they are performing as it relates to unauthorized overtime. Internal Control is conducting random station audits to reduce the amount of unauthorized overtime and to ensure corrective action is being taken. (See attached Internal Control Audit, exhibit 7)

In addition, the Delivery Overtime Guidelines training incorporated the procedures for properly completing FS Forms 1017 A-B.

All delivery supervisors are scheduled to receive training prior to the end of this fiscal year on the Delivery Overtime Guidelines.

All delivery supervisors are scheduled to receive training prior to the end of the fiscal year on the Delivery Overtime Guidelines.

Effective September 1, 2005 each delivery unit manager will perform a F2B audit once a week. Each Customer Service Operations Managers will perform a F2B audit per month. In addition each CSOM will provide an action plan for those units which are not reaching the direct goal of under 35% unjustified overtime. District OPS staff will be conducting random audits to ensure each office is in compliance with the Delivery Overtime Guidelines.

Following a complete review of the draft audit report, there does not appear to be any proprietary information contained therein for which an objection could or should be made.

It is expected that concurrence with action and activities, identified for recommendations, 1-8, will be granted. We expect that those actions and activities will be adequate to abate the deficiencies identified. The recommendations identified in the draft report are very much appreciated and will be used to augment the processes and activities already being employed in the Chicago District to further the success of an already successful organization.

A handwritten signature in black ink, appearing to read 'Akinyinka O. Akinyele', with a long horizontal line extending to the right.

Akinyinka O. Akinyele