



July 6, 2009

MATTHEW B. LOPEZ
DISTRICT MANAGER, ALBUQUERQUE CUSTOMER SERVICE DISTRICT

SUBJECT: Audit Report – Timeliness of Mail Delivery Operations –
Albuquerque District – Albuquerque City Delivery Unit Locations
(Report Number DR-AR-09-008)

The report responds to a self-initiated audit from the U.S. Postal Service Office of Inspector General (OIG) to review the timeliness of mail delivery in Albuquerque City – Albuquerque Customer Service District delivery units (Project Number 09XG012DR000). Our overall objective was to determine whether the Albuquerque City delivery unit locations delivered mail in a timely manner. This audit addressed operational risk. See Appendix A for additional information about this audit.

Conclusion

During Quarter 1 fiscal year (FY) 2009,¹ some Albuquerque City delivery unit locations had difficulty delivering mail in a timely manner resulting in service declines, customer complaints, and negative media attention. However, as of March 31, 2009, the Albuquerque City delivery units had made significant improvements in decreasing delayed mailpieces² and delivering the mail in a timely manner.

Timeliness of Mail Delivery

During Quarter 1 FY 2009, some Albuquerque City delivery unit locations had difficulty delivering mail in a timely manner. We found delayed mailpieces increased from a reported zero in Quarter 4 FY 2008³ to 299,066 pieces in Quarter 1 FY 2009. In addition, the Albuquerque Customer Service District had more delayed mailpieces than other similar-sized districts.

Although staffing resources were generally adequate, we identified two other major factors that attributed to delayed mail volumes in the Albuquerque City delivery unit locations:

¹ Quarter 1 FY 2009 represents the period October 1, 2008, through December 31, 2008.

² Delayed mail in delivery unit is mail not cased by the clerks and not available for dispatch before carriers leave the office.

³ Quarter 4 FY 2008 represents the period July 1, 2008, through September 30, 2008.

- [REDACTED] carriers and clerks experienced short-term learning curve difficulties while sorting mail for carrier routes. Management conducted route evaluations using the Carrier Optimal Routing (COR) System.⁴ The COR analysis resulted in changes to route schemes,⁵ lines-of-travel, and route adjustments. Adjusted route times were greater than 8 hours on some routes.
- [REDACTED] Station experienced major carrier attendance issues.

As a result, the Albuquerque City delivery units were the subject of numerous complaints and negative media reports related to delayed mail. In addition, the Albuquerque City delivery units experienced declines in overnight, 2-day, and 3-day service performance. See Appendix B for our detailed analysis of this topic.

We recommend the District Manager, Albuquerque Customer Service District:

1. Ensure delivery managers and supervisors communicate proposed route adjustments and scheme changes to carriers and clerks to minimize the learning curve difficulties and its impact on delivery operations.
2. Require Carrier Optimal Routing personnel to identify routes and drive routes in the [REDACTED] where route time currently exceeds 8 hours, and make adjustments to correct inefficiencies.
3. Reinforce to delivery managers and supervisors their responsibility to control unscheduled absences as required by the *Employee and Labor Relations Manual*.

Management's Comments

Management agreed with our finding and recommendations. Management stated that the Albuquerque District is conducting route adjustments through the Modified Interim Route Adjustment Process (MIRAP) and plans to have all routes reviewed and adjustments implemented by August 31, 2009. To ensure effective implementation delivery supervisors will be trained in the MIRAP procedures beginning on June 24, 2009. Additionally, through the MIRAP, routes that exceeded 8 hours will be reviewed and adjusted to the guidelines outlined in Handbook M-39, *Management of Delivery Services*, concerning a full day assignment. Lastly, during Quarter 2 of FY 2009 the Postmaster of Albuquerque initiated an attendance control process throughout Albuquerque City delivery units that requires delivery managers and supervisors to

⁴ COR was implemented in October 2005. This optimization program is used to configure compact, contiguous, safe, and efficient city carrier routes to reduce unnecessary travel and optimize park points and relays on city carrier delivery routes.

⁵ A route scheme is the identification of the street names and numbers that are assigned to a specific carrier route for delivery of mail.

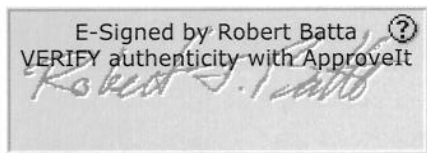
submit a daily review and weekly summary of attendance. See Appendix C for management's comments in their entirety.

Evaluation of Management's Comments

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

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

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Rita Oliver, Director, Delivery, or me at (703) 248-2100.



Robert J. Batta
Deputy Assistant Inspector General
for Mission Operations

Attachments

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APPENDIX A: ADDITIONAL INFORMATION

BACKGROUND

Albuquerque City is located in the Albuquerque Customer Service District and is comprised of 11 city delivery unit locations. The Albuquerque City delivery unit locations deliver mail on 368 city delivery routes to more than 235,000 delivery points.

During FY 2009, the Albuquerque Customer Service District – Albuquerque City Post Office received negative media attention regarding timely delivery of mail. The [REDACTED] [REDACTED] was specifically cited in an article. In addition, the OIG received more than 35 hotline complaints from customers and postal employees citing delivery issues such as missing or delayed mail, understaffed delivery units, and falsified delivery scans and performance documents within the Albuquerque District.

OBJECTIVE, SCOPE, AND METHODOLOGY

Our objective was to determine whether the Albuquerque City delivery unit locations were delivering mail in a timely manner. To accomplish our objective, we:

- Judgmentally selected four⁶ of 11 delivery unit locations in the Albuquerque City for site visits based on customer complaints, delivery performance indicators, and similarities of facility type and the number of city routes. The [REDACTED] Station was added because of its citation in a media report.
- Reviewed applicable documentation, policies, and procedures such as Handbook M-39; Handbook M-41, *City Delivery Carriers Duties and Responsibilities*; Delivery Standard Operating Procedures.
- Obtained performance indicator data from the OIG Support Operations Group. The sources of data were the Web Enterprise Information System (*WebEIS*), the Enterprise Data Warehouse (EDW), and the Delivery Operations Information System (DOIS).
- Reviewed performance indicator data such as delayed mail volume, carriers returning after 5 p.m., staffing ratio (carriers to routes), and service performance scores for FYs 2008 through 2009, Quarter 2.

⁶ The four delivery units included the [REDACTED], and [REDACTED] Station.

- Observed delivery floor operations to include managers and supervisors performing administrative tasks and holding discussions with carriers, clerks casing unworked mail from the processing plant to the carrier level, and carriers casing mail and departing for street delivery.

We conducted this performance audit from January through July 2009 in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. We discussed our observations and conclusions with management officials on May 27, 2009, and included their comments where appropriate. We relied on data obtained from U.S. Postal Service database systems. We did not directly audit the systems. However, we performed a limited data integrity review to support our data reliance.

PRIOR AUDIT COVERAGE

The OIG has issued five reports in the last several years related to our objective.

Report Title	Report Number	Final Report Date	Monetary Impact	Report Results
<i>Timeliness of City Delivery in U.S. Virgin Islands</i>	DR-AR-09-002	December 31, 2008	N/A	The report confirmed that the U.S. Postal Service delivered mail to Virgin Island residents in a timely manner. However, Postal Service and U.S. Customs could improve communication with customers. We did not make recommendations in this report that required management's comments.
<i>Summary Audit on the Timeliness of Mail Processing, Transportation, and Delivery Operations in the Chicago District</i>	NO-AR-08-003	March 28, 2008	\$231,337,397	The report identified opportunities to improve mail processing, delivery capacity, and efficiency. The Chicago District made noticeable improvements at the end of FY 2007, but continued to have difficulty with the timely and efficient processing and delivery of mail resulting in mail delays, service degradation, and customer complaints. Management agreed with our recommendations and monetary impact.

Report Title	Report Number	Final Report Date	Monetary Impact	Report Results
<i>Timely City Delivery – Chicago District</i>	DR-AR-08-001	October 11, 2007	N/A	The report summarized the Chicago District’s difficulty with timely mail delivery. Specifically, delivery performance indicators showed that office performance was well below standard; street performance was at an all-time low; delayed mail volume had increased dramatically; and the percentage of mail arriving in delivery sequence at the units was much lower than the national average. Management agreed with our recommendations.
<i>Delivery and Retail Standard Operating Procedures – National Capping Report</i>	DR-MA-07-003	February 22, 2007	N/A	The 2007 report summarized a series of nine area reports identifying opportunities to improve implementation of the Postal Service’s Delivery and Retail and SOP. We did not make recommendations in this report that required management’s comments.
<i>Management Advisory – Las Cruces, New Mexico Delayed Mail</i>	DR-MA-06-001	June 5, 2006	N/A	The report confirmed delayed mail issues existed in the Las Cruces Carrier Annex and Main Post Office. The delayed mail problem resulted from District staff turnover, insufficient staffing, and untimely response to recommendations in a management review. Management agreed with our suggestions.

APPENDIX B: DETAILED ANALYSIS

Timely Mail Delivery

During Quarter 1 FY 2009, some Albuquerque City delivery unit locations had difficulty delivering mail in a timely manner resulting in customer complaints, negative media attention, and service declines. We found delayed mailpieces⁷ increased from reported zero in Quarter 4 FY 2008 to 299,066 pieces in Quarter 1 FY 2009. In addition, the Albuquerque Customer Service District had more delayed mailpieces than similar-sized districts. However, as of March 31, 2009, the Albuquerque City delivery units made significant improvements in decreasing delayed mailpieces and delivering the mail in a timely manner.

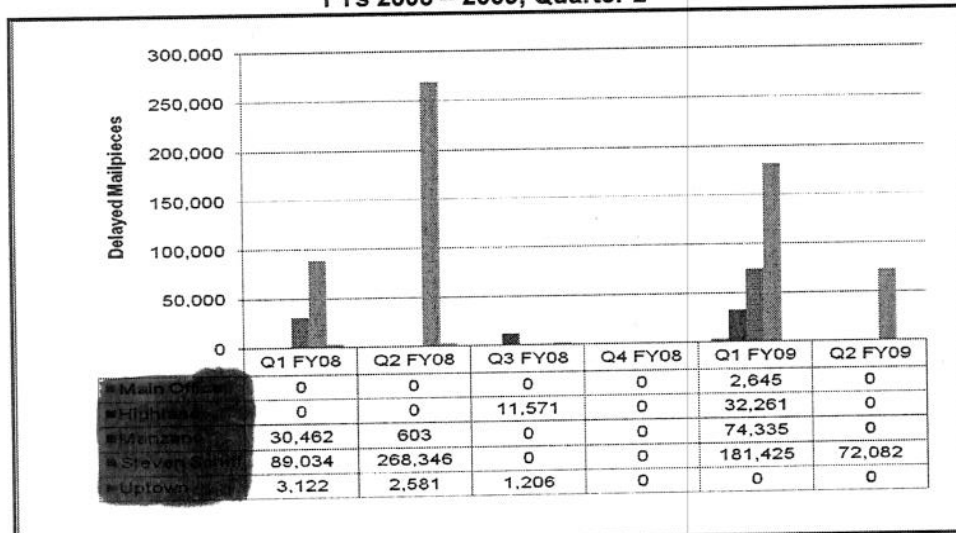
Delayed Mail Volume in Customer Deliveries

During Quarter 1 FY 2009, some Albuquerque City delivery unit locations experienced an increase in the volume of delayed mailpieces. Total delayed mailpieces increased from a reported zero in Quarter 4 FY 2008 to 299,066 pieces in Quarter 1 FY 2009. Of the five delivery unit locations selected, [REDACTED] reported the most delayed mailpieces. Delayed mail in the [REDACTED] increased from a reported zero in Quarter 4 FY 2008 to 181,425 during Quarter 1 FY 2009.

During January and February 2009, we conducted site observations at the selected delivery units. During the days we visited, no delayed mail was reported at any of the five delivery units. According to managers and supervisors, delayed mail was minimal to nonexistent during the months of our site visits. Data for Quarter 2 FY 2009 shows that the majority of delivery units reported no delayed mail. The [REDACTED] continued to delay mail; however, delayed mailpieces decreased by approximately 60 percent. (See Chart 1.)

⁷ Delayed mail in the delivery unit is mail not cased by the clerks and not available for dispatch before carriers leave the office.

Chart 1. Customer Service Delivery: Delayed Mail Volume in Pieces for Five Selected Locations
 FYs 2008 – 2009, Quarter 2



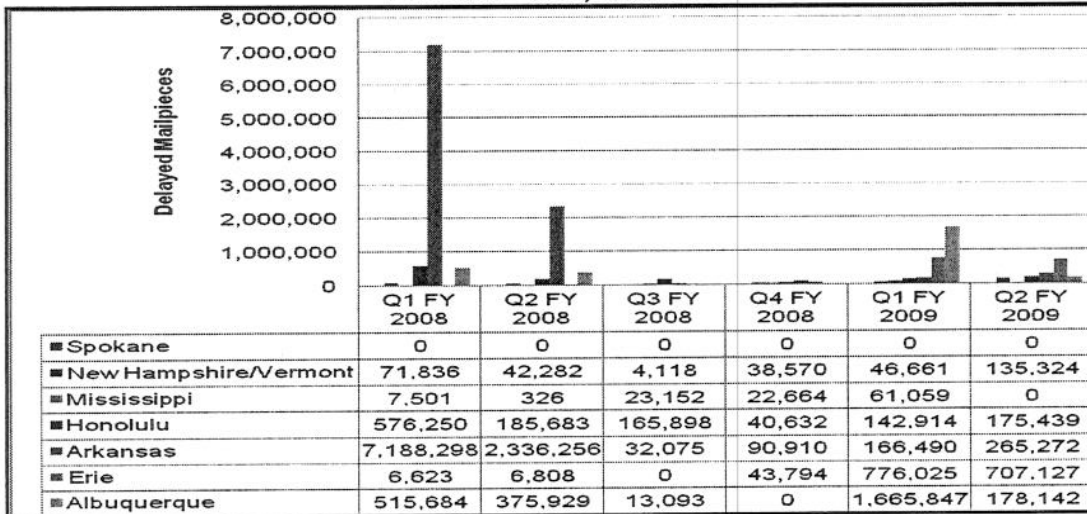
Source: DOIS

The Albuquerque Customer Service District Manager issued a policy memorandum on December 15, 2008, reiterating the process for reporting delayed mail. Additionally, the Albuquerque City Postmaster established an informal process for reporting delayed mail wherein all managers and supervisors are required to notify her of delayed mail issues before reporting the delays in the Customer Service Daily Reporting System (CSDRS). When delayed mail is verbally reported, the Postmaster utilizes delivery resources throughout the city to attempt to move the mail for that particular day. However, if assistance is not obtained, the managers and supervisors are required to report the delayed mail in CSDRS. During our site visits, we observed managers and supervisors reporting delivery operation issues to include status reports on delayed mail volume to the Albuquerque District Manager and Albuquerque City Postmaster through daily morning teleconferences.

Comparison to Similar-Sized Districts

For Quarter 1 FY 2009, the Albuquerque Customer Service District delayed [redacted] mailpieces. This is a significant increase from Quarter 4 FY 2008 in which no delayed mail was reported. Additionally, this is the most delayed mailpieces reported by the Albuquerque Customer Service District from FY 2008 to Quarter 1, FY 2009. The amount of delayed mailpieces reported during Quarter 1 FY 2009 is significant compared with delayed mail volumes reported by districts with a similar number of routes. Of the six districts selected for comparison, Albuquerque delayed the most mail during Quarter 1 FY 2009. The Albuquerque Customer Service District made improvements in delayed mail, reporting only 178,142 pieces for Quarter 2 FY 2009. This is a decrease of approximately 90 percent. (See Chart 2.)

Chart 2. Customer Service Delivery: District Comparison of Delayed Mail Volumes in Pieces
 FYs 2008 – 2009, Quarter 2

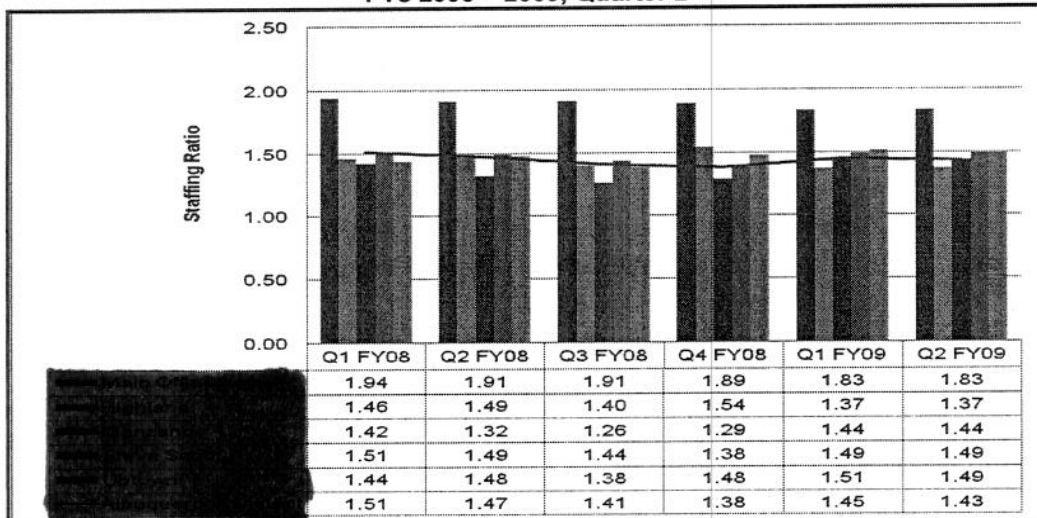


Source: DOIS

Staffing Resources

Staffing data for the five delivery units selected showed that Albuquerque City delivery units were generally adequately staffed. All but one of the five delivery units met or exceeded the national and district staffing ratio of 1.42 and 1.45, respectively. During Quarter 1 FY 2009, the staffing ratio for the [REDACTED] Station decreased from 1.54 to 1.37 because the station lost 13 carriers and five routes. Staffing ratios remained constant during Quarter 2 FY 2009. (See Chart 3.)

Chart 3. Staffing Ratio
 FYs 2008 – 2009, Quarter 2



Source: DOIS

Causes of Delayed Mail

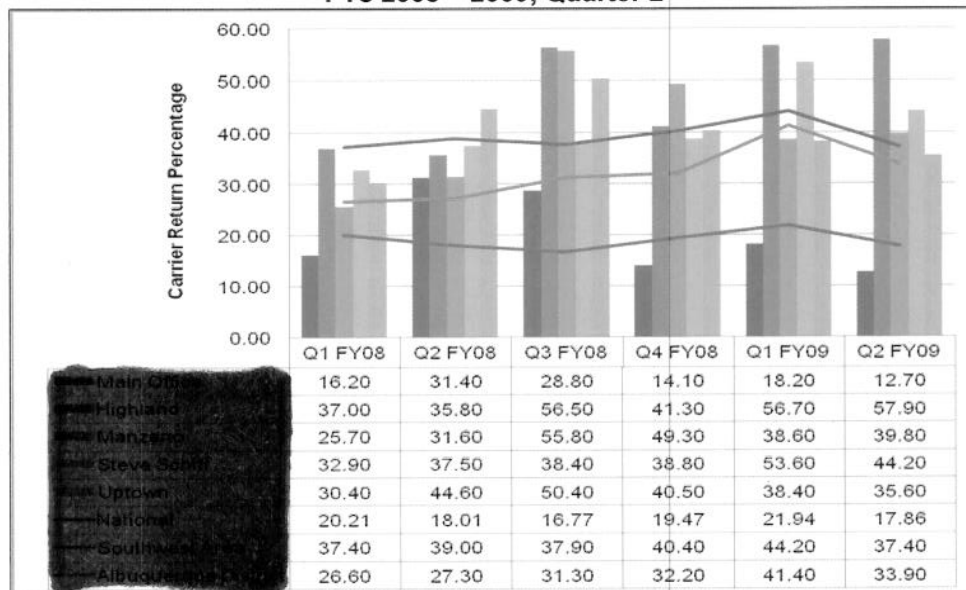
Short-Term Effects of the COR System Adjustments

In October 2005, the Postal Service Headquarters implemented the COR system. The COR system is a routing and travel optimization program used to configure compact, contiguous, safe and efficient city carrier routes. It calculates time for the Travel To, Travel From, and Travel Within based on the miles per hour set by the user and distances traveled for each these distances.

During fall 2008, the [REDACTED] conducted route inspections and implemented route adjustments using the COR System. According to the Albuquerque Customer Service District Manager, Albuquerque City Postmaster, and delivery unit managers and supervisors, the route adjustments implemented caused significant problems within the delivery units. At both delivery units, the route adjustments drastically changed the line-of-travel on the majority of the routes resulting in the carriers having to learn new routes, which kept them out delivering mail past 5 p.m.

We reviewed carrier return percentages for the five delivery units selected. During Quarter 1 FY 2009, we found the number of carriers completing deliveries after 5 p.m. increased in the [REDACTED]. For the [REDACTED], the number of carriers returning after 5 p.m. increased from 41.30 percent during Quarter 4 FY 2008 to 56.70 percent during Quarter 1 FY 2009. For the [REDACTED], carrier return percentage increased from 38.80 percent during Quarter 4 FY 2008 to 53.60 percent in Quarter 1 FY 2009. Additionally, the percentages of carriers returning after 5 p.m. were greater than the national, area, and district percentages. Quarter 2 FY 2009 data shows that [REDACTED] made improvements in the number of carriers returning after 5 p.m. (See Chart 4.)

**Chart 4. Carriers Returning After 5 p.m. Percentage
 FYs 2008 – 2009, Quarter 2**



Sources: DOIS and EDW

In addition, we found the COR system route adjustments also caused changes to schemes.⁸ Thus, clerks had to learn new schemes, resulting in slower casing of mail for distribution to carriers. During site visits at the [REDACTED], we observed clerks verifying route schemes before sorting mail at the carrier level.

Finally, we found that actual route times on some adjusted routes exceeded 8 hours. The COR system adjustments resulted in base route times being either below 8 hours or no more than 10 minutes above, for some of the routes. However, actual data showed some routes in the [REDACTED] exceeded 8 hours by 1 hour or more. In the [REDACTED] actual route time on one route averaged 13 hours. In the [REDACTED] actual route times on some routes averaged from 9 to 12 hours. Albuquerque Customer Service District management evaluated performance on all routes after adjustments were implemented and have made minor adjustments on some routes. However, as of March 31, 2009, some routes in the [REDACTED] continued to exceed 8 hours.

Carrier Attendance Issues

According to the Manager and Supervisor at the [REDACTED] Station, carrier attendance issues contributed to problems with delayed mail. For example, carriers frequently took unscheduled sick or annual leave. We reviewed attendance data during Quarter 1 FY 2009, which showed the [REDACTED] Station received 111 calls from regular carriers for unscheduled sick or annual leave. On average, the station received two calls per

⁸ A scheme is a systematic plan to guide the effective distribution of mail to a destination.

day from regular carriers. In some instances, as many as four carriers “called out” on the same day for unscheduled leave which ultimately resulted in four routes without a regular carrier for the day.

Delayed Mail Impact

As a result of mail delays, the Albuquerque City delivery units were the subject of numerous customer complaints and negative media reports. Additionally, service performance in Albuquerque City declined from Quarter 4, FY 2008 levels. Albuquerque City delivery units experienced a slight decline in the overnight, 2-day, and 3-day service scores during Quarter 1 FY 2009. The most significant decline occurred in 3-day service as levels decreased from 94.99 during Quarter 4 FY 2008 to 85.10 during Quarter 1 FY 2009. Since our review, service scores have increased and are above national and district service scores in all categories. (See Table 1.)

**Table 1. Albuquerque City Service Performance
 FY 2008, Quarter 4 – FY 2009, Quarter 2**

Service Category	Postal Quarter	National Service Score	Albuquerque District Service Score	Albuquerque City (ZIP 871) Service Score
Overnight	Q4 FY 2008	96.67	97.07	97.18
	Q1 FY 2009	95.76	93.36	96.76
	Q2 FY 2009	96.31	96.81	97.91
2-Day	Q4 FY 2008	94.19	96.18	96.38
	Q1 FY 2009	92.03	89.56	92.70
	Q2 FY 2009	93.31	93.61	95.66
3-Day	Q4 FY 2008	92.94	95.07	94.99
	Q1 FY 2009	85.76	79.92	85.10
	Q2 FY 2009	91.08	90.94	92.32

Source: DOIS and WebEIS

APPENDIX C: MANAGEMENT'S COMMENTS

District Manager
Albuquerque Customer Service and Sales District



June 23, 2009

Lucine M. Willis
Director, Audit Operations
Office of the Inspector General

SUBJECT: Timeliness of Mail Delivery Operations - Albuquerque District

Listed below is the response to the Office of Inspector General (OIG) review of the Albuquerque District Customer Service delivery units (Project Number 09XG012DR000).

During Quarter 1 Fiscal Year 2009 some of the Albuquerque District city stations experienced delayed standard volumes, especially those that had route inspections and subsequent adjustments. There is no correlation with the standard volume delays and a service decline as indicated. On page eleven of the audit you will see that the overnight service score for Albuquerque City did decline in Quarter 2 compared to the previous quarter by only .42% but was still over the national goal. In addition, the overnight service performance for Albuquerque City was 1.4% higher than the same quarter last year. There was negative media attention and it must be noted that, on the very same day that adjustments took place at Highland Station, the media was immediately involved. With the increased media attention, the number of customer complaints did go up, which was unfortunate. There have been significant improvements in the Albuquerque City delivery units, as annotated in the report.

The report indicates that there was an increase in delayed volume in Albuquerque City delivery units during Quarter 1 FY 2009, which is accurate. The volume that was reported as delayed was standard volume, which is still unacceptable but did not have a direct influence on the EXFC overnight scores. Finally, there were reviews conducted by the Postal Inspection Service and the Office of Inspector General (OIG) concerning accuracy of reporting and on hand volumes, and there were no findings of intentionally falsifying any delayed or on hand volumes in Customer Daily Reporting System (CSDRS).

The audit report reflects that the Albuquerque Post Office is comprised of 11 city delivery unit locations and has 368 city routes which deliver to more than 235,000 city delivery points. Since earlier in the report the Albuquerque City Post Office service scores were mentioned, it must be noted that there are an additional 131 rural routes which deliver to over 85,000 rural deliveries. There is also one additional delivery unit (Rio Rancho), which is exclusively rural delivery. Since service scores are also affected by P.O. Box sections, the City of Albuquerque also has over 23,000 boxes rented. Finally, there are an additional two (2) Highway Contract Routes (HCRs) that deliver to over 1,000 deliveries.

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There are three recommendations by the OIG in the audit report. During a telecom all three of these items were discussed and will be implemented.

Recommendation #1: Ensure delivery managers and supervisors communicate proposed route adjustments and scheme changes to carriers and clerks to minimize the learning curve difficulties and its impact on delivery operations.

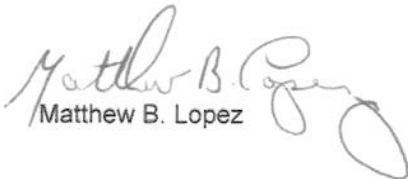
Accepted: Currently the District is going through the Modified Interim Route Adjustment Process (MIRAP), which was agreed by the USPS and the NALC at the National level. All city routes in the District are being reviewed and will be adjusted to the guidelines outlined in the M-39 concerning a full day assignment. The target completion date to have all routes reviewed and adjustments implemented is August 31, 2009. All delivery managers and supervisors are being trained in the MIRAP procedure and will ensure effective implementation. The training will begin on Wednesday, June 24, 2009. This will enable us to have a smooth transition and minimize the learning curve difficulties experienced in Quarter I of FY 2009.

Recommendation #2: Require Carrier Optimal Routing personnel to identify routes and drive routes in the Highland and Steve Schiff Stations where route time currently exceeds 8 hours, and make adjustments to correct inefficiencies.

Accepted: Currently the District is going through the Modified Interim Route Adjustment Process (MIRAP), which was agreed by the USPS and the NALC at the National level. All city routes in the District are being reviewed and will be adjusted to the guidelines outlined in the M-39 concerning a full day assignment. The target completion date to have all routes reviewed and adjustments implemented is August 31, 2009.

Recommendation #3: Reinforce to delivery managers and supervisors their responsibility to control unscheduled absences as required by the *Employee and Labor Relations Manual*.

Accepted: Finally, the Postmaster of Albuquerque has initiated an attendance control process throughout the City which encompasses all the units to ensure that all managers and supervisors adhere to their responsibilities to control unscheduled absences as required by the Employee and Labor Relations Manual. There exist both a daily review and a weekly summary that is required to be submitted to the Postmaster. This process was implemented in Quarter 2 of Fiscal Year 2009.


Matthew B. Lopez