



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

Statistical Tests for Fiscal Year 2011

Management Advisory

September 29, 2011

Report Number FF-MA-11-168



HIGHLIGHTS

IMPACT ON:

The U.S. Postal Service's accuracy of data collected for Origin-Destination Information System-Revenue, Pieces, and Weight (ODIS-RPW) tests.

WHY THE OIG DID THE AUDIT:

Our objective was to determine whether the Postal Service conducted statistical ODIS-RPW tests to collect revenue and volume data in accordance with policies and procedures. We conducted this review in support of the audit of the Postal Service's financial statements.

WHAT THE OIG FOUND:

The Postal Service did not always conduct ODIS-RPW tests in accordance with established data collection policies and procedures. We identified 77 errors in 32 of 65 tests observed, including data collectors not:

- Determining the appropriate random start and mailpiece and/or container skip intervals.
- Verifying information keyed into the [REDACTED] laptop.
- Properly identifying, isolating, and capturing mail to be sampled/tested.
- Using marking slips to identify mail being tested.
- Conducting the necessary interviews with facility personnel.

We also identified issues related to the [REDACTED] scales not being leveled and/or calibrated and data collectors in one district not receiving mandatory

statistical programs training. Further, we continue to identify issues regarding protection of data collection equipment. When ODIS-RPW test procedures are not followed, there is an increased risk that the Postal Service will incorrectly estimate revenue and mail volume.

WHAT THE OIG RECOMMENDED:

Because Statistical Programs did not have enough time to implement its corrective action from last year's report, we are not making a recommendation related to test errors. We did recommend that each district certify that all data collectors received training and scales are properly calibrated and/or leveled before conducting tests.

WHAT MANAGEMENT SAID:

Management agreed with all the findings and recommendations. Specifically, management will provide scale calibration training modules and videos to be included in the quarterly training. In addition, it will direct district managers of Finance Programs Compliance to ensure that training has been entered into the Learning Management System.

AUDITORS' COMMENTS:

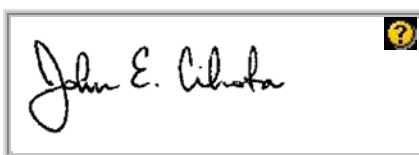
The OIG considers management's comments responsive to the recommendations and corrective actions should resolve the issues identified.

[Link to review the entire report](#)



September 29, 2011

MEMORANDUM FOR: JOSEPH D. MOELLER
MANAGER, REGULATORY REPORTING AND COST
ANALYSIS

A rectangular box containing a handwritten signature in black ink that reads "John E. Cihota". There is a small yellow icon in the top right corner of the box.

FROM: John E. Cihota
Deputy Assistant Inspector General
for Financial Accountability

SUBJECT: Management Advisory – Statistical Tests for Fiscal Year
2011 (Report Number FF-MA-11-168)

This report presents the results of our review of the statistical tests for fiscal year 2011 (Project Number 11BD001FF000).

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Juan Gonzalez, acting director, Field Financial West, or me at 703-248-2100.

Attachments

cc: Joseph Corbett
Ronald J. Poland
Deborah Giannoni-Jackson
Corporate Audit and Response Management

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Introduction

This report presents the results of our review of the statistical tests for fiscal year (FY) 2011 (Project Number 11BD001FF000). The objective of our review was to determine whether the U.S. Postal Service conducted statistical Origin-Destination Information System-Revenue, Pieces, and Weight (ODIS-RPW) tests to collect revenue and volume data in accordance with established policies and procedures. We reviewed tests of the ODIS-RPW and conducted this work in support of the audit of the Postal Service's financial statements.¹ See [Appendix A](#) for additional information about this review.

ODIS-RPW is the primary probability sampling system that estimates revenue, volume, and weight for most classes of mail and extra services.² The Postal Service uses test data to develop new rates, assist in budget preparation, conduct management studies, and support management decisions concerning mail flow. The Postal Service also relies on statistical programs sample data for revenue protection and to estimate stamp usage in the calculation of Postage in the Hands of the Public (PIHOP).³

Conclusion

The Postal Service did not always conduct ODIS-RPW tests in accordance with established data collection policies and procedures. We identified 77 errors in 32 of 65 tests observed.⁴ The percentage of test errors has increased significantly from prior years. In this report, we discuss in detail only the most frequent type of test errors, which we define as those that occurred in at least 5 percent of the tests observed. We identified five types of test errors that accounted for 75 of the 77 errors. These errors include data collectors not:

- Determining the appropriate random start and mailpiece and/or container skip intervals (26 errors).
- Verifying information keyed into the [REDACTED] laptop (19 errors).
- Properly identifying, isolating, and capturing mail to be sampled/tested (11 errors).
- Using marking slips to identify mail being tested (13 errors).
- Conducting the necessary interviews with facility personnel (six errors).

¹ This report does not present the results of audit work required under the Postal Accountability and Enhancement Act of 2006 (Postal Act of 2006).

² The Postal Service has identified a number of internal control design gaps related to the RPW general computer controls and the documentation of management oversight for data collection and the analysis procedures.

³ PIHOP is the process of deferring the recognition of revenue for postage purchased but for which services have not yet been provided.

⁴ These errors occurred in 13 of the 16 districts reviewed.

In addition to the test errors, data collectors in four districts did not always ensure that scales used were leveled and/or calibrated. Also, data collectors in one district⁵ did not receive mandatory quarterly training related to statistical programs.

Further, we continue to identify errors and issues over protection of data collection equipment (eight of the 16 districts reviewed), which we previously reported in our FY 2008, 2009, and 2010 reports. When data collectors do not follow ODIS-RPW test procedures, there is an increased risk that the Postal Service will incorrectly estimate revenue and mail volume.

The Postal Service Has Repeat Test Errors and Data Protection Issues

We identified test errors that are repeat findings from prior year audits. Although the corrective actions Postal Service management has taken significantly decreased these errors in FYs 2010 and 2009, there were more errors identified this year than the prior 2 years combined.

Repeat Issues

The most frequent type of test errors identified this fiscal year⁶ includes data collectors not:

- Following procedures to determine the appropriate random start and mailpiece and/or container skip intervals⁷ in nine districts (26 errors). Specifically, the errors related to:
 - Not accurately applying mailpiece/container skip interval (20 errors).
 - Not following a consistent method of counting and choosing mailpieces/containers (three errors).
 - Not applying the correct random start number (two errors).
 - Not applying the correct carry over number to the next container (one error).

A data collector must select the required mailpieces by applying the mailpiece skip interval through all selected mailpieces and/or containers using the container skip interval.⁸ In most instances, data collectors stated the errors were due to an

⁵ This district, the Southeast New England District, was eliminated in March 2011 and absorbed by the Connecticut Valley and Greater Boston Districts.

⁶ These issues were also reported in the last 3 fiscal years.

⁷ The skip interval is an assigned number the data collector uses during ODIS-RPW tests to systematically select mailpieces for recording. For example, a skip interval of 10 would require the data collector to select the first mailpiece using the start number and then to select every 10th mailpiece for recording.

⁸ Handbook F-75, *Data Collection User's Guide for Revenue, Volume, and Performance Measurement System*, Section 3.7.2.4, October 2003.

oversight. However, three data collectors were unaware of the requirement to be consistent in how they count containers when selecting their sample, even though they had more than 6 years of data collection experience each.

- Verifying information keyed into the [REDACTED] laptop was correct in seven districts (19 errors). As data from a mailpiece is entered into the [REDACTED] laptop, a record of each entry appears on the right side of the screen. After all the data for the mailpiece has been entered, the data collector must verify the information is correct by answering the prompt.⁹ Although the information was entered incorrectly for 19 mailpieces, the data collectors certified it was correct by answering the prompt. The 19 errors occurred in 13 tests in which data collectors entered 3,189 records into [REDACTED]. In most instances, data collectors stated they overlooked entering the correct information. One data collector stated the Postal Service recently approved a new price marking, and she was not accustomed to identifying it on mailpieces. Another data collector stated she was unaware of how to enter unreadable postage.

We also observed data collectors in eight districts who did not follow procedures for protecting data collection equipment. Specifically, in 13¹⁰ instances on 11 of 65 test observations, data collectors did not place [REDACTED] laptops into hibernation mode or lock the keyboard when their laptops were unattended. Data collectors must preserve the integrity of test data by placing their laptops in hibernation mode or locking keyboards when laptops are unattended.¹¹ Generally, data collectors stated they did not lock laptops because of an oversight. This is a repeat finding from each of the prior 5 fiscal year U.S. Postal Service Office of Inspector General (OIG) reports. The Postal Service has taken corrective action in response to each report; however, we continue to identify this issue consistently.

Of the 65 data collectors we observed, 36 made errors while conducting tests.¹² These data collectors had an average of 10 years of data collection experience. In response to the FY 2010 report, the Postal Service stated it would track data collector performance for FY 2011 for data collectors for whom process reviews were completed and take appropriate action in response to performance issues. Statistical Programs management stated that process reviews will be completed for more than 300 judgmentally selected¹³ data collectors by the end of September 2011 and remedial training will be provided as necessary. In addition to the implemented recommendation, Statistical Programs developed two training courses related to sampling procedures and indicia recognition that all data collectors will complete by the end of FY 2011. Since Statistical Programs has not had enough time to fully implement its corrective action in response to last fiscal year's report,¹⁴ we are not making a recommendation at this time.

⁹ Handbook F-75, Chapter 3, pages 3-65.

¹⁰ One data collector failed to secure the laptop on three separate occasions during one observation. All other occurrences were one instance in one test observed.

¹¹ Handbook F-75, Appendix G-7 (Section IV.F); Handbook F-85, *Data Collection User's Guide for International Revenue, Volume, and Performance Measurement Systems*, Appendix B, Section IV, page B-9; and Statistical Programs Letter #6, *FY 2008, Administration*.

¹² Thirty-four were full-time data collectors, one was a part-time data collector, and one was a cadre data collector.

¹³ Based on data analyzed to identify data collectors who are potentially deviating from sampling procedures.

¹⁴ *Statistical Tests for Fiscal Year 2010* (Report Number [FF-AR-10-222](#), dated September 14, 2010).

We will continue to monitor these issues during our FY 2012 ODIS-RPW test observations.

Additional Test Errors

In addition to the repeat errors identified, we also identified other errors that occurred in at least 5 percent of the tests observed. Specifically, data collectors did not:

- Properly identify, isolate, and capture mail to be sampled/tested in ODIS-RPW testing in five districts (11 errors). Specifically, the errors related to:
 - Facility employees removing containers before the data collector counted them and included them in the test (five errors).
 - Excluding mail from the test based on misinterpretation of special instructions¹⁵ (two errors).
 - Not counting all mailpieces in a container (two errors).
 - Not entering all mailpieces selected as part of the sample into [REDACTED] (one error).
 - Not including mail that was broken down into carrier cases (one error).

The data collector is responsible for identifying, isolating, counting, sampling, and recording the necessary mailpieces at the appropriate mail exit point (MEP).¹⁶ In most instances, data collectors stated that errors were due to an oversight. One data collector stated he became confused with the special instructions on how to test mixed shape containers. The supervisor was unaware the data collector was misinterpreting the special instructions. Once the auditors brought these errors to their attention, data collectors corrected each error.

- Use marking slips to identify mail being tested in seven districts (13 errors). Data collectors must use marking slips to mark trays, bins, and all containers to be tested.¹⁷ In most instances, data collectors stated the errors were due to an oversight. In five instances, the data collectors believed it was not necessary to use the slips because they were at smaller units and could verbally notify unit personnel which containers they were testing as they were being unloaded from the truck.
- Conduct the necessary interviews with delivery supervisors, facility managers, clerks, and mail handlers to assist with isolating, counting, and recording the appropriate mailpieces in two districts (six errors). The advice and cooperation of

¹⁵ Special Instructions include information such as cut-off times, bypass mail, afternoon dispatch mail, drop shipment parcels, and mail to be excluded from the test.

¹⁶ A MEP is a physical location where clusters of mail can be sampled as they exit the Postal Service. Handbook F-75, Chapter 3, pages 3-5 through 3-207.

¹⁷ Handbook F-75, Chapter 3, pages 3-6.

facility personnel would be invaluable in helping the data collector isolate, count, and record the appropriate mailpieces.¹⁸ Four of the errors were in one district. The Statistical Programs supervisor at the district stated there was usually one data collector who notifies all the units of the tests the prior day; however, she did not send out any notifications that week. In another instance, the data collector explained she was nervous and uncomfortable seeing both the OIG and the supervisor of Statistical Programs on-site upon her arrival at the unit. She also stated she assumed the supervisor conducted the interviews with the unit employees since she arrived at the unit first.

Statistical Programs management stated they would conduct process reviews on all data collectors we observed making errors. The errors we identified would also be identified during planned process reviews and corrected during remediation. Therefore, we are not making a recommendation at this time. We will continue to monitor these issues during our FY 2012 test observations.

Other Observations

Data collectors did not always level and/or calibrate the scales used in conjunction with [REDACTED] laptops. Specifically, data collectors did not level the [REDACTED] scale using the leveling bubble before three tests in three districts. In addition, one district had not calibrated the scales used during four of our observations in the last 2 years. To ensure accurate weight recordings, data collectors should always level the scale before they begin a test. Also, scales should be calibrated at least once per month¹⁹ to reduce the risk of recurring measurement errors. In two instances, the data collectors were aware of the calibration requirement and stated this occurred due to oversight. Another data collector stated she did not know how to make the necessary adjustments to level the scale. The Statistical Programs supervisor at the district stated that, due to budget constraints, there were not enough test weights for each data collector and the scales were not calibrated. However, because scales only need to be calibrated once a month, one set of test weights was deemed sufficient to calibrate all scales used for data collection.

One district did not provide required quarterly training to its data collectors.²⁰ Each quarter, every district must conduct at least 1 day of statistical programs training for data collectors. The districts must enter all data collector training into the National Training Database.²¹ Specifically, the four data collectors observed did not receive the statistical programs training course for Quarters 1 and 2, FY 2011, which include the period from October 2010 through March 2011. The manager stated he believed the data collectors had received the training and should have paid more attention to the quarterly training requirements.

¹⁸ Handbook F-75, Section 3.2, pages 3-17.

¹⁹ Handbook F-75, Appendix F, Section II, pages F-5 to F-8.

²⁰ Even though the district did not provide quarterly training, there were no reported test errors in this district.

²¹ Handbook F-75, Appendix G, Operating Policies, Section V, Training and Process Review, Part A, Training, pages G-8 & G-9.

Manual sampling processes can be inherently more risky because of the potential for non-sampling errors. This includes undercoverage of all elements in the sampling universe, measurement errors, and processing errors such as mistakes in data coding. With the large number of data collectors performing this function, the risk for certain types of errors will remain as long as the process is done manually. Management may want to consider implementing automated controls or processes to reduce the risk of making these types of errors and potentially to reduce the costs associated with this process.

See [Appendix B](#) for a detailed analysis of our findings, including our observations and testing errors by district and a comparative discussion of the conditions reported in our FY 2008, 2009, and 2010 audit reports.

Recommendations

We recommend the manager, Regulatory Reporting and Cost Analysis, direct the manager, Statistical Programs, to:

1. Instruct district managers on financial program compliance to certify that all data collectors' [REDACTED] scales are properly calibrated and data collectors are following the requirements for scale leveling before conducting tests.
2. Direct district managers of financial programs compliance to certify that all data collectors have received their quarterly training.

Management's Comments

Management indicates agreement with recommendation 1 and agreed with recommendation 2 in this report. However, management contends that although the percentage of test errors has increased significantly from prior years, some of the errors had an insignificant effect on the overall estimates of revenue, volume, and weight from Origin-Destination Information System-Revenue, Pieces, and Weight. Management noted that 20 of the 77 errors observed related to situations where the data collector did not select the correct mailpiece while applying sampling procedures.

Regarding recommendation 1, management added a training module and videos to the Postal Quarter I, FY 2012, quarterly training demonstrating the proper method to verify calibration, update the calibration log, and perform scale leveling prior to the test. In addition, beginning in Postal Quarter II, FY 2012, scale leveling will be a required entry on the ODIS-RPW Data Entry Header Screen, and by Postal Quarter III, FY 2012, the calibration verification log will be maintained electronically on the [REDACTED] Web Base Unit.

Regarding recommendation 2, management will direct district managers of Financial Programs Compliance to ensure that training has been entered into the Learning Management System for directly managed data collectors.

Management stated they will complete all actions by December 31, 2011. 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.

However, in response to management's assertion that some of the test errors identified did not significantly affect the estimates of revenue, volume, and weight, we conduct observations of ODIS-RPW tests for compliance with procedures documented in Handbook F-75. If the skip interval errors identified result in an insignificant impact on the overall estimates, then management should consider revising their policies and procedures to include an acceptable error rate for each test.

Appendix A: Additional Information

Background

The Postal Act of 2006 divided Postal Service products into two categories: market-dominant and competitive. Market-dominant product price increases cannot exceed the increase in the Consumer Price Index and apply to each class of mail. For competitive products, the Postal Regulatory Commission (PRC) has set rules for a pricing floor that must cover the product's costs and a required contribution to institutional costs.²² The Postal Service will have the flexibility to change pricing on competitive products as it wishes, consistent with the PRC rules, as long as it publishes the price in the *Federal Register* at least 30 days before the effective date.

ODIS-RPW is the primary probability sampling system that estimates revenue, volume, and weight. The Postal Service uses data from tests to develop new rates, assist in budget preparation, conduct management studies, and support management decisions concerning mailflow. In addition, information collected from ODIS-RPW tests is used to calculate PIHOP. The ODIS-RPW test requires data collectors to select systematically mailpieces using a random start for all mail available on the randomly selected day. Data collectors record various mailpiece characteristics, such as revenue, weight, shape, indicia, barcode, postmark time, origin, and mail class.

Every person involved with collecting statistical programs data is to be reviewed on all processes they regularly perform. A data collector with less than 1 year's experience in a program is to be reviewed at least twice during the first year in that program. A data collector with more than 1 year's experience in a program is to be reviewed at least once during the fiscal year in that program. Local management is responsible for initiating action for any improvement opportunities noted during the observations.²³ Once management completes a process review, the results must be entered in the Process Support and Tracking System. This system provides reports used to identify training opportunities.

Objective, Scope, and Methodology

The objective of our review was to determine whether the Postal Service conducted statistical ODIS-RPW tests to collect revenue and volume data in accordance with established policies and procedures. To achieve our objective, we observed 65 judgmentally selected data collectors perform 65 ODIS-RPW tests in 16 districts.²⁴ We interviewed the data collectors and reviewed the reports of each test district the Statistical Programs managers provided.

²² Institutional costs are infrastructure and administrative costs.

²³ Handbook F-95, *Statistical Programs Management Guide*, Section 6.1, June 2005, and *Guidelines for Using Data Collection Resources HQ SP training directives*, dated March 9, 2009, and September 25, 2009.

²⁴ We judgmentally selected districts where we had not observed tests within the last 3 years. We obtained the test schedules from each district for the period of our fieldwork and judgmentally selected tests that fit our fieldwork schedule. Data collectors were assigned to the tests by the district before our selection. At the request of the manager of statistical programs, we observed one parcel test as part of our observations in each district.

We conducted this review from January through September 2011 in accordance with the Council of the Inspectors General on Integrity and Efficiency, *Quality Standards for Inspection and Evaluation*. We did not assess the reliability of the ODIS-RPW data and did not rely on that data for the purposes of this report. We discussed our observations and conclusions with management on August 26, 2011, and included their comments where appropriate. We also issued the results of our observations in interim management advisories to 16 district managers.

Prior Audit Coverage

Report Title	Report Number	Final Report Date	Report Results
<i>Statistical Tests for Fiscal Year 2008 – Cost and Revenue Analysis</i>	FF-AR-09-024	11/24/2008	Data collectors did not always follow proper random start and skip intervals; identify, isolate, and capture mail to be tested; verify the information keyed into [REDACTED] laptops; adhere to sampling procedures; or bring required test material to the site. In addition, data collectors did not always follow procedures for protecting data collection equipment.
<i>Statistical Tests for Fiscal Year 2009 – Cost and Revenue Analysis</i>	FF-AR-10-015	11/20/2009	Data collectors did not always follow proper random start and skip intervals, verify the information keyed into [REDACTED] laptops, or use marking slips to identify mail being tested. In addition, data collectors did not always follow procedures for protecting data collection equipment.
<i>Statistical Tests for Fiscal Year 2010</i>	FF-AR-10-222	9/14/2010	Data collectors did not always follow proper random start and skip intervals or verify the information keyed into [REDACTED] laptops. In addition, data collectors did not always follow procedures for protecting data collection equipment.

Appendix B: Detailed Analysis

Tables 1, 2, and 3 present information on testing errors identified in each district and a summary comparison of the conditions reported in our FYs 2008, 2009, and 2010 audit reports.

Table 1: Summary of FY 2011 ODIS-RPW Observations and Testing Errors by District

District ²⁵	Number of Data Collectors Observed	Number of Tests Observed	Total Number of Errors	Number of Tests with Errors
Atlanta	4	5	7	3
Capital	4	4	2	2
Central Plains	3	4	1	1
Chicago	4	4	3	2
Dallas	4	4	0	0
Detroit	5	4	10	4
Fort Worth	4	4	1	1
Greater South Carolina	4	4	1	1
Hawkeye	3	4	12	4
New York	5	4	5	2
Philadelphia Metropolitan	4	4	11	3
Sacramento	5	4	7	3
San Diego	4	4	13	4
SE New England	4	4	0	0
South Florida	5	4	0	0
Western New York	3	4	4	2
Total	65	65	77	32

Source: Interim management advisories issued by OIG to each district during FY 2011.

* The districts highlighted had no reported test errors.

²⁵ Although the percentage of tests with errors appears high, each test contains hundreds of record entries each with multiple fields. Therefore, the percentage of erroneous test entries is much lower than the total number of tests containing errors.

Table 2: Detail of FY 2011 ODIS-RPW Test Errors²⁶ and Observations by District²⁷

Test Errors/Observations	Atlanta District	Capital District	Central Plains District	Chicago District	Detroit District	Fort Worth District	Greater South Carolina District	Hawkeye District	New York District	Philadelphia Metropolitan District	Sacramento District	San Diego District	SE New England District	Western New York District	Total Test Errors
ODIS-RPW															
Data collector did not follow procedures to determine appropriate random start and mailpiece/container skip intervals.	X (3)			X (3)	X (2)		X (1)	X (2)	X (2)	X (4)	X (2)	X (7)			26*
Data collector did not verify the information keyed into the laptops.	X (4)				X (4)			X (1)		X (1)	X (3)	X (2)		X (4)	19*
Data collector did not properly identify, isolate, and capture mail to be sampled/tested in ODIS-RPW tests.					X (2)			X (1)		X (3)	X (2)	X (3)			11*
Data collector did not use marking slips to identify mail being tested.		X (2)	X (1)		X (2)	X (1)		X (4)	X (2)	X (1)					13*
Data collector did not conduct the necessary interviews with delivery supervisors, facility managers, clerks, and mail handlers to assist with isolating, counting, and recording the appropriate mailpieces.								X (4)		X (2)					6*
Data collector did not use the smallest container and mailpiece skips possible for the available test time.									X (1)			X (1)			2
Total Test Errors															77
Other Observations															
Data collector did not follow procedures to protect data integrity and data collection equipment.	X (3)	X (1)		X (2)	X (2)			X (1)	X (1)		X (2)			X (1)	13

* Most frequent test error, occurring in more than 5 percent of the total tests.

²⁶ The numbers of tests errors are shown in parentheses.

²⁷ Three of 16 districts observed had no reported testing errors and other observations.

Data collector did not always ensure that scales used in conjunction with [redacted] were leveled and/or calibrated.		X (1)		X (1)					X (4)	X (1)							7
Data collectors interpreted special instructions for testing containers holding more than one mail shape in different ways.													X (1)				1
Data collector did not receive quarterly training.														X (4)			4

Source: Interim management advisories issued by OIG to each district during FY 2011.

Table 3: Summary of Previously Reported Testing Errors and Management Issues

Description of Testing Errors ²⁸	Number of Testing Errors			
	FY 2011	FY 2010	FY 2009	FY 2008
ODIS-RPW – Number of Tests Observed	65	63	63	53
Data collector did not follow procedures to determine appropriate random start and mailpiece/container skip intervals.	26	5	12	23
Data collector did not verify the information keyed into [REDACTED] laptops.	19	5	9	14
Data collector did not properly identify, isolate, and capture mail to be sampled/tested.	11	0	1	15
Data collector did not use marking slips to identify mail being tested.	13	0	4	0
Data collector did not communicate effectively with unit personnel to ensure test mail was identified, flagged, and isolated.	6	0	0	0
Data collector did not use the smallest container and mailpieces skips possible for the available test time.	2	0	0	0
Data collector did not bring the required test material to the site.	0	1	3	3
Data collector did not adhere to container sub-sampling or mailpiece sampling procedures.	0	0	1	8
Total Number of Errors	77	11	30	63
Description of Management Issues ²⁹	Number of Errors/ Districts with Errors			
	FY 2011	FY 2010	FY 2009	FY 2008
Management Issue - Number of Districts Observed:	16	10	13	14
Data collector did not follow procedures to protect data integrity and data collection equipment.	13	7	10	7
Unit management did not always ensure that scales used in conjunction with [REDACTED] were leveled and/or calibrated.	7	1	1	1
Data collectors interpreted special instructions for testing containers holding more than one mail shape in different ways.	1	0	0	0
Manager, Statistical Programs, did not ensure data collectors were properly trained before conducting test.	4	0	1	0
Manager, Statistical Programs, did not review MEP before test.	0	0	3	0
Manager, Statistical Programs, did not document training received by employee.	0	0	0	1
Data collector did not consistently process short-paid mail.	0	0	0	1
Total Number of Management Issues³⁰	25	8	15	10

Source: Interim management advisories issued by OIG to each district during FY 2011 and prior statistical test capping reports.

²⁸ The cells highlighted in gray occurred in at least 5 percent of our observations.

²⁹ The cells highlighted in gray are reportable repeat findings.

³⁰ In FYs 2011, 2010, and 2009, each instance of a management issue was documented in observation checklists; however, in FY 2008, only the district where the management issue occurred was documented and not the total number of occurrences.

Appendix C: Management's Comments

FINANCE



September 21, 2011

SHIRIAN B. HOLLAND

SUBJECT: Draft Management Advisory - Statistical Tests for FY2011 (Report Number FF-MA-11-DRAFT)

Management is appreciative of its partnership with the Office of the Inspector General (OIG) to maintain the highest quality of data for the USPS.

With the advent of SOX requirements and data analysis identifying potential data collector problems with ODIS-RPW, management undertook aggressive approaches to ensure data quality in FY2011. One action enhanced the OIG's ability to recognize the improper recording of indicia, as well as potential misapplication of sampling procedures. First, the OIG's audit checklist was enhanced to more readily identify these specific issues. Second, we provided additional training to OIG auditors to better understand and identify these issues. The OIG training was provided on January 11, 2011. It was this collaborative effort that enabled identification of more errors, and therefore likely improvement in the data collection.

OIG's analysis from field audits, using their enhanced tools and understanding of indicia recording and sampling procedures, has helped Statistical Programs verify some of the suspected deficiencies among data collectors. As OIG noted in their report, starting back in February of FY 2011, Statistical Programs has initiated several other approaches to correct these potential problems.

While the OIG, in their conclusion, states that "the percentage of test errors has increased significantly from prior years", possibly implying a serious erosion of data quality, the actual impact of some of their findings has a insignificant effect on the overall estimates of revenue, volume and weight from ODIS-RPW. For example, 20 of the 77 total errors observed by the OIG relate to situations where the data collector did not select the correct mailpiece while applying sampling procedures. This does not significantly impact the estimation process and represents an error rate of .0296 percent when compared to all pieces of mail that were recorded in the 65 tests.

Another important note is that OIG's observed error rate for indicia recording was zero. Indicia recording is particularly important as we bring in revenue data from sampling and census systems to estimate the postage in the hands of the public (PIHOP) liability.

Management responds to the specific audit recommendations as follows:

Recommendation 1

Instruct District Managers of Financial Programs Compliance to certify that all data collectors Computerized On-Site Data Entry System scales are properly calibrated and data collectors are following the requirements for scale leveling before conducting tests.

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- 2 -

Management Response/Action Plan:

A training module and videos were added to the Postal Quarter I FY2012 quarterly training demonstrating the proper method to verify calibration, update the calibration log, and perform scale leveling prior to a test.

Beginning Postal Quarter II FY2012, scale leveling will be a required entry on the ODIS-RPW Data Entry Header Screen, and by Postal Quarter III FY2012, the calibration verification log will be maintained electronically on the CODES Web Base Unit.

Responsible Official:

J. Ron Poland

Recommendation 2

Direct District Managers of Financial Programs Compliance to certify that all data collectors have received their quarterly training.

Management Response/Action Plan:

We agree with the recommendation and will direct District Managers of Financial Programs Compliance to ensure that training has been entered into LMS for directly managed data collectors. District Managers of Financial Programs Compliance are prevented from entering training for cadre data collectors into LMS due to a new policy restricting entry of training into the system by anyone other than the employee's immediate manager. We are working with the Employee Development organization to correct this issue.

Target Implementation Date:

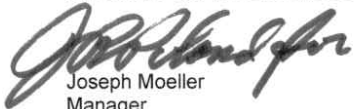
December 31, 2011

Responsible Official:

J. Ron Poland

Finally, note that this report and management's response do not contain information that may be exempt from disclosure under the Freedom of Information Act.

If you have any questions, please contact Ron Poland at (202) 268-2634.



Joseph Moeller
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