



September 29, 2007

TERRY J. WILSON
VICE PRESIDENT, SOUTHEAST AREA OPERATIONS

SUBJECT: Audit Report – City Delivery Vehicle Mileage – Base Versus Actual –
Southeast Area (Report Number DR-AR-07-015)

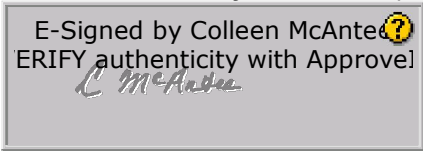
This report presents the results of our audit of the City Delivery Vehicle Mileage – Base Versus Actual – in the Southeast Area (Project Number 07XG022DR000). This is one in a series of reports on City Delivery Vehicle Mileage issued under the Value Proposition Agreement between the Vice President, Delivery and Retail, and the U.S. Postal Service Office of the Inspector General (OIG). Our overall objective was to evaluate the accuracy of city delivery route mileage information in the Southeast Area. Specifically, we evaluated (1) the accuracy of established route base mileage information in the Automated Vehicle Utilization System (AVUS) and (2) variances between the established route base mileages and actual mileages recorded.

Management can improve the accuracy of city delivery route mileage information in the Southeast Area. Specifically, AVUS route base mileage information did not agree with the authorized route base mileage in the Delivery Operations Information System for 42 percent of the routes reviewed. Additionally, management did not always have adequate support for mileage variances. Overall, these conditions existed because district officials did not monitor city delivery mileage information. As a result, we will report \$2,098,347 in unrecoverable questioned costs in our *Semiannual Report to Congress*. We are making four recommendations in this report.

Management agreed with the findings, recommendations, and monetary benefits and has initiatives planned to address the recommendations in this report. Management's comments and our evaluation of these comments are included in the report.

The OIG considers recommendation 1 significant and, therefore, requires OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective action is completed. This recommendation should not be closed in the follow-up tracking system until the OIG provides written confirmation the recommendation can be closed.

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, or me at (703) 248-2100.



Colleen A. McAntee
Deputy Assistant Inspector General
for Mission Operations

Attachments

cc: Patrick R. Donahoe
William P. Galligan
Kathy Ainsworth
James Kiser
Wayne Corey
Lizbeth J. Dobbins
Timothy C. Healy
William J. Mitchell
Mary A. Richards
Jordan M. Small
Harold L. Swinton
Dennis R. Unger
Kate F. Wiley
Katherine S. Banks

INTRODUCTION

Background

The U.S. Postal Service has over 216,000 postal-owned vehicles that carriers use to deliver over 680 million pieces of mail each day on over 163,000 city routes. In fiscal year (FY) 2005, postal-owned vehicles traveled approximately 1.2 billion miles and used over 125 million gallons of fuel.

On motorized routes, city carriers are required to follow their authorized lines of travel at all times. This includes travel to and from authorized routes, lunch locations, break locations, refueling locations, and collection boxes.

Supervisors and managers use the Delivery Operations Information System (DOIS) and the Automated Vehicle Utilization System (AVUS) to assist them in managing daily carrier operations.¹ DOIS data includes mail volume, mail arrival and dispatch times, and projected office and street hours for routes. AVUS, a web-based application, includes daily vehicle utilization and authorized base and actual delivery vehicle mileage.

The Postal Service generally establishes city route base mileage during a route inspection using Postal Service (PS) Form 3999, Inspection of Letter Carrier Route. District or unit management enters the base route mileage in DOIS after the route inspection. Delivery unit supervisors then manually establish a route in AVUS with the authorized base mileage. The carrier verifies or enters the beginning mileage when departing for the street by scanning the “Depart to Route” barcode that prompts for the mileage. Upon returning to the office, the carrier scans the “Return to Office” barcode, which prompts for the ending mileage. Supervisors review and analyze carriers’ actual mileage data using the AVUS Vehicle Daily Usage Report. Supervisors conduct discussions with carriers on mileage deviations and make corrections in AVUS using the information in this report. Supervisors must edit AVUS information daily and the system stores the corrections through the end of the month. AVUS data is consolidated by reporting period and shared electronically with the Vehicle Management Accounting System (VMAS) and Web-Enabled Enterprise Information System (WebEIS). Vehicle

¹ The Postal Service released AVUS and DOIS nationally in 2002 (AVUS was DOS-based prior to 2002).

maintenance facilities use VMAS reports to monitor vehicle usage. The monthly mileage data is electronically sent to WebEIS² for each area to show mileage utilization. (See flowchart in Appendix C.)

The base route mileage information in the DOIS and AVUS should agree to effectively manage city route mileage. When the AVUS actual route mileage does not agree with the AVUS authorized base route mileage, a variance exists. Factors such as incorrect recording of odometer readings, auxiliary assistance, and incorrect base miles recorded in AVUS could cause a variance.

The *AVUS Supervisor Users Guide*, dated November 2006, and Handbook M-39, *Management of Delivery Services*, dated March 1998 (and updated through March 2004) require supervisors to (1) update route information when changes to routes occur after inspection to ensure accurate route mileage is recorded and (2) edit carrier route information daily to correct errors.

**Objective, Scope,
and Methodology**

Our overall objective was to evaluate the accuracy of the city delivery route mileage information. Specifically, we evaluated the accuracy of established route base mileage in AVUS. We also evaluated variances between the established route base and actual mileages recorded.

To accomplish our objective, we interviewed managers and employees at headquarters, the area, and selected districts and units. We visited and reviewed information from delivery units in the Alabama, Atlanta, Central Florida, North Florida, South Florida, Suncoast, and Tennessee Districts in the Southeast Area.

We selected 28 delivery facilities from the universe of 447 delivery facilities with 15 or more routes in the Southeast Area. (See Appendix B.) We selected a random 4-month period (January through April 2007³) to review route information for each facility.

² WebEIS delivers easy access to detailed performance data continually gathered across the entire Postal Service. WebEIS lets managers measure performance and identify areas for improvement, increasing overall Postal Service efficiency.

³ AVUS only retains data in the server for approximately 3 months.

To evaluate the accuracy of the established route base mileage information in AVUS, we compared the route base information recorded in AVUS to DOIS.⁴ To evaluate variances between the authorized base mileage and actual mileage recorded, we evaluated variances of four to 19 miles occurring 12 times or more within a month. In addition, we reviewed variances of 20 miles or more occurring any time within the review month. We ascertained whether a PS Form 3996, Carrier – Auxiliary Control, Route Carrier Daily Performance/Analysis Report,⁵ or other appropriate documentation explained or supported mileage variances.

We conducted this performance audit from April through September 2007 in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. We relied on data from DOIS and AVUS. 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 on August 24, 2007, and included their comments where appropriate.

Prior Audit Coverage

We did not identify any prior audits or reviews related to the objective of this review. The OIG is in the process of conducting a series of audits on this subject.

⁴ We selected the delivery units and corresponding routes for the current 3-month period from AVUS. Route inspections conducted on routes selected in the sample could have occurred, resulting in an updated PS Form 3999 and subsequent route adjustments. The route inspection and adjustments could have increased or decreased the authorized base mileage after the OIG selected the route data for review. The OIG adjusted the authorized base mileages for these routes where appropriate during our audit.

⁵ This report assists supervisors in evaluating the performances of all routes within a delivery unit for a single day.

AUDIT RESULTS

**City Delivery
Mileage
Information**

Management can improve the accuracy of city delivery route mileage information in the Southeast Area. Specifically, AVUS route base mileage for 42 percent of the routes reviewed did not agree with the authorized route base mileage in DOIS. In addition, AVUS actual mileage exceeded base mileage by 69,998 miles. While the majority of the 69,998 miles we questioned were supported, there was no evidence to support about 43 percent of the questioned miles. Overall, these conditions existed because district officials did not provide oversight by monitoring city delivery mileage information.

**Authorized Base
Mileage Information**

Management did not always record city delivery route mileage information for the Southeast Area accurately. Specifically, the route base mileage data in AVUS – the system used to manage daily route vehicle information – did not always agree with the authorized route base mileage in DOIS. Of the 907 routes reviewed in the 28 delivery units, 384 (42 percent) did not agree with DOIS as shown in Table 1.

TABLE 1 ROUTE BASE MILEAGE: AVUS VS. DOIS AND/OR SOURCE DOCUMENTS					
DISTRICT	TOTAL NUMBER OF DELIVERY UNITS	TOTAL NUMBER OF ROUTES	AVUS VS DOIS AND/OR SOURCE DOCUMENTS (IN AGREEMENT)	AVUS VS DOIS AND/OR SOURCE DOCUMENTS (NOT IN AGREEMENT)	PERCENTAGE OF ROUTES (NOT IN AGREEMENT)
Alabama	2	59	17	42	71%
Atlanta	8	259	131	128	49%
Central Florida	3	121	85	36	30%
North Florida	1	19	19	0	0%
South Florida	4	114	107	7	6%
South Georgia	2	50	31	19	38%
Suncoast	6	224	104	120	54%
Tennessee	2	61	29	32	52%
TOTAL	28	907	523	384	42%

Source: AVUS and DOIS Reports

Unit supervisors were unaware they had the capability to update AVUS and DOIS base data on their routes. Some unit supervisors indicated they did not always update authorized base mileage due to personnel being unavailable for extended periods and backup staff not assigned to perform the duties. In addition, supervisors did not realize DOIS route base information had to be manually updated to reflect the base mileage recorded on PS Form 3999. In general, unit management indicated that updating and correcting data in AVUS and DOIS was not always a high priority because supervisors were focused on managing mail delivery operations.

The base route mileage information in DOIS and AVUS should agree to effectively manage city route mileage. Correct route base mileage information is critical to ensuring that carriers are maintaining the authorized line of travel on routes so that mail is delivered in the quickest manner possible and at the least expense (i.e., fuel, wear and tear on vehicles, etc.).

Supporting
Documentation for
Mileage Variances

Management did not always have adequate support for variances between AVUS base mileage and actual mileage. Based on our analysis, we questioned 69,998 in mileage variances. Although supervisors were able to provide evidence to support the majority of the 69,998 questioned mileage variances,⁶ there was no evidence available to support 30,360 of the questioned miles. (See Table 2.)

TABLE 2 VARIANCES: QUESTIONED MILES VS. UNSUPPORTED MILES					
DISTRICT	DELIVERY UNITS REVIEWED WITHIN DISTRICT	MILES QUESTIONED	TOTAL SUPPORTED MILES	TOTAL UNSUPPORTED MILES	PERCENTAGE OF UNSUPPORTED MILES
Alabama	2	4,746	2,751	1,995	42%
Atlanta	8	25,012	12,383	12,629	50%
Central Florida	3	10,646	5,653	4,993	47%
North Florida	1	1,868	1,454	414	22%
South Florida	4	3,078	2,420	658	21%
South Georgia	2	6,326	5,477	849	13%
Suncoast	6	16,549	7,727	8,822	53%
Tennessee	2	1,773	1,773	0	0%
TOTAL	28	69,998	39,638	30,360	43%

Source: AVUS and DOIS Reports

Supervisors did not consistently monitor carriers' AVUS Vehicle Daily Usage Report to review, analyze, and then either correct errors or document why actual mileage exceeded base mileage. Further, supervisors did not always conduct and document discussions with carriers on routes where actual mileage exceeded the base mileage in AVUS. Supervisors stated that higher priorities, such as managing mail delivery operations, impacted their ability to perform this daily function.

Although some delivery unit supervisors stated they did accomplish these tasks, they did not always maintain supporting documentation. Of the 696 days of route mileage data reviewed, we identified 413 days with mileage variances due to data errors or omissions. (See Table 3.)

⁶ See audit comment on page 6 for an explanation of the majority of the questioned mileage variances.

TABLE 3 DAILY ERRORS IN AVUS ⁷			
DISTRICT	TOTAL NUMBER OF REVIEW DAYS	NUMBER OF ERROR DAYS	PERCENTAGE OF ERROR DAYS
Alabama	50	50	100%
Atlanta	199	135	68%
Central Florida	72	31	43%
North Florida	25	1	4%
South Florida	100	56	56%
South Georgia	54	54	100%
Suncoast	149	39	26%
Tennessee	47	47	100%
TOTAL	696	413	59%

SOURCE: AVUS Vehicle Daily Usage Report

Most of these errors related to incorrect odometer recordings, negative actual mileage, or missing odometer readings⁸ and should have been detected and corrected. According to the *AVUS Supervisor User's Guide*, the supervisor should conduct daily reviews and provide feedback to employees regarding input errors. The guidance further suggests this process should take a minimal amount of time.

Based on our sample results, we projected the Southeast Area incurred unrecoverable questioned costs of approximately \$2,098,347 over an 11-month period. (See Appendix A.) The OIG will report the \$2,098,347 in unrecoverable questioned costs in our *Semiannual Report to Congress*.

Audit Comment

Based on the OIG's analysis, the majority of the variance between the authorized and actual miles recorded was for auxiliary assistance.⁹ In the 28 units reviewed, we found auxiliary assistance miles represented 61 percent of the 69,998¹⁰ questioned miles. Because of the complexity of auxiliary assistance issue, we did not evaluate auxiliary assistance mileage in this audit. Auxiliary assistance mileage is noted in this report because of its significant impact on mileage variances and as information

⁷ Errors for this analysis are defined as errors with negative total actual mileage, a daily actual mileage variance of 500 miles or more, blank odometer readings or odometer readings of zero. We did not include these errors in the mileage variance analysis of questioned mileage.

⁸ Postal Operations Handbook 701, *Fleet Management*, dated March 1991 (with *Postal Bulletin* revisions through March 31, 2005) states that mileage should be recorded in tenths of a mile. The OIG identified some unit personnel that rounded up or down the tenths of the mile on the odometer and others ignored the tenths of a mile. We plan to address this issue in the national capping report to Postal Service Headquarters.

⁹ Auxiliary assistance is a process designed to allow delivery unit supervisors to provide assistance on a route or for vacancy by transferring a portion of deliveries to one or more carriers for that day.

¹⁰ Total questioned miles (69,998) - total unsupported miles (30,360) = Total 39,638 supported miles.

for management to review.

Recommendation We recommend the Vice President, Southeast Area Operations, direct District Managers to:

1. Provide increased oversight by monitoring mileage information for accuracy.

Management's Comments Management agreed with the recommendation. Management stated a process has been implemented to compare and correct all AVUS and DOIS base mileage variances, and they will complete this process by October 12, 2007. They further stated they will conduct monthly reviews thereafter to ensure mileage accuracy. Management will forward the results of random checks of Vehicle Utilization Daily Reports to the districts to reinforce the importance of mileage accuracy.

Recommendation 2. Inform all delivery unit supervisors how to update the Automated Vehicle Utilization System with route changes made in the Delivery Operations Information System and provide training as necessary.

Management's Comments Management agreed with the recommendation. Management will provide the field with written instructions on updating AVUS when they make route changes in DOIS. The instructions will re-emphasize the daily requirement to review, correct, and document miles deviated in AVUS. Each district will be required to include these instructions in their district newsletter by November 10, 2007, and management will provide training when necessary.

Recommendation 3. Re-emphasize to unit supervisors that route mileage information is a priority and they must timely update it and correct errors.

Management's Comments Management agreed with the recommendation. Management will provide all delivery units with a standard operating procedure (SOP) by October 26, 2007. The SOP will identify daily responsibilities for updating route mileage information and correcting errors.

Recommendation 4. Direct unit supervisors to a) review, analyze, and correct errors daily; b) document reasons for actual mileage exceeding authorized mileage; and c) maintain supporting documentation for 30 days.

Management's Comments	Management agreed with the recommendation. Management stated they will instruct delivery unit Executive and Administrative Schedule personnel to review, analyze, and correct errors every day; document reason for mileage deviation on the Vehicle Utilization Daily Report; and retain this supporting documentation for 30 days. They further stated they will implement this recommendation immediately.
------------------------------	---

Evaluation of Management's Comments	Management's comments are responsive to the recommendations. Management's actions planned should correct the issues identified in the findings.
--	---

APPENDIX A

CALCULATION OF COST SAVINGS IN THE SOUTHEAST AREA

The OIG identified \$2,098,347 in unrecoverable questioned costs.

The OIG calculated the unrecoverable cost through a random sample of 447 delivery facilities with 15 or more routes in the Southeast Area. After selecting the random sample, the OIG selected a random month within the quarter for each facility. For the Southeast Area, we reviewed the 4-month period from January through April 2007.

We identified 30,360 miles that were not supported. Based on these sample results, we believe the average unsupported delivery mileage overages are at least 261,313 miles per month at the 447 delivery units in the Southeast Area.

We extrapolated our test period finding to an 11-month period (we excluded December because of seasonal issues) and computed the cost per mile.

Unsupported miles per audit finding	Projected unsupported miles for audit universe	Extrapolated miles over 11-month period	Cost per mile ¹¹	Unrecoverable questioned costs
30,360	261,313	2,874,448	\$0.73	\$2,098,347

¹¹ The National Summary-Vehicle by Capacity Report, dated September 2006, from the Vehicle Management Accounting System Fuel Report shows a cost per mile of 73 cents, which includes a 24 cent per mile cost for fuel/oil.

APPENDIX B

RANDOMLY SELECTED DISTRICTS AND DELIVERY UNITS

District	Unit
Alabama	Mobile-Cottage Hill Station
	Mobile-Midtown Station
Atlanta	Athens-Alps Road Station
	Cartersville Main Post Office
	Gainesville Annex
	Howell Mill Station
	Lilburn Main Post Office
	Lithonia Main Post Office
	Marietta-Mount Bethel Station
	Stone Mountain Main Post Office
Central Florida	Merritt Island
	Vero Beach Carrier Annex
	West Palm Beach-Palms Central Station
North Florida	Gulf Breeze Main Post Office
South Florida	Coconut Grove Station
	Flamingo Branch
	Hallandale Main Post Office
	Surfside Branch
South Georgia	Macon-Zebulon Road Station
	Savannah-Oglethorpe Station
Suncoast	Ft. Myers-Page Field Postal Store
	Ruskin Main Post Office
	St. Petersburg-Crossroads Station
	St. Petersburg-Gulfwinds Station
	Tampa-Produce Station
	Zephyrhills Main Post Office
Tennessee	Memphis-Crosstown Carrier Annex
	Nashville-Bellevue Station

APPENDIX C

FLOW CHART–AVUS MILEAGE INFORMATION PROCESS

Redacted

APPENDIX D

MANAGEMENT'S COMMENTS

TERRY J. WILSON
VICE PRESIDENT, AREA OPERATIONS
SOUTHEAST AREA



September 27, 2007

MEMORANDUM FOR: Kim H. Stroud
Director, Audit Reporting
Office of Inspector General
1735 North Lynn Street
Arlington, VA 22209-2020

SUBJECT: Transmittal of Draft Audit Report – City Delivery Vehicle
Mileage – Base versus Actual – Southeast Area
(Report Number DR-AR-07-DRAFT)

The Southeast Area concurs with the Office of Inspector General recommendations in the subject draft (Project 07XG022DR000) and the cost saving methodology used to estimate the annual unsupported, questioned cost of \$2,098,347. The Southeast Area will take immediate action to implement the following four recommendations:

1. **Provide increased oversight by monitoring mileage information for accuracy.**

Management Response: We agree with this recommendation and the Southeast Area will increase program oversight and monitor the accuracy of Automated Vehicle Utilization System (AVUS) mileage. A process has been implemented to compare and correct all AVUS/ Delivery Operations Information System (DOIS) base mileage variances. This process will be complete by October 12, 2007. Monthly reviews will be conducted thereafter to ensure mileage accuracy. Results of random checks of Vehicle Utilization Daily Reports will be forwarded to the Districts to reinforce the importance of mileage accuracy.

2. **Inform all delivery unit supervisors how to update the Automated Vehicle Utilization System (AVUS) with route changes made in the Delivery Operations Information System (DOIS) and provide training as necessary.**

Management Response: We agree with this recommendation and the Southeast Area will provide the field with written instructions on updating AVUS when route changes are made in DOIS. The instructions will re-emphasize the daily requirement to review, correct, and document miles deviated in AVUS. Each district will be required to include these instructions in their district newsletter by November 10, 2007, and training will be provided when necessary.

225 N. Harrison Blvd.
Metairie, LA 70002-2102
EO 1-747-7300
Fax: 901-747-7444

APPENDIX D

MANAGEMENT'S COMMENTS (CONTINUED)

-2-

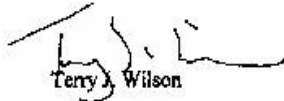
3. **Re-emphasize to unit supervisors that route mileage information is a priority and they must timely update it and correct errors.**

Management Response: We agree with this recommendation. The Southeast Area will provide all delivery units with a standard operating procedure by October 26, 2007, identifying daily responsibilities for updating route mileage information and correcting errors.

4. **Direct unit supervisors to (a) review, analyze, and correct errors daily; (b) document reasons for actual mileage exceeding authorized mileage; and, (c) maintain supporting documentation for 30 days.**

Management Response: We agree with this recommendation. Delivery Unit EAS will be instructed to review, analyze, and correct errors every day; document reasons for mileage deviation on the Vehicle Utilization Daily Report; and retain this supporting documentation for 30 days. This recommendation will be implemented immediately.

The Southeast Area will focus on improving the accuracy of the AVUS route base mileage and correcting variances between established route base mileage and actual recorded mileage to minimize unrecoverable questioned cost.



Terry J. Wilson

cc: James Kiser
Wayne Corey
Southeast Area District Managers