



OFFICE OF  
**INSPECTOR  
GENERAL**  
UNITED STATES POSTAL SERVICE

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**Follow-Up on City Delivery Standard  
Operating Procedures**

**Audit Report**

September 26, 2011

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Report Number DR-AR-11-007



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# HIGHLIGHTS

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## **IMPACT ON:**

City Delivery Operations.

## **WHY THE OIG DID THE AUDIT:**

Our audit objectives were to follow-up on city delivery issues found in previous reviews and provide a progress report during fiscal year (FY) 2011. We evaluated 1) adherence to City Delivery Morning Standard Operating Procedures (AMSOP), 2) delivery units' certification, 3) Integrated Operating Plans (IOPs) status, and 4) procedures for workhour to workload management. The U.S. Postal Service implemented SOPs in 2005 to improve the efficiency of city delivery operations.

## **WHAT THE OIG FOUND:**

The AMSOP process, designed to ensure that units operate efficiently, did not fully achieve intended results. Specifically, 1,256 inefficient delivery units of the 1,376 reviewed, either did not achieve certification, or achieved certification, but did not maintain performance levels afterwards. These conditions occurred due to weaknesses in the certification criteria and not adhering to procedures. As a result, the Postal Service incurred unnecessary workhours at a cost of approximately \$40.2 million for FY 2009 and \$47.9 million for FY 2010. Additionally, IOPs did not always meet delivery units' needs and procedures to match workhours to workload were not consistently followed. We also identified

over \$88,000 in assets at risk in three delivery units. Management immediately corrected these security issues.

## **WHAT THE OIG RECOMMENDED:**

We recommended the vice president, Delivery and Post Office Operations, re-evaluate the certification criteria to ensure units perform efficiently; re-establish the schedule to certify units; complete planned unit certifications; and establish a process to de-certify units that do not maintain performance.

## **WHAT MANAGEMENT SAID:**

Management agreed with the finding, monetary impact, and, in principle, with the recommendations. They agreed to re-evaluate the AMSOP process, schedule certification based on the available staff, and monitor performance to certify units every 2 years by December 31, 2012.

## **AUDITORS' COMMENTS:**

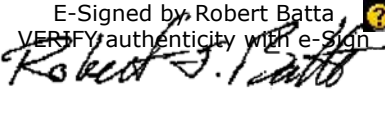
The U.S. Postal Service Office of Inspector General considers management's comments responsive to the recommendations and corrective actions should resolve the issues.

[Link to review the entire report](#)



September 26, 2011

**MEMORANDUM FOR:** DEAN J. GRANHOLM  
VICE PRESIDENT, DELIVERY AND POST OFFICE  
OPERATIONS

E-Signed by Robert Batta  
VERIFY authenticity with e-Sign  


**FROM:** Robert J. Batta  
Deputy Assistant Inspector General  
for Mission Operations

**SUBJECT:** Audit Report – Follow-Up on City Delivery Standard  
Operating Procedures (Report Number DR-AR-11-007)

This report presents the results of our audit on the follow-up on city delivery Standard Operating Procedures (Project Number 11XG023DR000).

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

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## TABLE OF CONTENTS

Introduction .....	1
Conclusion .....	1
AMSOP Certification Process .....	2
IOPs and Workhours to Workload.....	4
Other Matters – Assets at Risk.....	4
Recommendations .....	5
Management’s Comments .....	6
Evaluation of Management’s Comments.....	6
Appendix A: Additional Information .....	7
Background .....	7
Objectives, Scope, and Methodology .....	8
Prior Audit Coverage .....	10
Appendix B: Monetary Impacts .....	11
Appendix C: Locations Visited by OIG .....	14
Appendix D: Management’s Comments.....	15

## Introduction

This report presents the audit results of our follow-up on city delivery Standard Operating Procedures (SOPs) (Project Number 11XG023DR000). Our objectives were to follow-up on previous city delivery reports addressing SOPs and provide a progress report on conditions in fiscal year (FY) 2011. We also evaluated the status of Integrated Operating Plans (IOPs), and the procedures over workhour to workload management.

The morning (AM) SOP certification process, established in 2005, was designed to ensure that units operated efficiently. The process requires units to develop IOPs, match workhours to workload, maintain certain performance standards (such as a delivery point sequencing (DPS) percentage of 85 or greater), and a percent to standard<sup>1</sup> of 100 percent or less for 4 consecutive weeks to be considered for certification.

The U.S. Postal Service is delivering fewer pieces of mail to a growing number of addresses as new households and businesses are added to the delivery network each year. The Postal Service must achieve unprecedented levels of efficiency to accommodate this new growth, while facing financial loss from declining mail volume and rising costs. To improve efficiency in delivery operations, the vice president, Delivery and Retail, implemented AMSOP to certify specific units<sup>2</sup> as operating efficiently. In response to a request from the Postal Service, the Office of Inspector General (OIG) conducted a nationwide review of the AMSOP implementation, which was completed in FY 2007. This audit is a progress report following up on the program status as of FY 2011.

## Conclusion

The audit identified 1,256 inefficient delivery units<sup>3</sup> that either did not achieve certification, or achieved certification, but did not maintain performance levels afterwards. These conditions occurred because of weaknesses in the 1) certification criteria, 2) monitoring to ensure adherence to procedures, and 3) planning and resource allocation. These inefficiencies resulted in expending unnecessary workhours at a cost of approximately \$40.2 million for FY 2009 and \$47.9 million for FY 2010. Additionally, IOPs were not always followed or kept current to reflect the needs of delivery units, and delivery units did not consistently follow procedures to match workhours to workload.

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<sup>1</sup> A measure of carrier office workhour performance in relation to mail volume and delivery points. A figure of 100 percent indicates that office performance is at the stated performance goal. A figure greater than 100 percent indicates performance is less than the desired standard.

<sup>2</sup> Units that were Executive and Administrative Schedule (EAS) Level 22 and above including all subordinate facilities and all Flat Sequencing System (FSS) sites.

<sup>3</sup> This represents 601 units for FY 2009 and 655 units for FY 2010.

In addition, the audit identified over \$88,000 in assets at risk at three delivery units due to inadequate physical access controls and insufficient asset safeguards. Management immediately initiated corrective action on these security matters.

### AMSOP Certification Process

The Postal Service's AMSOP certification process, established in 2005, was designed to ensure that units operate efficiently, but it has not fully achieved intended results.<sup>4</sup> Specifically:

- Our review of 1,376 units in 47 districts<sup>5</sup> that were certified or required certification identified 601 units in FY 2009 and 655 units in FY 2010 that did not perform office duties efficiently. Additionally, some of these units did not maintain office efficiency after being certified. For example, Table 1 highlights eight delivery units where office performance after certification ranged from 4.87 percent to 74.77 percent above the FY 2009 national average of 103.67 percent.

**Table 1. FY 2009 – Examples of AMSOP Certified Units With Percent to Standard Above National Average**

Area	District	Unit	FY 2009 Percent to Standard	Difference above the National Average Percent to Standard	Excess Workhours
Eastern	South Jersey	Princeton Junction Post Office	178.44%	74.77%	1,744
Western	Arizona	Phoenix Arcadia Station	132.17%	28.50%	5,676
Southeast / Southwest	Suncoast	Winter Park-Aloma Annex	124.54%	20.87%	4,357
Western	Arizona	Phoenix-Sunnyslope Station	111.45%	7.78%	1,346
Northeast	Greater Boston	Boston Roxbury Station	110.68%	7.01%	3,284
Northeast	Greater Boston	Fitchburg Post Office	109.93%	6.26%	1,031
Western	Colorado/Wyoming	Denver-Capitol Hill Station	108.58%	4.91%	2,483
Northeast	Northern New Jersey	Union Post Office	108.54%	4.87%	1,722
					21,643

Source: OIG Analysis.

<sup>4</sup> Four years of historical data for the dates between program establishment in 2005 and modification in 2009 showed the Postal Service only certified 1,251 of the 2,434 units (51 percent) identified nationally as requiring certification.

<sup>5</sup> The other 21 districts were reviewed in the six OIG prior district reports on city delivery office efficiency and the *National Assessment of City Delivery Efficiency 2011 – Office Performance* report. We only included 47 districts for the monetary impact calculations for FYs 2009 and 2010.

- The Postal Service is not on schedule to complete certification for the planned number of units for FY 2011 under the revised certification process.<sup>6</sup> As of August 1, 2011, the Postal Service had only certified an average of about 39 percent<sup>7</sup> of the planned units scheduled in FY 2011. For example, one area had only certified 21 percent of its units (see Table 2).

**Table 2. FY 2011 AMSOP Certifications<sup>8</sup>**

Area	Planned Sites For Certification <sup>9</sup>	Total Sites Certified	Percent of Sites Certified
Capital Metro	234	98	41.88%
Eastern	305	214	70.16%
Great Lakes	252	64	25.40%
Northeast	431	91	21.11%
Pacific	269	87	32.34%
Southwest	278	160	57.55%
Western	255	68	26.67%
<b>Total</b>	<b>2,024</b>	<b>782</b>	<b>38.64%</b>

Source: Delivery and AMSOP Certification Tracking as of August 2011.

Several factors contributed to the above condition.

- The AMSOP certification criteria had some shortcomings. The original criteria (implemented in 2005) did not ensure that units maintained performance levels after certification. Additionally, the modified criteria (implemented in 2008 and 2010) eliminated the 100 percent or less pass/fail percent to standard test question making certification less restrictive, while still allowing units to maintain certification without maintaining performance. Although, we agree the 100 percent to standard criteria in the previous process may have been too restrictive, an office performance percent to standard, such as the national average at 103.67, is a reasonable benchmark.
- Management did not effectively monitor units previously certified to ensure standards were maintained after certification. The certification process does not have a mechanism for de-certification and, although the process requires units to be re-evaluated after 3 years, such a time interval could allow some units to operate inefficiently for the entire period.

<sup>6</sup> In FY 2011, the EAS Level for units required to be certified was lowered to include EAS Level 21 units.

<sup>7</sup> Average of both FSS and non-FSS sites taken from the Delivery and Customer Service Certification (DCSC) web application.

<sup>8</sup> Data through July 2011.

<sup>9</sup> The Postal Service FY 2011 plan includes one-third of non-FSS sites that are EAS Level 21 and above and all FSS sites.

- Management did not provide sufficient resources to ensure that all units were evaluated for certification. According to management, the lack of resources contributed to the inability to certify all units under the initial certification process and explains why the schedule has fallen behind.

These inefficiencies resulted in expending unnecessary workhours which cost approximately \$88 million over the 2-year period (see [Appendix B](#) for details).

### IOPs and Workhours to Workload

IOPs did not always meet the needs of the delivery unit and procedures to match workhours to workload were not consistently followed. The IOP, required in the SOP, is a contract for mail arrival from the plant and identifies the type of mail agreed for each individual trip from the processing plant to stabilize mail flow. Also, the SOP requires units to ensure that workhours and workload are in alignment to operate efficiently and improve mail delivery.

Our review disclosed the following:

- One hundred of the 151 units (66 percent) reviewed had problems with mail arrival time and/or mail volume and mix. This situation existed because management did not periodically coordinate with plant operations to ensure there were current and accurate IOPs. When mail does not arrive at the pre-established time and in the manner prescribed, carrier office operations are negatively impacted.
- Supervisors in 52 of 151 units (34 percent) did not use workload status reports to set expectations for morning office operations. Supervisors also did not review previous day's performance with carriers using the Route Carrier Daily Performance report in 87 of 151 units (58 percent).

Management addressed these issues in our Management Advisory Report, *National Assessment of City Delivery Efficiency 2011 – Office Performance*.<sup>10</sup> Management agreed with the recommendations and implemented corrective actions. They also agreed to coordinate with Network Operations to update IOPs and improve workhour and workload management with a series of foundations skills training for delivery units. Therefore, we are making no new recommendations regarding these issues.

### Other Matters – Assets at Risk

Physical access control and safeguarding of assets required additional management attention. Specifically, at three<sup>11</sup> of the units visited, stamp stock inventory and/or cash were not properly safeguarded. Further, at one of the three locations, the rear entry access door to the facility was not locked. As illustrated in the following photographs, the OIG was able to open and enter the facility through the rear entry door.

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<sup>10</sup> Report Number DR-MA-11-002, dated July 19, 2011.

<sup>11</sup> We judgmentally selected three sites to evaluate physical security and safeguarding of assets.



Additionally, safes were not properly locked at all three locations.<sup>12</sup> Two of the safes contained stamp stock inventory valued at \$88,644.56,<sup>13</sup> while the other safe contained a small amount of cash.<sup>14</sup> Physical access controls reduce security risks, while safeguarding controls reduce the potential for loss or misappropriation of assets.<sup>15</sup> We brought these control issues to the attention of station managers and supervisors who took immediate action to correct the situation. As a result, we are making no recommendations on these issues.

Photo 1: Rear entry access door to unit



Source: OIG

Photo 2: Stamp stock safe contents



## Recommendations

We recommend the vice president, Delivery and Post Office Operations:

1. Re-evaluate the certification criteria and ensure the criteria require units to meet, at least, the national average percent to standard measure for office operations.
2. Re-establish the schedule to certify units based on available resources and complete planned unit certifications.
3. Establish an annual process to de-certify units that do not maintain performance standards after certification.

<sup>12</sup> Safes are required to be locked except when authorized personnel are retrieving safe contents for use.

<sup>13</sup> Combined stamp stock inventory was obtained from unit supervisor's phone interview.

<sup>14</sup> Cash was less than \$100.

<sup>15</sup> Assets or Accountable Items at Risk – assets or accountable items (for example, cash, stamps, and money orders) that are at risk of loss because of inadequate internal controls.

## Management's Comments

Management agreed with the finding, monetary impact, and, in principle, with the recommendations in the audit. Management stated the AMSOP certification process includes a requirement for units to meet 100 percent to standard, not the lesser national average of around 103 percent. Management also stated that it determined that not meeting the 100 percent to standard alone does not fail a unit and this was too restrictive since a unit could be performing exceptionally in all other aspects while slightly above 100 percent to standard.

Nevertheless, management indicated they plan to re-evaluate the criteria for AMSOP certification based on an FSS environment. Management also indicated that scheduling units for certification is an issue impacted by qualified staffing in the current Postal Service environment; however, they plan to re-evaluate scheduling units for certification under the AMSOP re-evaluation process. Regarding the unit de-certification issue, management offered an alternative solution of investigating whether performance can be monitored virtually and the possibility of certifying units every 2 years instead of every 3 years. Management plans to take these actions by December 31, 2012. See [Appendix D](#) for management's comments in their entirety.

## Evaluation of Management's Comments

The OIG considers management's comments responsive to the recommendations in the report and management's planned actions should correct issues identified in this report. We agree that 100 percent to standard is too restrictive and, instead, used the slightly higher national average of around 103 percent. Our results, however, showed that some certified units had a percent to standard significantly higher than the national average and these units should be reevaluated.

The OIG considers recommendations 1 and 3 significant, 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.

## Appendix A: Additional Information

### Background

The Delivery SOP consists of procedures to manage city delivery (Function 2b), rural delivery (Function 2a), and retail operations (Function 4). This follow-up audit is limited to city delivery. The Delivery SOP requires that Postal Service officials implement the program and establish a review process to validate that the programs are understood and operating effectively.

To ensure efficient use of resources, the vice president, Delivery and Retail, issued a letter on September 30, 2005, stating that all delivery and retail units will officially implement the SOP to establish standard practices for managing all delivery and retail functions. In November 2005, Postal Service senior management requested assistance from the Postal Service OIG to audit implementation of the SOP and determine how the area is monitoring the units on the 'vital few' list. In response to the request, the OIG began its nationwide review of the Postal Service's implementation of the SOP in January 2006. The OIG subsequently issued 10 reports in FYs 2006 and 2007. In response to the audits, the Postal Service developed and implemented a program to certify specific units<sup>16</sup> as efficiently operating under the AMSOP guidelines.

As part of the SOP implementation, the Postal Service established a delivery unit certification process. This process, established in 2005, was designed to ensure that units operate efficiently and requires units to maintain certain performance standards (such as a DPS percentage of 85 or greater) and a percent to standard measure of 100 percent or less for 4 consecutive weeks to be considered for certification. The certification process could not proceed further unless units met the performance standards. Once the performance standards were met, the actual certification review was initiated requiring units to achieve an overall score of 95 as well as passing eight key pass/fail questions to be certified.

The Postal Service has modified the certification process twice since the initial establishment, once in FY 2008 and again in FY 2010. The change in FY 2008 modified the pass/fail criteria in lieu of an overall score of 95. Although the performance standards were still required, units could become certified without achieving or maintaining a performance standard (for example, a DPS percentage could be less than 85 or a percent to standard could be less than 100 percent). The Postal Service modified the process again on September 29, 2010, with a retroactive date of October 1, 2009, to expand the number of units requiring certification to include FSS and EAS 21 and above sites not previously required.

The Postal Service currently has 3,236<sup>17</sup> units that require certification. Units are certified for 3 years from the date of certification. There is no process to de-certify a unit that fails to maintain AMSOP certification standards.

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<sup>16</sup> Units that were EAS Level 22 and above including all their subordinate facilities and all FSS sites.

<sup>17</sup> DCSC certification data through March 2011.

## Objectives, Scope, and Methodology

Our objectives were to follow-up on city delivery issues found in previous delivery SOP reviews and provide a progress report on FY 2011 conditions. Specifically, we evaluated adherence to City Delivery AMSOP delivery units' certification, the status of IOPs, and the procedures over workhour to workload management. This audit is a progress report following up on conditions as of FY 2011.

To accomplish our objectives, we:

- Reviewed documentation and applicable policies and procedures guiding city delivery, such as M-39, *Management of City Delivery*; and M-41, *City Letter Carrier Duties and Responsibilities*.
- Obtained and reviewed delivery unit data from the Electronic Data Warehouse (EDW), eFlash and Delivery Operating Information System (DOIS) to analyze AMSOP operations for selected delivery units.
- Conducted interviews at selected area/districts to obtain information on AMSOP certification status, carrier operations, unit operations, processes, and procedures.
- Conducted on-site observations of office procedures for city carriers at 18 selected delivery units (see [Appendix C](#)).
- Identified the certification dates and status of all delivery units that were scheduled or achieved AMSOP certification.
- Identified percent to standard measure for delivery units in relation to their AMSOP certification dates and status.
- Determined causes and subsequent effects for not passing or completing AMSOP II certification.
- Reviewed IOPs at select delivery units to ensure they met requirements of the delivery unit regarding dispatch times, mail volume, and mail mix.
- Examined any other material deemed necessary to accomplish our audit objectives.
- Discussed potential monetary impacts as the result of our findings with OIG experts.
- Discussed our findings with appropriate officials and included their comments, where appropriate.

We conducted this performance audit from March through September 2011 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. We discussed our observations and conclusions with management on August 25, 2011, and included their comments where appropriate.

To conduct this review, we relied on computer-processed data maintained by Postal Service operational systems (DCSC, DOIS, and EDW). We did not test the validity<sup>18</sup> of controls over these systems; however, we verified the accuracy of the data by confirming our analysis and results with Postal Service managers and other data sources.

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<sup>18</sup> Validation of the consistency, accuracy, and completeness of data used by the Postal Service.

Prior Audit Coverage

The OIG identified two reviews related to our objectives that were issued within the past 5 years.

Report Title	Report Number	Final Report Date	Monetary Impact	Report Results
<i>Delivery and Retail Standard Operating Procedures – National Capping Report</i>	<a href="#">DR-MA-07-003</a>	02/22/2007	\$0	Opportunities existed to improve implementation of the Delivery and Retail SOP within the Postal Service. Although all nine Postal Service areas implemented the City Delivery Operations SOP, we identified areas for improvement in AMSOP, IOPs, volume recording, DPS, and matching workhours to workload. Area and district officials agreed with our findings and recommendations.
<i>National Assessment of City Delivery Efficiency 2011 – Office Performance</i>	<a href="#">DR-MA-11-002</a>	07/19/2011	\$88,192,128	Opportunities existed for the Postal Service to increase operating efficiency and reduce 2,002,690 city delivery workhours in the 21 districts operating above the national average percent to standard measure of 104.37. For the period January 1, 2010, through December 31, 2010, we found that 21 districts could have saved between 4 and 14 minutes per day on each carrier route if they operated at the national average percent to standard level. Management agreed with our findings and recommendations but disagreed with the amount of the monetary impact.

**Appendix B: Monetary Impacts**

Finding	Impact Category	Amount
Operating Efficiency	Calculation of Questioned Costs <sup>19</sup>	\$88,128,993 <sup>20</sup>

We estimated monetary impact of \$88,128,993 in questioned costs.<sup>21</sup> This amount is a result of excess workhours based on 601 units in FY 2009 and 655 units in FY 2010 operating above the national average<sup>22</sup> percent to standard measure (see Table 3).

**Table 3. Units with Excess Workhours Based on Percent to Standard Measure Above the National Average**

Area	District	Number of Units Requiring Certification for FYs 2009 and 2010	FY 2009 Costs		FY 2010 Costs		Total Cost for FYs 2009 and 2010
			Units Not Meeting or Maintaining National Percent to Standard Performance Level	Inefficient Workhour Cost	Units not Meeting or Maintaining National Percent to Standard Performance Level	Inefficient Workhour Cost	
Capital Metro	Greater South Carolina	15	5	\$246,603	6	\$300,753	\$547,357
	Greensboro	46	23	\$1,293,885	19	\$911,183	\$2,205,068
	Mid-Carolinas	17	1	\$10,592	4	\$82,424	\$93,016
<b>Capital Metro Total</b>		78	29	\$1,551,080	29	\$1,294,360	\$2,845,441
Eastern	Appalachian	11	4	\$117,676	1	\$67,443	\$185,119
	Central Pennsylvania	15	9	\$219,473	9	\$339,407	\$558,880
	Cincinnati	18	10	\$695,374	10	\$915,924	\$1,611,298
	Columbus	41	15	\$460,614	41	\$2,814,882	\$3,275,496
	Kentuckiana	20	11	\$359,123	9	\$190,088	\$549,211
	Northern Ohio	39	10	\$519,980	15	\$661,027	\$1,181,007

<sup>19</sup> A questioned cost is categorized as unnecessary, unreasonable, unsupported or an alleged violation of law, regulation or contract.

<sup>20</sup> Does not include units reported in the *National Assessment of City Delivery Efficiency 2011 – Office Performance*.

<sup>21</sup> The 47 districts and units were not included in prior OIG reports on city delivery office efficiency and *National Assessment of City Delivery Efficiency 2011 – Office Performance*.

<sup>22</sup> The OIG used the national average percent to standard of 103.67 for FY 2009 versus the certification standard of 100 percent. This was a more conservative approach, and we used it in our previous audits.

**Table 3. Units with Excess Workhours Based on Percent to Standard Measure Above the National Average (continued)**

Area	District	Number of Units Requiring Certification for FYs 2009 and 2010	Units Not Meeting or Maintaining National Percent to Standard Performance Level	Inefficient Workhour Cost	Units not Meeting or Maintaining National Percent to Standard Performance Level	Inefficient Workhour Cost	Total Cost for FYs 2009 and 2010
			FY 2009 Costs		FY 2010 Costs		
Eastern (continued)	Philadelphia Metro	65	16	\$1,064,724	10	\$714,650	\$1,779,374
	South Jersey	45	29	\$1,700,832	9	\$280,439	\$1,981,271
	Western New York	42	9	\$754,272	8	\$265,961	\$1,020,233
	Western Pennsylvania	28	5	\$136,501	3	\$16,186	\$152,687
<b>Eastern Total</b>		324	118	\$6,028,570	115	\$6,266,006	\$12,294,576
Great Lakes	Central Illinois	48	22	\$710,224	22	\$1,332,029	\$2,042,253
	Gateway	17	10	\$831,024	7	\$633,595	\$1,464,619
	Greater Indiana	32	20	\$1,238,790	13	\$497,868	\$1,736,658
	Greater Michigan	16	7	\$594,770	9	\$667,504	\$1,262,274
	Lakeland	14	6	\$1,196,830	7	\$800,668	\$1,997,498
	Northern Illinois	75	39	\$2,262,239	74	\$10,553,975	\$12,816,215
<b>Great Lakes Total</b>		202	104	\$6,833,877	132	\$14,485,640	\$21,319,517
Northeast	Albany	20	1	\$31,718	7	\$414,962	\$446,681
	Northern New England	8	4	\$134,211	4	\$336,934	\$471,145
	Northern New Jersey	87	36	\$2,049,980	30	\$969,073	\$3,019,053
	Southeast New England	66	22	\$671,694	66	\$4,229,012	\$4,900,706
	Westchester	24	8	\$506,134	4	\$300,568	\$806,702
<b>Northeast Total</b>		205	71	\$3,393,737	111	\$6,250,550	\$9,644,287
Pacific	Honolulu	9	1	\$27,192	2	\$2,115	\$29,307
<b>Pacific Total</b>		9	1	\$27,192	2	\$2,115	\$29,307
Southeast	Alabama	14	7	\$313,532	7	\$509,178	\$822,710
	Mississippi	10	4	\$37,040	2	\$27,418	\$64,458
	North Florida	27	10	\$604,293	12	\$895,180	\$1,499,473
	South Florida	72	33	\$3,458,625	25	\$1,489,130	\$4,947,755
	South Georgia	15	6	\$210,758	15	\$1,157,005	\$1,367,764
	Suncoast	72	35	\$1,610,172	31	\$1,012,872	\$2,623,044



**Table 3. Units with Excess Workhours Based on Percent to Standard Measure Above the National Average (continued)**

Area	District	Number of Units Requiring Certification for FYs 2009 and 2010	Units Not Meeting or Maintaining National Percent to Standard Performance Level	Inefficient Workhour Cost	Units not Meeting or Maintaining National Percent to Standard Performance Level	Inefficient Workhour Cost	Total Cost for FYs 2009 and 2010
			FY 2009 Costs		FY 2010 Costs		
Southeast (continued)	Tennessee	25	8	\$394,262	5	\$371,551	\$ 765,813
<b>Southeast Total</b>		235	103	\$6,628,682	97	\$5,462,333	\$12,091,015
Southwest	Arkansas	9	1	\$1,173	3	\$17,980	\$19,153
	Dallas	33	21	\$1,150,101	10	\$658,380	\$ 1,808,482
	Fort Worth	15	6	\$101,989	6	\$248,483	\$ 350,472
	Houston	42	34	\$3,672,166	22	\$3,397,294	\$7,069,460
	Oklahoma	10	2	\$7,677	1	\$1,406	\$ 9,083
	Rio Grande	33	7	\$406,615	9	\$339,130	\$745,745
<b>Southwest Total</b>		142	71	\$5,339,720	51	\$4,662,673	\$10,002,393
Western	Arizona	51	19	\$1,271,311	28	\$2,304,154	\$3,575,465
	Big Sky	7	2	\$74,597	7	\$649,470	\$724,068
	Central Plains	15	7	\$489,200	8	\$294,095	\$783,295
	Dakotas	7	7	\$553,339	7	\$320,854	\$874,193
	Hawkeye	11	5	\$173,333	7	\$262,354	\$435,688
	Nevada-Sierra	18	11	\$2,453,534	10	\$1,404,164	\$3,857,699
	Northland	30	20	\$2,469,802	20	\$2,549,681	\$5,019,483
	Portland	20	14	\$1,256,144	15	\$908,136	\$2,164,280
	Salt Lake City	22	19	\$1,653,019	16	\$815,270	\$2,468,289
<b>Western Total</b>		181	104	\$10,394,279	118	\$9,508,179	\$19,902,458
<b>National Total Cost</b>		<b>1,376</b>	<b>601</b>	<b>\$40,197,137</b>	<b>655</b>	<b>\$47,931,856</b>	<b>\$ 88,128,993</b>
<b>Total Units</b>			<b>601</b>		<b>655</b>		<b>1,256</b>

Source: OIG

**Appendix C: Locations Visited by OIG**

<b>Area</b>	<b>District</b>	<b>Location</b>
<b>Eastern</b>	Central Pennsylvania	Hazleton Post Office
	Central Pennsylvania	Lebanon Post Office
	Central Pennsylvania	Harrisburg-Lower Paxton Branch
	Columbus	Marion Post Office
	Columbus	Westerville Post Office
	Columbus	Columbus-East Carrier Station
<b>Western</b>	Nevada-Sierra	Las Vegas-King Station
	Nevada-Sierra	Las Vegas-Crossroads Station
	Nevada-Sierra	Las Vegas-Emerald Station
	Northland	Minneapolis-Robbinsdale Branch
	Northland	Minneapolis-West Edina Carrier Annex
	Northland	Minneapolis-Coon Rapids Branch
<b>Southwest</b>	Rio Grande	Killeen Post Office
	Rio Grande	San Antonio-University Park Station
	Rio Grande	San Antonio-Northeast Carrier Annex
	Suncoast	Saint Petersburg Central Station
	Suncoast	Bradenton-57th Avenue Branch
	Suncoast	Titusville-Carrier Annex

## Appendix D: Management's Comments

DEAN J. GRANHOLM  
VICE PRESIDENT  
DELIVERY AND POST OFFICE OPERATIONS



September 19, 2011

Lucine M. Willis  
Director, Audit Operations  
1735 North Lynn Street  
Arlington, VA 22209-2020

SUBJECT: Audit Report – Follow-Up on City Delivery Standard Operations  
Procedures (Report Number DR-AR-11-DRAFT)

Thank you for the opportunity to respond to the recommendations contained in Follow-Up on City Delivery Standard Operating Procedures Audit (attached) recently conducted by the Office of the Inspector General (OIG). The audit objective was to follow up on the progress of issues identified in city delivery in previous OIG audits through fiscal year (FY) 2011. The specific goal of the audits was to evaluate adherence to City Delivery Morning SOP (AM-SOP) within delivery units. The OIG conducted audits for the period March 2011 through August 2011 in 151 delivery units throughout the U.S. Postal Service.

Audit recommendations are addressed in the following narrative and where agreed, suggested courses of actions are described. We provide the following response to the OIG recommendations numbers one through three (attached) for the Vice President, Delivery and Post Office Operations:

### **Recommendation 1**

Re-evaluate the certification criteria and ensure the criteria require units to meet, at least the national average percent to standard for office operations.

### **Response**

#### Agreement in Principle

We agree with the finding and monetary impact and in principle with the recommendation however, the current AM-SOP audit does include a requirement within the audit for units to meet 100 percent to standard, not the lesser national average of around 103 percent. The only change to these criteria in the current audit from the 2006 audit is that not meeting 100 percent to standard alone does not fail a unit. We determined that this was too restrictive since a unit could be performing exceptionally in all other aspects while performing slightly above 100 percent to standard.

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- 2 -

**Target Date:** December 31, 2012

**Responsible Official:** Dwight Young, Program Manager, AM-SOP

Although we believe our current criteria meets its purpose we are always looking for ways to improve and we will re-evaluate the complete AM-SOP process to insure it achieves its goals in our current automation/FSS environment. We will re-evaluate the process within the first quarter of FY2012.

**Recommendation 2**

Re-establish the schedule to certify units based on available resources and complete planned unit certifications.

**Response**

Agreement in Principle

We agree with this recommendation in principle however, with the understanding that in our current staffing environment consistently qualified resource availability may be an issue in completing audits more frequently than presently required. We will also revisit our certification scheduled requirements when re-evaluating the AM-SOP process.

**Target Date:** December 31, 2012

**Responsible Official:** Dwight Young, Program Manager, AM-SOP

**Recommendation 3**

Establish an annual process to de-certify units that do not maintain performance standards after certification.

**Response**

Agreement in Principle


We agree in principle with the recommendation however, not in particular with de-certification. Currently the AM-SOP process requires units be certified every 36 months from the date the unit was certified, (this is a form of de-certification every 36 months). We will investigate to see if the performance of certified units can be monitored virtually. Additionally, we will review the possibility of requiring sites to certify every two years, thus de-certifying them every two years as part of our re-evaluation of the AM-SOP process.

- 3 -

**Target Date:** December 31, 2012

**Responsible Official:** Dwight Young, Program Manager, AM-SOP

This report and management's response do not contain information that may be exempt from disclosure under the FOIA.



Dean J. Granholm

cc: Ms. Schaefer  
Mr. Knoll  
Mr. Sullivan  
Ms. Haring