



March 28, 2006

CHARLES E. HOWE
MANAGER, GREATER INDIANA DISTRICT

SUBJECT: Transmittal of Audit Report – City Letter Carrier Operations – Greater Indiana District (Report Number DR-AR-06-003)

This report presents the results of our self-initiated audit of City Letter Carrier Operations in the Greater Indiana District (Project Number 05YG007DR001). This is the fifth in a series of six reports on city letter carrier operations issued under the Value Proposition Agreement between the vice president, Delivery and Retail, and the U.S. Postal Service Office of Inspector General's (OIG) Delivery and Retail directorate. The overall objective was to assess the management of city letter carrier operations.

The Greater Indiana District can improve the management of city letter carrier operations. Specifically:


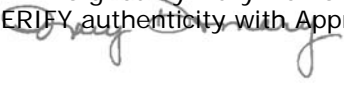
- Delivery facility supervisors and managers could more effectively match workhours with workload when approving U.S. Postal Service Forms 3996, Carrier - Auxiliary Control. We projected the sample results for a total of 68,177 unjustified hours representing over \$2.6 million for the 5-month period January 1 through May 31, 2005. However, we agreed with Postal Service Headquarters management to unrecoverable costs of 50 percent of the total variance in the Web Enabled Enterprise Information System as a reasonable target of opportunity to achieve. These unrecoverable costs amounted to \$765,487 and will be reported as such in our *Semiannual Report to Congress*.
- Delivery facility supervisors and managers did not use the Workload Status Report in a timely manner to manage daily operations. The district needs to make some improvement in timely use of two other Delivery Operations Information System (DOIS) reports.
- Delivery facility supervisors and managers need to more effectively use the Managed Service Points (MSP) base information to monitor carrier performance.
- Delivery facility supervisors and managers did not consistently track and document letter carriers' unauthorized overtime occurrences and take appropriate corrective action.

We recommended the manager, Greater Indiana District, direct station managers and supervisors to enforce the policy for carriers to complete required forms when volume or workload indicates that additional time on the route is needed. In addition, we recommended the manager require supervisors and managers to use DOIS reports daily and in a timely manner to manage operations. We also recommended requiring supervisors and managers to update MSP base information when routes change, and to properly document unauthorized overtime and take corrective action.

Management agreed with our findings and recommendations and has initiatives completed and planned addressing the findings and recommendations in this report. Management's comments and our evaluation of these comments are included in this report.

The OIG considers recommendations 1 and 2 significant, and therefore requires OIG concurrence before closure.

We appreciate the cooperation and courtesies provided by your staff during the audit. If you have any questions or need additional information, please contact Rita Oliver, director, Delivery and Retail, or me at (703) 248-2300.

E-Signed by Mary Demory 
VERIFY authenticity with ApproveIt


for
Colleen A. McAntee
Deputy Assistant Inspector General
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Attachments

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EXECUTIVE SUMMARY

Introduction

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

Results in Brief

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

- Delivery facility supervisors and managers did not adequately match workhours with workload. This occurred primarily because carriers did not always submit U.S. Postal Service (PS) Forms 3996, Carrier – Auxiliary Control, to document their requests for additional time. As a result, we projected that from January 1 through May 31, 2005, the six delivery facilities had 17,785 unjustified hours not supported by volume or workload. We projected the sample results to all 23 similarly sized delivery facilities in the district, for a total of 68,177 unjustified hours. By agreement with headquarters management, we informed the Greater Indiana District that 50 percent¹ of the total variance in the Web Enabled Enterprise Information System, or \$765,487,² will be used as unrecoverable costs and a reasonable target of opportunity. (See Appendix D.)
- Supervisors and managers did not review the Delivery Operations Information System (DOIS) Workload Status, Route/Carrier Daily Performance, and Managed Service Points (MSP) Overview Reports in a timely manner to manage daily operations.
- Supervisors and managers needed to use MSP base information to monitor carrier performance more effectively. This occurred because supervisors had not updated route pivot plans to include the lunch interval in MSP base information.

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

² Fifty percent of the total variance for January 1 through May 31, 2005, for the 23 facilities with 30 to 55 routes.

- Supervisors and managers did not always properly track and document letter carriers' unauthorized overtime and take corrective action to help manage overtime issues. Supervisors stated they talked informally with carriers but often did not keep a log.

**Summary of
Recommendations**

We recommended the manager, Greater Indiana District, direct station managers and supervisors to enforce the policy for carriers to complete required forms when volume or workload indicates that additional time on the route is needed. In addition, we recommended the manager require supervisors and managers to use DOIS reports daily and in a timely manner to manage operations. We also recommended requiring supervisors and managers to update MSP base information when routes change, and to properly document unauthorized overtime and take corrective action.

**Summary of
Management's
Comments**

Management agreed with our findings and recommendations and has taken or planned corrective actions. Management is conducting a training program called the Delivery Management Academy for Supervisors (DMAS). DMAS training will focus on the basics of delivery management, DOIS management, daily carrier management, and standardizing tools and techniques. Management's comments, in their entirety, are included in Appendix F of this report.

**Overall Evaluation of
Management's
Comments**

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

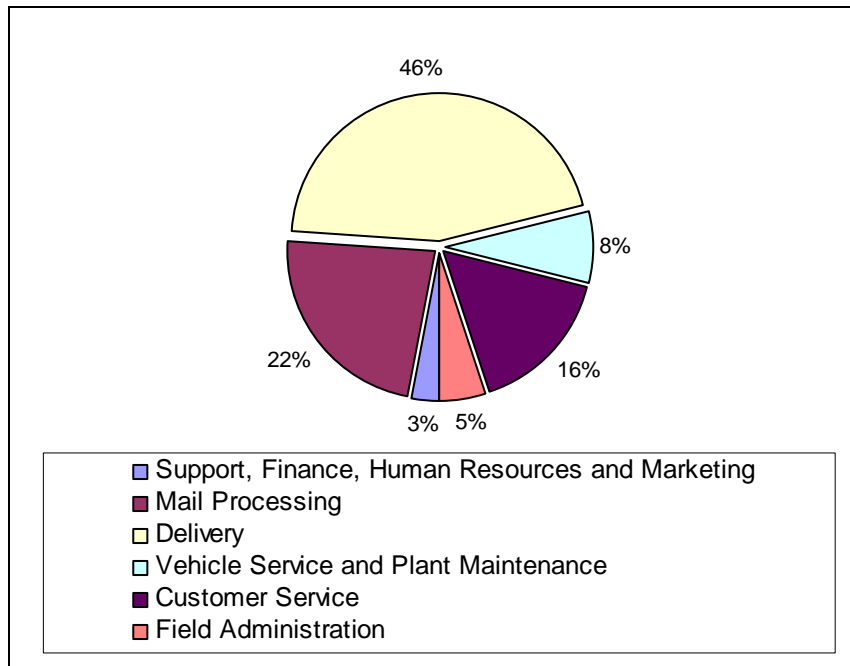
INTRODUCTION

Background

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

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

Figure 1. FY 2006 Field Budget Workhours



Source – Postal Service FY 2006 Field Budget

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

The Great Lakes Area consists of 839 DOIS delivery facilities⁴ in nine districts. The Great Lakes Area's FY 2006 budget performance goal is to reduce city delivery workhours by 682,858, representing a cost savings of \$25,284,442.⁵ The Greater Indiana District ranks second in the Great Lakes Area with 132 DOIS delivery facilities comprising 2,542 city delivery routes.

Each delivery facility's mail volume, mail arrival and dispatch times, and office and street hours vary and are managed by the delivery facility supervisor or manager. In addition, routes in a city delivery facility have an established office and street time (usually 8 hours) based on the last route inspection. One aspect of daily delivery facility operations is city letter carriers' preparing and submitting Postal Service (PS) Form 3996, Carrier – Auxiliary Control, to request overtime or assistance on their routes. The supervisor reviews each request and either approves the additional time, decreases the time, assigns assistance, curtails mail, or denies the carrier's request. The supervisor bases this decision on the daily workload or mail volume received in the delivery facility.

Unauthorized time is time worked that is not authorized by the supervisor. For example, when a carrier requests 1 hour of additional time, but uses 1 hour and 30 minutes, the extra 30 minutes is unauthorized time. Unjustified time occurs when the workload or volume does not support the hours used. In the example above, if the carrier worked 1 hour and 30 minutes of extra time, but the workload supported only 30 minutes, the extra 1 hour would be classified as unjustified time. A carrier can have both unauthorized and unjustified time, simultaneously.

To determine the amount of unauthorized and unjustified overtime on routes, a "3996 audit" of a delivery facility's activities can be performed. Using the DOIS Workload

⁴ A DOIS delivery facility is a building with one or more delivery units that can access DOIS to manage daily delivery operations. A delivery unit is a group of routes that usually belong to a ZIP Code. However, some ZIP Codes with a few routes can be combined to form one delivery unit, and a ZIP Code with a large number of routes may be split into more than one delivery unit.

⁵ Memorandum dated June 24, 2005, FY 2006 Area Targets.

Status Report,⁶ PS Form 3996,⁷ and the Route/Carrier Daily Performance Report,⁸ several factors are reviewed:

- The amount of time the carrier requests for the route.
- The amount of time the supervisor approves for the route.
- The total time the carrier uses on the route.
- The justified and unjustified time.

In addition to reviewing PS Forms 3996, an analysis of the completed PS Forms 1017-B, Unauthorized Overtime Record, can determine whether supervisors are correcting carriers' performance issues.

Managed Service Points (MSP) is a computerized tool designed to monitor consistency of delivery time and enhance street management. Letter carriers use mobile data collection devices (MDCD) to scan barcodes placed at service points reflecting key locations of the employee workday. Seven basic scan points are required:

1. Hot Case⁹
2. Depart to Route
3. First Delivery
4. Last Delivery Before Lunch
5. First Delivery After Lunch
6. Last Delivery
7. Return to Office

At the conclusion of each workday, the carrier downloads the MSP data from the MDCD into DOIS. Management compares this data to the route MSP base information employees store in DOIS to generate the reports supervisors use to evaluate the carrier's performance.

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

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

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

⁹ A hot case is a location within the delivery facility where employees resort mail missent from the processing plant and give it to the assigned carrier.

**Objectives, Scope,
and Methodology**

Our overall objective was to assess the management of city letter carrier operations. Specifically, we determined whether delivery supervisors and managers adequately matched workhours with workload, used DOIS reports in a timely manner to manage operations, and effectively used MSP base information to monitor carrier performance.

Additionally, we assessed whether delivery facility supervisors and managers properly tracked unauthorized time by documenting letter carriers' unauthorized time and taking corrective action. Our audit scope included reviewing city letter carrier operations for the 5-month period January 1 through May 31, 2005.

To accomplish our objectives, we randomly selected six delivery facilities in the Greater Indiana District with between 30 and 55 routes: [REDACTED], [REDACTED], and [REDACTED]. To determine whether delivery facility supervisors adequately matched workhours with workload, we randomly selected 20 days for each delivery facility and conducted "3996 audits" for each day to quantify the amount of unjustified time. We also observed the delivery facility supervisors' and station managers' morning activities of measuring and recording mail volume, reviewing Workload Status Reports, and approving overtime.

To determine whether delivery facility supervisors and managers effectively used DOIS reports and in a timely manner, we analyzed the time each day that supervisors first generated the Workload Status, Route/Carrier Daily Performance, and MSP Overview Reports. We also reviewed the MSP base information for all routes at the six delivery facilities and reviewed the use of the log for PS Forms 1017-B.

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

management officials and included their comments where appropriate.

Prior Audit Coverage

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

AUDIT RESULTS

City Letter Carrier Operations

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

- Delivery facility supervisors and managers did not adequately match workhours with workload. As a result, we projected that from January 1 through May 31, 2005, the six delivery facilities had 17,785 unjustified hours not supported by volume or workload. We projected the sample results to all 23 similarly sized delivery facilities in the district, for a total of 68,177 unjustified hours. Headquarters management and the OIG agreed to unrecoverable costs of 50 percent of the total variance in WebEIS, which amounts to \$765,487. (See Appendix D.)
- Supervisors and managers did not review the Workload Status Report, DOIS Route/Carrier Daily Performance, and MSP Overview Reports in a timely manner to manage daily operations.
- Supervisors and managers needed to more effectively use MSP base information to monitor carrier performance.
- Supervisors and managers did not always properly document letter carriers' unauthorized overtime and take corrective action.

Workhours to Workload

Delivery facility supervisors and managers did not effectively match workhours with workload. For January 1 through May 31, 2005, we projected the sample results in the 23 similarly sized delivery facilities, for a total of 68,177 unjustified hours with unrecoverable costs of \$2,654,131. The unjustified hours occurred primarily because carriers often did not submit PS Forms 3996 to document their requests for additional time. In addition, carriers did not always properly complete PS Forms 3996, and supervisors did not always approve carriers' requests.

Postal Service Policy states that it is the carrier's responsibility to complete items on PS Form 3996 if

overtime or auxiliary assistance is authorized for the office or the street.¹⁰

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

Unjustified Time

We analyzed information from the six facilities¹² and conducted "3996 audits" for 120¹³ days at six randomly sampled facilities from January 1 through May 31, 2005. The "3996 audits" identified 2,857 unjustified hours (94 percent) of the total 3,048 hours that were expended on routes with time used over 8 hours. We projected the sample results to all 23 similarly sized delivery facilities in the district, for a total of 68,177 unjustified hours at a projected cost of over \$2.6 million.¹⁴

The "3996 audit" process assesses individual route time used over 8 hours. The audit process cannot differentiate between time that is actually unjustified and time not supported by documentation. The Total Variance Factor in the Postal Service's WebEIS shows the difference between projected workhours for the workload identified in DOIS and the actual workhours carriers used. Headquarters management and the OIG agreed to 50 percent of the total WebEIS variance from January 1 to May 31, 2005, as unrecoverable costs, which amounts to \$765,487.¹⁵

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

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

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

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

¹⁴ Postal Service Finance memorandum dated March 7, 2005, shows the national average labor rate for city letter carriers in FY 2005 was \$38.93. The 68,177 hours multiplied by \$38.93 equals \$2,654,130.

¹⁵ WebEIS shows the total variance between projected workhours for the workload identified in DOIS and the actual workhours carriers used. The total variance for the 23 similarly sized delivery facilities is \$1,530,974.81 for January 1 through May 31, 2005.

PS Form 3996,
Carrier – Auxiliary
Control

Carriers did not often submit PS Forms 3996 to request additional time for routes. Of the days we reviewed, 1,826 of the 2,857 total unjustified hours (64 percent) were the result of carriers not submitting the form. This occurred because delivery facility management did not emphasize the use of the form as a tool to help manage daily operations. Instead, supervisors verbally discussed workload issues with carriers.

When carriers submitted PS Forms 3996, they did not always properly document their requests for additional time. For example, carriers listed reasons on Form 3996 for overtime, but did not list a corresponding amount of time. In addition, supervisors did not always approve or disapprove carrier requests. Finally, supervisors did not always keep route base information readily available to show base parcels, accountables, and full coverage time used in making decisions regarding a route.

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

The delivery facilities incurred unjustified workhours because carriers did not submit PS Forms 3996, carriers and supervisors did not properly complete the submitted forms, and supervisors did not have base data readily available to make decisions regarding the routes.

Recommendations

We recommend the district manager, Greater Indiana District:

1. Direct station managers and supervisors to enforce the policy for carriers to complete Postal Service Form 3996, Carrier – Auxiliary Control, when workload or volume indicates the carrier will need additional time for the route, and require carriers to properly document reasons for their requests for additional time.

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

2. Instruct station managers and delivery facility supervisors to review PS Forms 3996, Carrier – Auxiliary Control, and to take action to either approve or disapprove carrier requests.
3. Require delivery facility supervisors and managers to keep route base information readily available that shows base parcels, accountables, and full coverage times.

**Management's
Comments**

Management agreed with our findings and recommendations. Management stated they will provide training to the supervisors at the Delivery Management Academy for Supervisors (DMAS). This customer service training program will be presented to all customer service Executive and Administration Schedule/Associate Supervisor Program (EAS/ASP) managers in the Greater Indiana District. DMAS training will provide basic delivery management information, which includes enforcing PS Form 3996 policy and maintaining route base information.

**Evaluation of
Management's
Comments**

Management's comments are responsive to our findings and recommendations 1 through 3. Management's action taken or planned should correct the issues identified in the finding.

**Supervisors’ Use of
Delivery Operations
Information System
Reports**

Supervisors and managers did not timely view DOIS reports to assist in managing carrier activities. This occurred because supervisors relied more on their experience to manage operations. The DOIS Quality Assessment, September 9, 2002, states that it is critical that supervisors use DOIS to manage daily facility operations.

As illustrated in Table 1, supervisors and managers need to enhance their use of the Workload Status, Route/Carrier Daily Performance, and MSP Overview Reports in a timely manner to manage their delivery operations.

**Table 1. Supervisors’ DOIS Activity
January 1 Through May 31, 2005
(125 Working Days)**

Six Randomly Sampled Delivery Facilities	Days Workload Status Report Not Viewed or Not Viewed Before 8:30 a.m.	Days Route/Carrier Daily Performance Report Not Viewed or Not Viewed Before 8:30 a.m.	Days MSP Overview Report Not Viewed
	56	78	24
	0	86	89
	35	8	4
	11	10	40
	7	14	9
	3	8	19
TOTAL	112	204	185

Source: Postal Service DOIS Reports

The Workload Status Report was not viewed before 8:30 a.m. in 112 of 750¹⁷ instances (15 percent). The Route/Carrier Daily Performance Report was not viewed before 8:30 a.m. in 204 of 750 instances (27 percent), and the MSP Overview Report was not viewed daily in 185 of 750 instances (25 percent).

The DOIS Quality Assessment, September 2002, states it is critical that supervisors use DOIS to manage daily facility operations and review reports in a timely manner. The Great Lakes Area MSP Standard Operating Procedures

¹⁷ 125 days multiplied by 6 DOIS delivery facilities equals 750.

require supervisors to retrieve the MSP Overview Report daily and to review, annotate and document any noncompliance indicators.

The district needs to improve its viewing of the Workload Status, Route/Carrier Daily Performance, and MSP Overview Reports at the appropriate time. Supervisors and managers did not always review these DOIS reports because they placed less focus on the reports and relied more on their experience in managing the unit. In addition, supervisors were not always sure how to review DOIS reports or how reviewing the reports would help them manage their operations.

Supervisors hamper their ability to make effective decisions in matching workhours to workload by not reviewing operational and critical data such as mail volume, carrier performance, and street delivery activities in DOIS. Enhanced reviewing of DOIS helps delivery supervisors and managers take timely corrective action to address carriers' performance issues.

Recommendations

We recommend the manager, Greater Indiana District:

4. Direct station managers and supervisors to review the Workload Status and Route/Carrier Daily Performance Reports by 8:30 a.m. so that workload can be accurately matched to workhours.
5. Direct station managers and supervisors to comply with the Great Lakes AM Standard Operating Procedures, which require daily review of the Managed Service Points Overview Report.
6. Develop an integrated training process that includes teaching, coaching, and training supervisors and managers in using the Delivery Operations Information System to manage office activities.

**Management's
Comments**

Management agreed with our finding and recommendations. Management stated that they will conduct a daily teleconference with the vital offices and conduct AM SOP audits, and Operations Programs Support will ensure that offices comply with the process to review DOIS reports, Workload Status, and Route/Carrier Daily Performance Reports by 8:30 a.m. Additionally, the DMAS training will

give supervisors information on how to review, edit, and manage DOIS reports and manage the MSP Overview Report.

**Evaluation of
Management's
Comments**

Management's comments are responsive to our finding and recommendations 4 through 6. Management's actions taken and planned should correct the issues identified in the finding.

Managed Service Points Base Information	<p>Delivery facility managers did not consistently use MSP base information to effectively monitor carrier street performance. We reviewed MSP base information for all routes at the six randomly sampled delivery facilities, and identified 99 of 217 routes where office or street times had excessive interval times between the scheduled scan times for last delivery and return to office.</p> <p>The excessive interval times were the result of managers and supervisors not updating the route pivot plan to include the carrier's lunch break. The route pivot plan is a detailed description of the route that the city delivery carrier should follow while delivering mail on the street. The manager or supervisor must update the pivot plan to reflect any changes to the route to ensure the correct placement of MSP scan points. In addition, the Great Lakes Area MSP policy, September 2002, requires supervisors to retrieve the MSP Overview Report daily to review performance.</p> <p>Delivery managers and supervisors stated they did not add the carrier's lunch break because carriers did not always take one.</p> <p>As a result of not updating the route pivot plan to include the carrier's lunch break, supervisors impact their ability to effectively manage carriers' street performance.</p>
Recommendation	<p>We recommend the manager, Greater Indiana District:</p> <ol style="list-style-type: none">7. Direct station managers and supervisors to insert the lunch interval in the Delivery Operations Information System's pivot plans at the proper location on each route.
Management's Comments	<p>Management agreed with our finding and recommendation. Management stated that the DMAS training program, which will be presented to all customer service EAS/ASP managers in the Greater Indiana District, will instruct station managers and supervisors to insert the lunch interval in pivot plans.</p>
Evaluation of Management's Comments	<p>Management's comments are responsive to our finding and recommendation. Management's action taken should correct the issue identified in the finding.</p>

Unauthorized Time

Supervisors and managers at the six delivery facilities sampled did not always properly track and document letter carriers’ unauthorized overtime occurrences. For example, four of the delivery facilities had no PS Form 1017-B log entries. Supervisors said they talked with carriers about unauthorized overtime, but did not often track occurrences and fill out the PS Form 1017-B log.

As shown in Table 2, 71 PS Form 1017-B entries were recorded for all 120 sampled days in the 5-month period January 1 through May 31, 2005. However, two of the six delivery facilities accounted for the total PS Form 1017-B log entries.

Table 2. Summary of the PS Form 1017-B Log Entries for the Six Delivery Facilities, from January Through May, 2005¹⁸

Six Randomly Sampled Delivery Facilities	Total Number of 1017-B entries
	0
	0
	0
	36
	35
	0
OVERALL	71

Source: Postal Service Delivery Facility Records

Supervisors said documenting unauthorized overtime was not a high priority. In addition, some supervisors stated they felt that documenting the unauthorized overtime in the Time and Attendance Collection System satisfied the required documentation.

Handbook F-401, *Supervisor’s Guide to Scheduling and Premium Pay*, Chapter, 5, Section F, August 2000, states

. . . employees are responsible for adhering to their assigned work schedules. A variance from the assigned work schedule will result in unauthorized overtime. Supervisors must document these occurrences on PS

¹⁸ Twenty randomly selected days for each delivery facility, multiplied by six delivery facilities, equals 120 possible days.

Form 1017-B and take corrective action.

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

Recommendation	We recommend the manager, Greater Indiana District:
	8. Reinforce the policy in Handbook F-401, <i>Supervisor's Guide to Scheduling and Premium Pay</i> , to properly complete PS Form 1017-B, Unauthorized Overtime Record, to document unauthorized overtime, and take corrective action.
Management's Comment	Management agreed with our finding and recommendation. Management stated that the training provided in DMAS will reinforce the requirement to properly complete PS Form 1017-B to document unauthorized overtime and take corrective action.
Evaluation of Management's Comments	Management's comments are responsive to our finding and recommendation. Management's action taken should correct the issue identified in the finding.

APPENDIX A. SUMMARY OF 120 “3996 AUDITS”

Number	Delivery Facility	Date	Day of Week	Total Time Used Greater Than 8 Hours in Minutes	Total Unjustified Time in Minutes	Total Unjustified Percent	Total Routes Greater Than 8 Hours	No PS Form 3996 but Route Greater Than 8 Hours
1	██████	01/03/05	Mon.	3351	3175	95	33	29
2	██████	01/04/05	Tues.	2411	2410	100	27	23
3	██████	01/10/05	Mon.	2653	2627	99	33	28
4	██████	01/25/05	Tues.	916	916	100	16	14
5	██████	02/01/05	Tues.	973	956	98	20	15
6	██████	02/05/05	Sat.	307	297	97	9	6
7	██████	02/24/05	Thurs.	1739	1671	96	26	21
8	██████	03/05/05	Sat.	439	439	100	10	9
9	██████	03/11/05	Fri.	442	425	96	16	15
10	██████	03/18/05	Fri.	1104	1023	93	22	16
11	██████	03/25/05	Fri.	653	644	99	12	7
12	██████	03/26/05	Sat.	459	454	99	8	6
13	██████	03/28/05	Mon.	1486	1450	98	21	18
14	██████	03/29/05	Tues.	484	424	88	8	4
15	██████	03/30/05	Wed.	1881	1867	99	21	19
16	██████	04/21/05	Thurs.	1066	919	86	18	15
17	██████	04/25/05	Mon.	2464	2389	97	28	21
18	██████	04/28/05	Thurs.	644	607	94	9	8
19	██████	04/30/05	Sat.	385	350	91	7	6
20	██████	05/26/06	Thurs.	789	733	93	10	6
21	██████	01/03/05	Mon.	2318	2294	99	27	23
22	██████	01/07/05	Fri.	1723	1707	99	22	19
23	██████	01/10/05	Mon.	1368	1307	96	23	18
24	██████	01/14/05	Fri.	946	946	100	18	18
25	██████	01/21/05	Fri.	1961	1927	98	25	18
26	██████	01/27/05	Thurs.	1386	1368	99	23	19
27	██████	02/07/05	Mon.	648	631	97	18	16
28	██████	02/09/05	Wed.	1071	1071	100	23	22
29	██████	02/10/05	Thurs.	310	310	100	8	7
30	██████	02/16/05	Wed.	1231	1217	99	22	19

Number	Delivery Facility	Date	Day of Week	Total Time Used Greater Than 8 Hours in Minutes	Total Unjustified Time in Minutes	Total Unjustified Percent	Total Routes Greater Than 8 Hours	No PS Form 3996 but Route Greater Than 8 Hours
31	██████	02/28/05	Mon.	682	630	92	12	9
32	██████	03/05/05	Sat.	465	386	83	6	4
33	██████	03/17/05	Thurs.	815	815	100	20	16
34	██████	04/08/05	Fri.	669	669	100	7	5
35	██████	04/21/05	Thurs.	412	330	80	7	3
36	██████	05/06/05	Fri.	360	360	100	7	6
37	██████	05/12/05	Thurs.	583	583	100	12	11
38	██████	05/20/05	Fri.	315	310	98	7	5
39	██████	05/24/05	Tues.	191	191	100	5	4
40	██████	05/25/05	Wed.	387	387	100	14	14
41	██████	01/05/05	Wed.	5874	5598	95	45	25
42	██████	01/11/05	Tues.	4410	4339	98	38	32
43	██████	01/15/05	Sat.	4669	4481	96	41	28
44	██████	01/25/05	Tues.	3897	3620	93	37	21
45	██████	01/28/05	Fri.	5307	4942	93	47	30
46	██████	02/02/05	Wed.	5751	5046	88	46	21
47	██████	02/04/05	Fri.	2973	2506	84	34	12
48	██████	02/24/05	Thurs.	5924	5476	92	41	13
49	██████	02/25/05	Fri.	3693	3405	92	38	18
50	██████	03/01/05	Tues.	2819	2763	98	29	16
51	██████	03/07/05	Mon.	5302	4671	88	47	21
52	██████	03/11/05	Fri.	3221	3144	98	38	31
53	██████	03/25/05	Fri.	4068	3888	96	42	28
54	██████	03/31/05	Thurs.	1991	1800	90	29	20
55	██████	04/01/05	Fri.	2735	2587	95	35	18
56	██████	04/11/05	Mon.	2578	2258	88	36	12
57	██████	04/20/05	Wed.	2297	2142	93	34	18
58	██████	04/22/05	Fri.	1705	1597	94	25	12
59	██████	05/11/05	Wed.	3520	3451	98	40	20
60	██████	05/17/05	Tues.	2297	2151	94	34	15
61	██████	01/04/05	Tues.	1066	415	39	21	2
62	██████	01/06/05	Thurs.	3736	2763	74	31	8

Number	Delivery Facility	Date	Day of Week	Total Time Used Greater Than 8 Hours in Minutes	Total Unjustified Time in Minutes	Total Unjustified Percent	Total Routes Greater Than 8 Hours	No PS Form 3996 but Route Greater Than 8 Hours
63	██████	01/24/05	Mon.	1882	1676	89	29	5
64	██████	01/27/05	Thurs.	406	317	78	15	5
65	██████	02/08/05	Tues.	472	312	66	14	0
66	██████	02/19/05	Sat.	652	472	72	12	3
67	██████	02/24/05	Thurs.	376	326	87	10	8
68	██████	02/26/05	Sat.	250	250	100	10	10
69	██████	03/04/05	Fri.	368	368	100	2	2
70	██████	03/05/05	Sat.	253	228	90	7	0
71	██████	03/12/05	Sat.	2293	2031	89	30	17
72	██████	03/15/05	Tues.	396	367	93	15	14
73	██████	03/23/05	Wed.	396	366	92	15	10
74	██████	03/24/05	Thurs.	355	257	72	5	2
75	██████	03/28/05	Mon.	426	426	100	13	2
76	██████	04/07/05	Thurs.	669	511	76	14	6
77	██████	04/28/05	Thurs.	844	739	88	16	8
78	██████	05/03/05	Tues.	455	422	93	14	11
79	██████	05/10/05	Tues.	851	823	97	22	18
80	██████	05/24/05	Tues.	499	347	70	13	6
81	██████	01/10/05	Mon.	3626	3626	100	29	26
82	██████	01/13/05	Thurs.	2002	1975	99	29	26
83	██████	01/14/05	Fri.	3184	3133	98	29	20
84	██████	01/26/05	Wed.	1662	1613	97	26	13
85	██████	01/31/05	Tues.	2889	2843	98	29	15
86	██████	02/03/05	Thurs.	1561	1342	86	25	9
87	██████	02/16/05	Wed.	156	156	100	5	5
88	██████	02/26/05	Sat.	579	526	91	12	9
89	██████	02/28/05	Mon.	1586	1334	84	27	16
90	██████	03/03/05	Thurs.	1432	1410	98	27	14
91	██████	03/24/05	Thurs.	114	114	100	5	5
92	██████	04/01/05	Fri.	799	799	100	9	7
93	██████	04/04/05	Mon.	1968	1903	97	27	19
94	██████	04/15/05	Fri.	461	461	100	7	7

Number	Delivery Facility	Date	Day of Week	Total Time Used Greater Than 8 Hours in Minutes	Total Unjustified Time in Minutes	Total Unjustified Percent	Total Routes Greater Than 8 Hours	No PS Form 3996 but Route Greater Than 8 Hours
95	██████	04/19/05	Tues.	461	284	62	7	3
96	██████	04/27/05	Wed.	1361	1229	90	29	16
97	██████	05/02/05	Mon.	1869	1446	77	27	16
98	██████	05/13/05	Fri.	648	602	93	18	11
99	██████	05/17/05	Tues.	839	839	100	19	19
100	██████	05/24/05	Tues.	468	464	99	10	7
101	██████	01/03/05	Mon.	1507	1507	100	25	24
102	██████	01/07/05	Fri.	1780	1780	100	27	27
103	██████	01/11/05	Tues.	809	779	96	17	14
104	██████	01/12/05	Wed.	763	752	99	9	8
105	██████	01/21/05	Fri.	630	630	100	15	15
106	██████	01/25/05	Tues.	1119	1119	100	18	17
107	██████	01/31/05	Mon.	2577	2577	100	26	26
108	██████	02/05/05	Sat.	644	622	97	9	6
109	██████	02/24/05	Thurs.	2528	2528	100	28	25
110	██████	03/08/05	Tues.	1220	1210	99	23	22
111	██████	03/10/05	Thurs.	697	692	99	14	13
112	██████	03/11/05	Fri.	912	868	95	12	11
113	██████	03/12/05	Sat.	411	369	90	10	9
114	██████	03/22/05	Tues.	1134	1134	100	17	17
115	██████	04/02/05	Sat.	1029	1021	99	16	13
116	██████	04/05/05	Tues.	855	827	97	18	16
117	██████	04/08/05	Tues.	576	559	97	10	9
118	██████	05/18/05	Wed.	529	529	100	12	11
119	██████	05/24/05	Tues.	1065	1065	100	23	22
120	██████	05/27/05	Fri.	238	238	100	6	6
TOTALS				182,851	171,401		2,455	1,664

APPENDIX B

**PROJECTION OF “3996 AUDIT” RESULTS
OVER 5-MONTH PERIOD**

Location	Projection of Unjustified Time (Point Estimate) in Minutes	95 Percent Confidence Interval (Lower Bound) in Minutes	95 Percent Confidence Interval (Upper Bound) in Minutes	Relative Precision	Projected Hours Not Justified by Workload in 5- month period (January – May 2005)
██████	148,650	97,466	199,834	0.34 %	2,477
██████	123,900	88,014	159,786	0.29 %	2,065
██████	109,069	74,084	144,054	0.32 %	1,818
██████	433,844	358,783	508,905	0.17 %	7,231
██████	163,169	104,949	221,389	0.35%	2,719
██████	88,481	48,449	128,513	0.45 %	1,475
Overall					
Greater Indiana: 23 facilities	1,414,653	4,090,598	6,766,543	0.65	68,177

APPENDIX C. TECHNICAL DOCUMENTATION

Sampling

An objective of the audit was to quantify the amount of unjustified time in the Greater Indiana District in the Great Lakes Area. In support of this objective, the audit team employed a two-stage sample of carrier time, selecting delivery units and delivery days. The sample design allows statistical projection of the unjustified time for individual sites and for the district.

Audit Universe

The team judgmentally selected the Greater Indiana District, which had 23 delivery units with 30 to 55 carrier routes. The audit universe consisted of 125 working days from January 1 through May 31, 2005.

Sample Design and Modifications

We chose a two-stage sample design, with simple random selection of delivery units at the first stage. We used a simple random selection of delivery days at the second stage. We examined all delivery routes on the days selected. We had no information on the variability we might see between delivery units in this district. To size the sample, we considered each delivery unit and delivery day combination as a universe element (a total of 2,875 unit days¹⁹). We selected a desired confidence level of 95 percent and, for sample size calculation purposes, a desired relative precision for a variable estimate of 20 percent. We considered coefficient of variation (CV) values of 100 percent and 125 percent. With application of the finite population correction, these CVs generated sample sizes of 95 to 145, respectively. We chose to use a total of 120 delivery unit days, randomly selecting six delivery units at the first stage and then randomly selecting 20 delivery days at each of the units.

Results

The value assigned to each delivery unit day is the total number of unjustified minutes in a particular category. With the total time value as the variable, we applied the equations to project a variable in a two-stage sample. We used the equations from Chapter 9, Scheaffer, Mendenhall, and Ott, *Elementary Survey Sampling*©, 1996. In Appendix B, we summarize the results for total unjustified time.

¹⁹ 23 units times 125 days.

APPENDIX D

OIG CALCULATION OF UNRECOVERABLE COSTS

The OIG identified \$2,654,130.61²⁰ in unjustified (unrecoverable) costs. OIG calculated the unjustified costs through a random sample analysis of PS Form 3996. The “3996 audit” process is an assessment of individual route time greater than 8 hours. The audit process cannot differentiate between time that is unjustified and time that is not supported by documentation. The Total Variance Factor in the Postal Service’s WebEIS data system shows the difference between projected workhours for the workload identified in DOIS and the actual workhours used by carriers. Postal Service Headquarters management and the OIG agreed to 50 percent of the WebEIS variance from January 1 through May 31, 2005, which amounts to \$765,487.40.²¹

	Workhours	Labor Rate	Cost
Unjustified workhours identified by the OIG from January 3 through May 31, 2005, for 23 delivery facilities with 30 to 55 routes	68,177	\$38.93	\$2,654,130.61
Workhours using Total Variance in WebEIS for January 1 through May 31, 2005, for 23 delivery facilities with 30 to 55 routes	39,326.35	\$38.93	\$1,530,974.81
Unrecoverable workhours identified by using 50 percent of WebEIS variance	19,663.18	\$38.93	\$765,487.60

²⁰ Postal Service Finance memorandum dated March 7, 2005, shows the national average labor rate for city letter carriers in FY 2005 was \$38.93. The 68,177 hours multiplied by \$38.93 equals \$2,654,130.61.

²¹ Postal Service Finance memorandum dated March 7, 2005, shows the national average labor rate for city letter carriers in FY 2005 was \$38.93. The 39,326.35 hours multiplied by \$38.93 equals \$1,530,974.81.

APPENDIX E

PRIOR AUDIT COVERAGE

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

City Letter Carrier Operations – Santa Ana District (Report Number DR-AR-05-013, August 8, 2005). The report outlined opportunities to improve the management of city letter carrier operations in the Santa Ana District. Delivery facility supervisors and managers did not adequately match workhours with workload. We projected the sample results for a total of 83,864 unjustified hours over the 5-month period May 1 through September 30, 2004, that were not supported by volume or workload. We agreed with headquarters and Pacific Area delivery management to unrecoverable costs of \$2,127,852. We also noted that supervisors and managers did not always view DOIS reports in a timely manner to manage operations, consistently use MSP to monitor city letter carriers' street time to correct negative trends, or properly document letter carriers' unauthorized overtime occurrences and take corrective action.

City Letter Carrier Operations – San Diego District (Report Number DR-AR-05-014, August 8, 2005). The report outlined opportunities to improve the management of city letter carrier operations in the San Diego District. Delivery facility supervisors and managers did not adequately match workhours with workload. We projected the sample results for a total of 53,835 unjustified hours over the 5-month period May 1 through September 30, 2004, that were not supported by volume or workload. We agreed with headquarters and Pacific Area delivery management to unrecoverable costs of \$1,423,935. We also noted that supervisors and managers did not always view DOIS reports in a timely manner to manage operations, consistently use MSP to monitor city letter carriers' street time to correct negative trends, or properly document letter carriers' unauthorized overtime occurrences and take corrective action.

City Letter Carrier Operations – Rio Grande District (Report Number DR-AR-05-009, December 2, 2004). The report outlined opportunities to improve the management of city letter carrier operations in the Rio Grande District. Delivery facility supervisors and managers did not adequately match workhours with workload. We projected the three delivery facilities had 5,318 unjustified hours (at an estimated cost of \$193,947) not supported by volume or workload over the 5-month period October 1, 2003, through February 29, 2004. We reported 2,543 of the unjustified hours – or \$92,726 – as unrecoverable costs. We also noted that supervisors and managers did not effectively use DOIS to manage daily operations, and delivery unit supervisors and managers did not consistently perform street management or effectively use MSP to monitor city letter carriers' street time to correct negative trends.

APPENDIX F. MANAGEMENT'S COMMENTS

GREATER INDIANA DISTRICT
DISTRICT MANAGER, CUSTOMER SERVICE AND SALES



March 13, 2006

Colleen A. McAtee
Deputy Assistant Inspector General for Core Operations
1734 N. Lynn St.
Arlington, VA 22209-2020

Subject: Transmittal of Draft Audit Report – City Letter Carrier Operations
Greater Indiana District (Report Number DR-AR-06-DRAFT)

Management is in agreement with the findings of the audit. Below are the recommendations followed by management comments regarding said report.

Audit Recommendations:

1. Direct station managers and supervisors to enforce the policy for carriers to complete Postal Service Form 3996, Carrier – Auxiliary Control, when workload or volume indicates the carrier will need additional time for the route, and require carriers to properly document reasons for their requests for additional time.
2. Instruct station managers and delivery facility supervisors to review PS Forms 3996, Carrier – Auxiliary Control, and to take action to either approve or disapprove carrier requests.
3. Require delivery facility supervisors and managers to keep route base information readily available that shows base parcels, accountables, and full coverage times.

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PO Box 9850
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317-870-8201

Managements Comments:

Management is currently in the process of conducting a training program called DMAS (Delivery Management Academy for Supervisors). DMAS is a Customer Service training class that will be presented to all Customer Service EAS/ASP managers in the Greater Indiana District. The focus of this DMAS training will be to cover the basics of Delivery Management, DOIS management, Daily carrier management, Rural, F4, and standardizing the tools and techniques used to manage employees.

Management agreed with recommendations #1 and #2. The DMAS and Circle of Delivery training programs explain to management that a properly completed PS Form 3996 is required for any instance of overtime usage by a carrier. The Accountability that Works Agreement Form is completed in DMAS for proper handling of 3996's. Follow-up AMSOP audits and random visits to offices will insure compliance.

Management agrees with recommendation #3. Circle of Delivery training instructs management that all delivery facilities must keep route base information readily available that show base parcels, accountables, and full coverage times. Circle of Delivery training explains to management that on the completion of a new 1838C or 3999 that base data needs to be updated. Every attendee's base data information is reviewed in DMAS training to insure they understand how to read the report. Route Information Card training is also given in DMAS to insure attendees understand how to read the report.

Audit Recommendations:

4. Direct station managers and supervisors to review the Workload status and Route/Carrier Daily Performance Reports by 8:30 a.m. so that workload can be accurately matched to work hours.
5. Direct station managers and supervisors to comply with the Great Lakes AM Standard Operating Procedures, which requires daily review of the Managed Service Points Overview Report.
6. Develop an integrated training process that includes teaching, coaching, and training supervisors and managers in using the Delivery Operations Information System to manage office activities.

Managements Comments:

Management agreed with recommendation #4. Through daily DOIS telecons with Vital Few offices and AMSOP audits Operation Programs Support will insure that offices comply with the process to review DOIS reports, Workload Status, and Route/Carrier Daily Performance Reports by 8:30 a.m. so that daily workload

can be matched with work hours. Operation Programs Support will do random reviews of offices login times into DOIS and which reports were generated.

Management also agreed with recommendation #5 and #6. In the DMAS training process supervisors are trained on the process of how to review, edit, and manage DOIS reports and how to manage the MSP Overview Report.

Audit Recommendations:

7. Direct station managers and supervisors to insert the lunch interval in the Delivery Operations Information System's pivot plans at the proper location on each route.

Managements Comments:

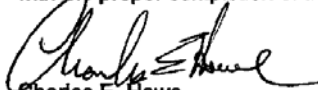
Management agreed with recommendation #7. In the DMAS training process supervisors are trained on how and when to insert the lunch interval in the DOIS pivot plans at the proper location on each route. If an office has a no lunch policy it is explained that the 30 minute lunch period will be charged to the route after the last delivery scan point.

Audit Recommendations:

8. Reinforce the policy in Handbook F-401, Supervisor's Guide to Scheduling and Premium Pay, to properly complete PS Form 1017-B, and Unauthorized Overtime Record, to document unauthorized overtime, and take corrective action.

Managements Comments:

Management agreed with the recommendations #8. Managers and supervisors are receiving training in the DMAS program on the proper way to manage unauthorized overtime and how to properly document the information on PS Forms 1017-B, and the Unauthorized Overtime Record. Operation Programs Support will perform random office visits and AMSOP audits to insure compliance with the proper completion of these reports.


Charles E. Howe
District Manager

cc: Steven Phelps, Mgr., Corporate Audit & Response Mgmt.
Kim Stroud, Director Audit Operations