



February 8, 2006

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MANAGER, DETROIT DISTRICT

SUBJECT: Audit Report – City Letter Carrier Operations – Detroit District
(Report Number DR-AR-06-002)

This report presents the results of our self-initiated audit of City Letter Carrier Operations in the Detroit District (Project Number 05YG007DR003). This is the fourth 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 U.S. Postal Service Office of Inspector General's (OIG) Delivery and Retail directorate. Our overall objective was to assess the management of city letter carrier operations.

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



- Delivery facility supervisors and managers could more effectively match workhours with workload when approving Postal Service Forms 3996, Carrier - Auxiliary Control. We projected the sample results for a total of 59,208 unjustified hours representing over \$2.3 million for the 5-month period January 1, 2005, through May 31, 2005. However, we agreed with headquarters management to unrecoverable costs of 50 percent of the total variance in the Web Enabled Enterprise Information System as a reasonable target of opportunity. These unrecoverable costs amounted to \$723,586, and will be reported as such in our *Semiannual Report to Congress*.
- Delivery facility supervisors and managers used the Workload Status Report in a timely manner to manage daily operations. The district needs to make some improvement in timely use of two other Delivery Operations Information System (DOIS) Reports.
- Delivery facility supervisors and managers needed to more effectively use the Managed Service Points (MSP) base information to monitor carrier performance.
- Delivery facility supervisors and managers did not consistently track and document letter carriers' unauthorized overtime occurrences and take corrective action.

We recommended the manager, Detroit District, direct station managers and supervisors to enforce the policy for carriers to complete required forms when volume or workload indicates that additional time on the route is needed. We also recommended requiring supervisors and managers to update MSP base information when routes change and to properly document unauthorized overtime and take corrective action.

Management agreed with our findings and recommendations and 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 therefore requires OIG concurrence before closure. The OIG considers the response provided by management detailing corrective actions taken and planned 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.

E-Signed by Colleen McAntee 
VERIFY authenticity with ApproveIt


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EXECUTIVE SUMMARY

Introduction

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

Results in Brief

Opportunities existed to improve the management of city letter carrier operations in the Detroit District. Specifically:

- Delivery facility supervisors and managers did not adequately 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 that the six delivery facilities had 14,210 unjustified hours not supported by volume or workload from January 1, 2005, through May 31, 2005. We projected the sample results to all 25 similarly sized delivery facilities in the district, for a total of 59,208 unjustified hours. According to an agreement with headquarters management, we informed the Detroit District that 50 percent¹ of the total variance in the Web Enabled Enterprise Information System, or \$723,586,² will be used as the unrecoverable cost and a reasonable target of opportunity. (See Appendix D.)
- Supervisors and managers used the Workload Status Report in a timely manner to manage daily operations. Some improvement is needed in timely use of the Route/Carrier Daily Performance and Managed Service Points (MSP) Overview Reports.
- Supervisors and managers need to use MSP base information to monitor carrier performance effectively. This occurred because supervisors had not updated route pivot plans to reflect new starting times.
- Supervisors and managers did not always properly track and document letter carriers' unauthorized overtime and take corrective action to manage

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

² Fifty percent of the total variance for January 1, 2005, through May 31, 2005, for the 25 facilities with 30 to 55 routes.

overtime issues. Supervisors stated they talked informally with carriers but did not often use a log.

**Summary of
Recommendations**

We recommended the manager, Detroit District, direct station managers and supervisors to enforce the policy for carriers to complete required forms when volume or workload indicates that additional time on the route is needed. We also recommended requiring supervisors and managers to update MSP base information when routes change and to properly document unauthorized overtime and take corrective action.

**Summary of
Management's
Comments**

Management agreed with our findings and recommendations and has taken or planned corrective actions. District Operations Program Support will conduct at least one Top Audit and/or Unit Review on every Delivery Operations Information System (DOIS) office in the Detroit District. Management has established and initiated a schedule for these district audits and reviews, and will cover issues identified in this audit. Management's comments, in their entirety, are included in Appendix E of this report.

**Overall Evaluation of
Management's
Comments**

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

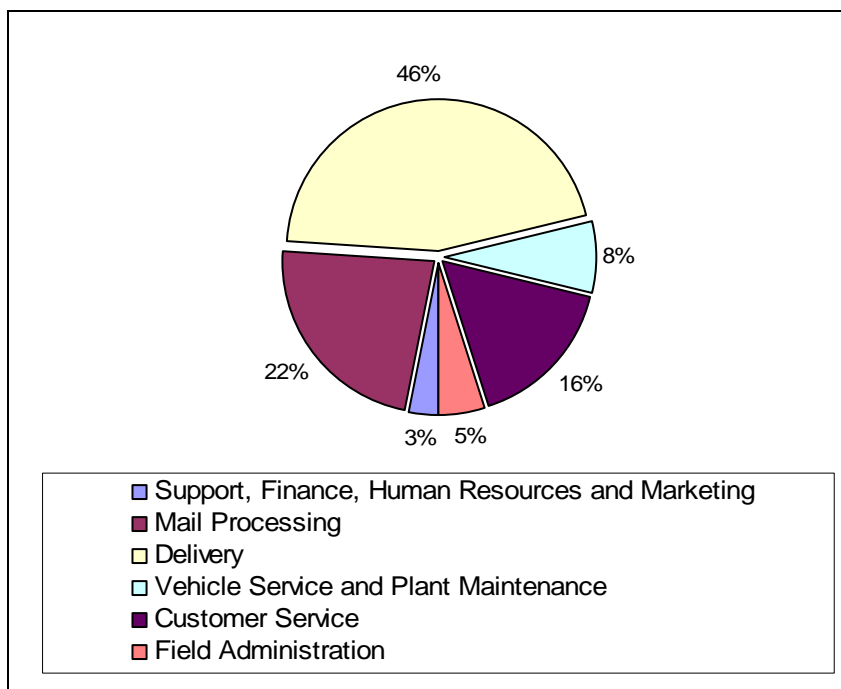
INTRODUCTION

Background

Each day the Postal Service receives and delivers over 680 million pieces of mail. The mail is delivered to 143 million addresses across a network of 38,000 post offices and retail outlets. The Delivery Operations Information System (DOIS), deployed in fiscal year (FY) 2002, provides operational data to supervisors and managers at delivery facilities to help them manage daily carrier operations and reduce costs. This data includes mail volume, mail arrival and dispatch times, and projected office and street hours for routes.

Delivery operations constitute 46 percent of the workhours in the FY 2006 field operating budget; these workhours are mainly attributable to office and street workhours. (See Figure 1.) Salary and benefits for rural and city carriers totaled approximately \$22 billion. Also, in the FY 2006 field budget, the Postal Service established a goal to reduce delivery workhours by 6.9 million hours. City delivery hours are budgeted at 72 percent of total delivery workhours.³

Figure 1. FY 2006 Field Budget Workhours



Source – Postal Service FY 2006 Field Budget

³ Management budgeted total delivery workhours for FY 2006 at 636,199,952. Of the total delivery workhours, management charged 456,071,701 (or 72 percent) to the city delivery function code (2B).

The Great Lakes Area consists of 839 DOIS delivery facilities⁴ in nine districts. The Great Lakes Area's FY 2006 budget performance goal is to reduce city delivery workhours by 682,858, representing a cost savings of \$25,284,442.⁵ The Detroit District ranks seventh in the Great Lakes Area, with 67 DOIS delivery facilities in 2,177 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 facility supervisor or manager. In addition, routes in a city delivery facility have an established office and street time (usually 8 hours) based on the last route inspection. One aspect of a delivery facility's daily operations is city letter carriers preparing and submitting Postal Service (PS) Form 3996, Carrier – Auxiliary Control, to request overtime or assistance on their routes. The supervisor reviews each request and 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. 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 supported only 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

⁴ A 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.

⁵ Memorandum from vice president, controller, to vice presidents, Area Operations, dated June 24, 2005, FY 2006 Area Targets.

Status Report,⁶ PS Form 3996,⁷ and the Route/Carrier Daily Performance Report,⁸ 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 whether 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 Case⁹
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 that employees store in DOIS to generate the reports supervisors use to evaluate the carrier's performance.

⁶ Workload Status Reports give management data such as volume, parcel, and delivery point sequenced mail for them to use in making effective decisions in matching workhours to workload.

⁷ Carriers complete PS Forms 3996 to request overtime or auxiliary assistance on their routes for days when they estimate the route will exceed 8 hours because of workload and volume.

⁸ The Route/Carrier Daily Performance Report helps supervisors evaluate the performances of all routes within a delivery unit for a single day.

⁹ A 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.

**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.

We also assessed whether delivery facility supervisors and 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 from January 1, 2005, through May 31, 2005.

To accomplish our objectives, we randomly selected

[REDACTED]. To determine whether delivery facility supervisors and 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 DOIS Workload Status Reports, and approving overtime.

To determine whether delivery facility supervisors and managers used DOIS reports effectively and 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. We also reviewed base MSP information for all routes at the [REDACTED] and reviewed the use of the log for PS Forms 1017-B.

We conducted this audit from July 2005 through February 2006 in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. We relied on data from the Web Enabled Enterprise Information System (WebEIS) and DOIS. We did not audit these systems, but performed a limited review of data integrity to support our reliance on data. We discussed

our observations and conclusions with management officials and included their comments where appropriate.

Prior Audit Coverage

The U.S. Postal Service Office of Inspector General (OIG) has issued four audit reports related to our objectives. The four reports, which are summarized in Appendix F, all identified opportunities to improve the management of city letter carrier operations at the districts audited.

AUDIT RESULTS

City Letter Carrier Operations

Opportunities existed to improve the management of city letter carrier operations in the Detroit District. Specifically:

- Delivery facility supervisors and managers did not adequately match workhours with workload. As a result, we projected that the [REDACTED] had 14,210 unjustified hours not supported by volume or workload from January 1, 2005, through May 31, 2005. We projected the sample results to all [REDACTED] in the district for a total of 59,208 unjustified hours. Headquarters management and the OIG agreed to unrecoverable costs of 50 percent of the total variance in WebEIS, which amounts to \$723,586. (See Appendix D.)
- Supervisors and managers used the Workload Status Report in a timely manner to manage daily operations. Some improvement is needed in timely use of the DOIS Route/Carrier Daily Performance and MSP Overview Reports.
- Supervisors and managers need to more effectively use MSP base information to monitor carriers' performance.
- Supervisors and managers did not always properly document letter carriers' unauthorized overtime and take corrective action.

Workhours to Workload

Delivery facility supervisors and managers did not effectively match workhours with workload. We projected the sample results in the 25 similarly sized delivery facilities in the district. We projected a total of 59,208 unjustified hours with unrecoverable costs of \$2,304,964, over the 5-month period January 1, 2005, through May 31, 2005. The unjustified hours occurred primarily because carriers often did not submit PS Forms 3996 to document their requests for additional time. In addition, carriers did not always properly complete PS Forms 3996, and supervisors did not always approve carriers' requests.

Postal Service policy states that the carrier is responsible for completing PS Form 3996 if overtime or auxiliary assistance is authorized for the office or the street.¹⁰

Postal Service policy states that effective day-to-day management of a delivery facility requires evaluating the facility's daily mail volume.¹¹ The Postal Service uses volume data to assess the workhours needed for any day.

Unjustified Time

We analyzed information from the delivery facilities¹² and conducted "3996 audits" for 120¹³ days at [REDACTED] from January 1, 2005, through May 31, 2005. The "3996 audits" determined that 2,273 unjustified hours (97 percent) of the total 2,338 hours were expended on routes with time used over 8 hours. We projected the sample results to [REDACTED] facilities in the district for a total of 59,207.90 unjustified hours at a projected cost of over \$2.3 million.¹⁴

The "3996 audit" process assesses individual route time used over 8 hours. The audit process cannot differentiate between time that is unjustified and time that is 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 January 1, 2005, to May 31, 2005, as unrecoverable costs, which amounts to \$723,586.¹⁵

¹⁰ Postal Service Handbook M-41, *City Delivery Carrier Duties and Responsibilities*, Section 131.41 (updated with *Postal Bulletin* revisions through April 2001).

¹¹ Management Instruction PO-610-2000-1, Piece Count Recording System, December 2000.

¹² DOIS Workload Status Reports, PS Forms 3996, and Route/Carrier Daily Performance Reports.

¹³ We randomly selected 20 days at each of the six facilities to conduct "3996 audits" and completed 120 "3996 audits."

¹⁴ Postal Service Finance memorandum dated March 7, 2005, shows that the national average labor rate for city letter carriers in FY 2005 was \$38.93. The 59,207.90 hours multiplied by \$38.93 equals \$2,304,964.

¹⁵ 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 25 similarly sized delivery facilities is \$1,447,172.90 for January 1, 2005, through May 31, 2005.

PS Form 3996,
Carrier – Auxiliary
Control

Carriers often did not submit PS Forms 3996 to request additional time for routes. Of the days we reviewed, 2,032 of the 2,273 total unjustified hours (89 percent) were the result of carriers not submitting the forms. This occurred because delivery facility management did not emphasize the use of the form as a tool to help manage daily operations. Instead, supervisors verbally discussed workload issues with carriers.

When carriers submitted PS Forms 3996, they did not always properly document their requests for additional time. For example, carriers listed reasons on Form 3996 for overtime, but did not list a corresponding amount of time. In addition, supervisors did not always approve or disapprove carriers' requests.

Postal Service policy states that the carrier must show the reason for requesting assistance on his/her route in detail on PS Form 3996.¹⁶ In addition, PS Form 3996 has a section for management to approve or disapprove carriers' overtime requests.

Delivery facilities incurred unjustified workhours because carriers did not submit PS Forms 3996, and when forms were submitted, carriers and supervisors did not complete them properly.

Recommendations

We recommend the manager, Detroit District:

1. Direct station managers and supervisors to enforce the policy for carriers to complete PS 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 their reasons for requesting additional time.
2. Instruct station managers and delivery facility supervisors to review PS Form 3996s, Carrier – Auxiliary Control, and take action to either approve or disapprove carrier requests.

¹⁶ Postal Service Handbook M-41, *City Delivery Carrier Duties and Responsibilities*, Chapter 2, Section 28 (updated with *Postal Bulletin* revisions through April 2001).

Management's Comments	Management agreed with our findings and recommendations and has taken actions to ensure compliance.
Evaluation of Management's Comments	Management's comments are responsive to our findings and recommendations. Management's actions taken or planned should correct the issues identified in the findings.

Supervisors' Use of Delivery Operations Information System Reports

Supervisors and managers viewed the DOIS Workload Status Report in a timely manner to manage operations. Supervisors need to improve their viewing of two other DOIS reports because they focused more on the Missed Scan Report than on other reports in reviewing carrier performance. The DOIS Quality Assessment, September 9, 2002, states that supervisors must use DOIS to manage daily facility operations.

Supervisors at some delivery facilities need to enhance their use of the Route/Carrier Daily Performance and MSP Overview Reports in a timely manner to manage their delivery operations. (See Table 1.)

Table 1. Supervisors' DOIS Activity
January 1, 2005, through May 31, 2005
(125 Workdays)

Delivery Facilities	Days Workload Status Report Not Viewed Before 8:30 a.m.	Days Route/Carrier Daily Performance Report Not Viewed Before 8:00 a.m.	Days MSP Overview Report Not Viewed
	1	14	6
	7	104	90
	7	89	81
	1	7	4
	3	25	72
	9	39	1
TOTAL	28	278	254

Source: Postal Service DOIS Reports

The Workload Status Report was viewed before 8:30 a.m. in all but 28 of 750¹⁷ instances (4 percent), an excellent record. The Route/Carrier Daily Performance Report was not viewed before 8:00 a.m. in 278 of 750 instances (37 percent), and the MSP Overview Report was not viewed daily in 254 of 750 instances (34 percent).

¹⁷

The DOIS Quality Assessment states that supervisors must use DOIS to manage daily facility operations and review reports in a timely manner. The Great Lakes Area MSP Standard Operating Procedure requires supervisors to view the MSP Overview Report daily and review, annotate, and document any noncompliance indicators.

The district needs to improve viewing the Route/Carrier Daily Performance Report and the MSP Overview report at the appropriate time. This is a problem because supervisors focused more on the Missed Scan Report than other DOIS reports in reviewing carrier performance.

Supervisors affect their ability to make effective decisions in matching workhours to workload when they do not review operational data such as mail volume, carrier performance, and street delivery activities in DOIS. Improving the reviewing of DOIS reports will help delivery supervisors and managers take timely corrective action to address carrier performance issues.

Recommendations	<p>We recommend the manager, Detroit District:</p> <ol style="list-style-type: none">3. Direct station managers and supervisors to improve their rate of viewing the Route/Carrier Daily Performance Report by 8:00 a.m. so they can monitor and correct carrier performance.4. Direct station managers and supervisors to review the Managed Service Points Overview Report daily to help monitor carrier performance.
Management's Comments	<p>Management agreed with the finding and recommendations and has taken actions to ensure compliance.</p>
Evaluation of Management's Comments	<p>Management's comments are responsive to our finding and recommendations. Management's actions taken or planned should correct the issues identified in the finding.</p>

**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 [REDACTED] delivery facilities and identified 134 of 264 routes where office or street times had excessive interval times or were out of sequence.¹⁸

Examples of out-of-sequence conditions included:

- Return to office time before the last delivery.
- Excessive return to office time.
- Two different streets with the exact same scan time.

The out-of-sequence times occurred when supervisors did not update the route pivot plan after they had changed carriers' starting times earlier in the year. The route pivot plan is a detailed description of the route that the city delivery carrier should follow while delivering mail on the street. The manager or supervisor must update the form and the pivot plan to reflect any route changes to ensure the correct placement of MSP scan points. In addition, the Great Lakes Area MSP Policy, September 2002, requires supervisors to retrieve the MSP Overview Report daily to review performance.

Delivery managers and supervisors stated they did not always remember to update the pivot plans and base information, but would take corrective action.

Recommendation

We recommend the manager, Detroit District:

5. Reinforce the requirement for managers and supervisors to update base information when they make changes to routes.

**Management's
Comments**

Management agreed with the finding and recommendation and actions taken or planned should ensure compliance with MSP. District Operations Programs Support and the MSP coordinator will disseminate MSP scores by each office on a daily basis.

¹⁸ Out-of-sequence conditions occur when the scheduled times for the route do not occur in chronological order.

**Evaluation of
Management's
Comments**

Management agreed with the finding and recommendations and has taken actions to ensure compliance.
Management's actions taken or planned should correct the issues identified in the finding.

Unauthorized Time

Supervisors and managers at the six delivery facilities did not always properly track and document letter carriers' unauthorized overtime. For example, two of the delivery facilities had no PS Form 1017-B log entries, and two other facilities had fewer than 10 entries. Supervisors said they attempted to speak with carriers about unauthorized overtime, but did not often track occurrences and fill out the PS Form 1017-B log.

As shown in Table 2, 211 PS Form 1017-B entries were recorded for all 120 sampled days for the 5-month period January 1, 2005, through May 31, 2005. However, one of the six delivery facilities accounted for 187 of the total PS Form 1017-B log entries.

**Table 2. Summary of PS Form 1017-B Log Entries
for [REDACTED] Delivery Facilities, from
January 1, 2005, through May 31, 2005¹⁹**

[REDACTED] Facilities	Total Number of PS Form 1017-B Entries
[REDACTED]	0
[REDACTED]	0
[REDACTED]	187
[REDACTED]	12
[REDACTED]	7
[REDACTED]	5
Overall	211

Source: Postal Service Delivery Facility Records

Supervisors said documenting unauthorized overtime was not a high priority. However, supervisors should have documented the discussion with the carrier regarding the reasons for unauthorized overtime in the remarks section of PS Form 1017-B.

¹⁹ [REDACTED]

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.

Because supervisors did not document unauthorized overtime, they could not effectively consult with each other and correct carrier performance issues to assist in managing overtime hours.

Recommendation	<p>We recommend the manager, Detroit District:</p> <ol style="list-style-type: none">6. Reinforce the policy in Handbook F-401, <i>Supervisor's Guide to Scheduling and Premium Pay</i>, to properly complete PS Form 1017-B, Unauthorized Overtime Record, to document unauthorized overtime and take corrective action.
Management's Comments	<p>Management agreed with our finding and recommendation. District Operations Support will conduct audits on every DOIS office in the Detroit District and monitor all deficiencies noted in this audit.</p>
Evaluation of Management's Comments	<p>Management's comments and actions taken and planned are responsive to our recommendation. Management's actions taken or planned should correct the issues identified in the finding.</p>

APPENDIX A. SUMMARY OF 120 “3996 AUDITS”

Number	Delivery Facility	Date	Day of Week	Total Time Used Greater than 8 Hours in Minutes	Total Unjustified Time in Minutes	Total Unjustified Percentage	Total Routes Greater than 8 Hours	No PS Form 3996 but Route Greater than 8 Hours
1	██████	01/05/05	Wed	4214	4214	100	39	36
2	██████	01/11/05	Tues	2609	2609	100	37	33
3	██████	01/15/05	Sat	1370	1370	100	22	20
4	██████	01/25/05	Tues	4803	4803	100	43	35
5	██████	01/28/05	Fri	806	806	100	22	19
6	██████	02/02/05	Wed	2065	2065	100	31	31
7	██████	02/04/05	Fri	1671	1671	100	17	16
8	██████	02/24/05	Thurs	3323	3323	100	38	36
9	██████	02/25/05	Fri	2096	2096	100	31	27
10	██████	03/01/05	Thurs	2706	2706	100	33	29
11	██████	03/07/05	Mon	2245	2245	100	31	29
12	██████	03/11/05	Fri	976	976	100	23	22
13	██████	03/25/05	Fri	1815	1815	100	30	30
14	██████	03/31/05	Thurs	1005	1005	100	24	20
15	██████	04/01/05	Fri	1446	1446	100	29	25
16	██████	04/11/05	Mon	3538	3538	100	37	34
17	██████	04/20/05	Wed	781	781	100	18	15
18	██████	04/22/05	Fri	1154	1154	100	15	10
19	██████	05/11/05	Wed	1355	1355	100	25	25
20	██████	05/17/05	Thurs	971	971	100	11	8
21	██████	01/03/05	Mon	3668	3668	100	42	42
22	██████	01/07/05	Fri	4340	4340	100	42	42
23	██████	01/10/05	Mon	4073	4061	99	40	37
24	██████	01/14/05	Fri	1227	1213	99	18	16
25	██████	01/21/05	Fri	3484	3478	99	35	32
26	██████	01/27/05	Thurs	2868	2861	99	40	35
27	██████	02/07/05	Tues	3423	3408	99	43	40
28	██████	02/09/05	Wed	2696	2696	100	35	34
29	██████	02/10/05	Thurs	1843	1834	99	32	31
30	██████	02/16/05	Wed	3114	3114	100	33	33

Number	Delivery Facility	Date	Day of Week	Total Time Used Greater than 8 Hours in Minutes	Total Unjustified Time in Minutes	Total Unjustified Percentage	Total Routes Greater than 8 Hours	No PS Form 3996 but Route Greater than 8 Hours
31		02/28/05	Mon	3428	3403	99	38	37
32		03/05/05	Sat	2329	2329	100	29	26
33		03/17/05	Thurs	952	952	100	22	19
34		04/08/05	Fri	2235	2235	100	27	25
35		04/21/05	Thurs	1510	1510	100	17	17
36		05/06/05	Fri	1551	1551	100	24	23
37		05/12/05	Thurs	1544	1544	100	19	17
38		05/20/05	Fri	2096	2096	100	24	22
39		05/24/05	Tue	494	494	100	17	17
40		05/25/05	Wed	1598	1598	100	22	22
41		01/03/05	Mon	760	760	100	19	18
42		01/04/05	Tues	1048	1048	100	16	16
43		01/10/05	Mon	2039	2039	100	24	24
44		01/25/05	Tues	825	805	98	18	12
45		02/01/05	Tues	1905	829	44	22	7
46		02/24/05	Thurs	759	729	96	16	12
47		03/05/05	Sat	851	838	98	10	4
48		03/11/05	Fri	498	406	75	10	5
49		03/18/05	Fri	685	462	67	10	5
50		03/25/05	Fri	337	337	100	6	5
51		03/28/05	Mon	1448	1092	75	18	11
52		03/29/05	Thurs	2189	1324	60	16	9
53		03/30/05	Wed	370	341	92	6	2
54		04/06/05	Wed	883	676	77	10	8
55		04/12/05	Thurs	1948	1418	73	17	7
56		04/21/05	Thurs	819	728	89	10	7
57		04/25/05	Mon	625	625	100	10	9
58		04/28/05	Thurs	1031	900	87	16	12
59		04/30/05	Sat	292	264	90	4	2
60		05/26/05	Thurs	68	68	100	2	2
61		01/03/05	Mon	328	320	98	7	6
62		01/07/05	Fri	252	252	100	7	6

Number	Delivery Facility	Date	Day of Week	Total Time Used Greater than 8 Hours in Minutes	Total Unjustified Time in Minutes	Total Unjustified Percentage	Total Routes Greater than 8 Hours	No PS Form 3996 but Route Greater than 8 Hours
63		01/11/05	Tues	209	209	100	6	5
64		01/12/05	Wed	162	162	100	5	4
65		01/21/05	Fri	127	127	100	5	4
66		01/25/05	Tues	453	453	100	12	9
67		01/31/05	Mon	175	175	100	4	3
68		02/05/05	Thurs	139	125	90	4	2
69		02/24/05	Thurs	82	82	100	2	1
70		03/08/05	Tues	85	85	100	2	1
71		03/10/05	Thurs	171	171	100	4	4
72		03/11/05	Fri	336	336	100	5	5
73		03/12/05	Sat	305	305	100	6	3
74		03/22/05	Tues	60	60	100	2	0
75		04/02/05	Sat	35	35	100	1	0
76		04/05/05	Tues	25	25	100	1	1
77		04/08/05	Fri	90	90	100	1	1
78		05/18/05	Wed	112	112	100	3	2
79		05/24/05	Tues	232	232	100	3	1
80		05/27/05	Fri	164	164	100	4	3
81		01/04/05	Tues	682	682	100	7	7
82		01/06/05	Thurs	1814	1814	100	21	20
83		01/24/05	Mon	2654	2654	100	29	29
84		01/27/05	Thurs	2466	2466	100	23	22
85		02/08/05	Tues	853	853	100	13	12
86		02/19/05	Sat	837	837	100	7	7
87		02/24/05	Thurs	1111	1111	100	9	9
88		02/26/05	Sat	1211	1198	99	19	18
89		03/04/05	Fri	1258	1258	100	12	12
90		03/05/05	Sat	481	481	100	9	9
91		03/12/05	Sat	927	927	100	11	11
92		03/15/05	Tues	1591	1591	100	19	19
93		03/23/05	Wed	332	332	100	6	6
94		03/24/05	Thurs	167	167	100	4	4

Number	Delivery Facility	Date	Day of Week	Total Time Used Greater than 8 Hours in Minutes	Total Unjustified Time in Minutes	Total Unjustified Percentage	Total Routes Greater than 8 Hours	No PS Form 3996 but Route Greater than 8 Hours
95		03/28/05	Mon	1198	1198	100	7	7
96		04/07/05	Thurs	497	497	100	6	6
97		04/28/05	Thurs	1004	1004	100	16	15
98		05/03/05	Tues	1235	1235	100	9	9
99		05/10/05	Tues	920	920	100	14	14
100		05/24/05	Tues	241	241	100	6	6
101		01/10/05	Mon	915	915	100	17	16
102		01/13/05	Thurs	152	152	100	6	6
103		01/14/05	Fri	692	692	100	13	13
104		01/26/05	Wed	825	793	96	22	21
105		01/31/05	Mon	1062	1062	100	12	12
106		02/03/05	Thurs	434	434	100	12	12
107		02/16/05	Wed	192	192	100	12	12
108		02/26/05	Sat	329	329	100	5	4
109		02/28/05	Mon	151	151	100	4	4
110		03/03/05	Thurs	573	560	98	17	16
111		03/24/05	Thurs	176	176	100	4	4
112		04/01/05	Fri	251	251	100	12	12
113		04/04/05	Mon	33	33	100	4	4
114		04/15/05	Fri	250	250	100	7	6
115		04/19/05	Tues	41	41	100	2	2
116		04/27/05	Wed	172	172	100	8	5
117		05/02/05	Mon	92	92	100	5	5
118		05/13/05	Fri	64	64	100	7	6
119		05/17/05	Tues	14	14	100	1	1
120		05/24/05	Tues	33	33	100	2	1
TOTALS				140,274	136,415		1,918	1,709

APPENDIX B

PROJECTION OF “3996 AUDIT” RESULTS OVER 5-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 (Jan. 1, 2005, through May 31, 2005)
██████████	98,056	71,479	124,633	27%	1,634
██████████	22,000	15,427	28,573	30%	367
██████████	302,406	238,618	366,194	21%	5,040
██████████	255,931	187,815	324,048	27%	4,266
██████████	40,038	21,457	58,618	46%	667
██████████	134,163	95,261	173,064	29%	2,236
██████████					
Overall					
Detroit District 25 Facilities	3,552,474	922,863	6,182,085		59,208

APPENDIX C. TECHNICAL DOCUMENTATION

Sampling

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

Audit Universe

The team judgmentally selected the Detroit District, which had ■ delivery units with ■ carrier routes. The audit universe consisted of 125 working days from January 1, 2005, through May 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 on variability 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 used 20 delivery unit days, randomly selecting six delivery units at the first stage and 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 projecting a variable in a two-stage sample using the equations from Chapter 9, Scheaffer, Mendenhall, and Ott, *Elementary Survey Sampling*, © 1996. Appendix B gives the results for total unjustified time.

APPENDIX D

OIG CALCULATION OF UNRECOVERABLE COSTS

The OIG identified \$2,304,964²⁰ in unjustified (unrecoverable) costs (see the table below). We calculated the unjustified costs through a random sample analysis of PS Forms 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 unjustified and time that is 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 January 1, 2005, through May 31, 2005, or \$723,586,²¹ as the unrecoverable costs.

	Workhours	Labor Rate	Cost
Unjustified workhours projected by the OIG from “3996 audits” for January 1, 2005, through May 31, 2005, for 25 delivery facilities with 30 to 55 routes	59,207.90	\$38.93	\$2,304,964
Workhours using Total Variance Factor in WebEIS for January 1, 2005, through May 31, 2005, for 25 delivery facilities with 30 to 55 routes	37,173.72	\$38.93	\$1,447,173
Unrecoverable workhours identified by using 50 percent of WebEIS variance	18,586.86	\$38.93	\$723,586

²⁰ Postal Service Finance memorandum dated March 7, 2005, shows the actual national average labor rate for city letter carriers in FY 2005 as \$38.93. The 59,207.90 hours multiplied by \$38.93 equals \$2,304,964.

²¹ Postal Service Finance memorandum dated March 7, 2005, shows the actual national average labor rate for city letter carriers in FY 2005 as \$38.93. The 18,586.86 hours multiplied by \$38.93 equals \$723,586.

APPENDIX E

PRIOR AUDIT COVERAGE

City Letter Carrier Operations – *Chicago District* (Report Number DR-AR-05-019, September 29, 2005). The report outlined opportunities to improve the management of city letter carrier operations in the Chicago District. Delivery facility supervisors and managers did not adequately match workhours with workload. We projected the sample results for a total of 78,248 unjustified hours over the 5-month period from September 1, 2004, through January 31, 2005, that were not supported by volume or workload. We agreed with headquarters delivery management to unrecoverable costs of \$2,020,200. We also noted that supervisors and managers did not always view DOIS reports in a timely manner to manage operations, consistently use MSP to monitor city letter carriers' street time to correct negative trends, or properly document letter carriers' unauthorized overtime occurrences and take corrective action.

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 sample results for a total of 83,864 unjustified hours over the 5-month period from May 1 through September 30, 2004, that were 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 and managers did not always view DOIS reports in a timely manner to manage operations, consistently use MSP to monitor city letter carriers' street time to correct negative trends, or properly document letter carriers' unauthorized overtime occurrences and take corrective action.

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 sample results for a total of 53,835 unjustified hours over the 5-month period from May 1 through September 30, 2004, that were 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 and managers did not always view DOIS reports in a timely manner to manage operations, consistently use MSP to monitor city letter carriers' street time to correct negative trends, or properly document letter carriers' unauthorized overtime occurrences and take corrective action.

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 that the three 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 from 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 and 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.

APPENDIX F. MANAGEMENT'S COMMENTS

DISTRICT MANAGER
DETROIT DISTRICT



January 12, 2006

Kim H. Stroud
Director, Audit Reporting
1735 North Lynn Street
Arlington, VA 22209-2020

SUBJECT: Transmittal of draft Audit Report – City Letter Carrier Operations – Detroit District (Report Number DR-AR-06-DRAFT) - Response

Based on the results from the Draft Audit Report to improve the management of city letter carrier operations in the Detroit District, the following course of actions have been implemented in concurrence with each suggestion noted from the Report:

Findings/Results

Delivery facility supervisors and managers could more effectively match workhours with workload when approving Postal Service Forms 3996, Carrier - Auxiliary Control. We projected the sample results for a total of 59,208 unjustified hours representing over \$2.3 million for the 5-month period January 1, 2005, through May 31, 2005. However, we agreed with headquarters management to unrecoverable costs of 50 percent of the total variance in the Web Enabled Enterprise Information System as a reasonable target of opportunity. These unrecoverable costs amounted to \$723,586, and we will report them in the Semiannual Report to Congress.

Recommendation

1. Direct station managers and supervisors to enforce the policy for carriers to complete 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 their reasons for requesting additional time.
2. Instruct station managers and delivery facility supervisors to review PS Form 3996s, Carrier – Auxiliary Control, and take action to either approve or disapprove carrier requests.

Response

Agreed – the Detroit District Manager directed station managers, postmasters, and direct reports accordingly on December 23, 2005.

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Findings/Results

Delivery facility supervisors and managers used the Workload Status Report in a timely manner to manage daily operations. The district needs to make some improvement in timely use of two other DOIS Reports.

Recommendations

1. Direct station managers and supervisors to improve their rate of viewing the Route/Carrier Daily Performance Report by 8:00 a.m. so they can monitor and correct carrier performance.
2. Direct station managers and supervisors to review the Managed Service Points Overview Report daily to help monitor carrier performance.

Response

Agreed – the Detroit District Manager directed station managers, postmasters, and direct reports accordingly on December 23, 2005.

Findings/Results

Delivery facility supervisors and managers needed to more effectively use the Managed Service Points (MSP) base information to monitor carrier performance.

Recommendations

Reinforce the requirement for managers and supervisors to update base information when they make changes to routes.

Response

Agreed – the Detroit District Manager directed station managers, postmasters, and direct reports accordingly on December 23, 2005.

Findings/Results

Delivery facility supervisors and managers did not consistently track and document letter carriers' unauthorized overtime occurrences and take corrective action.

Recommendations

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 corrective action.

Response

Agreed – the Detroit District manager directed station managers, postmasters, and direct reports accordingly on December 23, 2005.

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We have taken these corrective actions to adhere to the recommendations stated in the Draft Audit Report. In addition, the following are the actions we will take to ensure the instructions listed above have been adhered to:

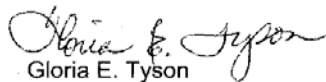
Operations Programs Support will conduct at least one Top Audit and/or Unit Review on every DOIS office in the Detroit District. A schedule has been established and initiated for these Audits and/or Reviews.

The audits incorporate monitoring of all listed deficiencies noted in the OIG audit. The Customer Service Analyst conducting the audits will follow-up on all audits based on a 30, 60, and 90 day review. Any deficiencies that are not corrected within a 30-day period will be discussed with the Customer Services Manager/Postmaster, Manager of Delivery and the Customer Service Analyst. If the deficiencies are not corrected within 60 days, a second discussion will be held with the Manager of Operation Programs Support, POOM/CSOM, and the perspective Customer Service Manager/Postmaster. The deficiency information will be forwarded to the Detroit District Manager for follow-up.

In addition to the above, the dissemination of MSP scores by office will be made on a daily basis by Operations Programs Support and the MSP Coordinator.

If you have any further questions, please do not hesitate to contact me.

Sincerely,


Gloria E. Tyson

GET/df

cc: JoAnn Feindt

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