



Office of Inspector General | United States Postal Service

## Audit Report

# City Carriers Returning After 6 P.M. – South Florida District

Report Number DR-AR-18-006 | July 3, 2018



# Table of Contents

Cover		Recommendation #1: .....	11
Highlights.....	1	Recommendation #2: .....	11
Objective .....	1	Recommendation #3: .....	11
What the OIG Found.....	1	Recommendation #4: .....	11
What the OIG Recommended .....	2	Management's Comments.....	12
Transmittal Letter .....	3	Evaluation of Management's Comments .....	13
Results.....	4	Appendices .....	14
Introduction/Objective .....	4	Appendix A: Additional Information.....	15
Background.....	4	Scope and Methodology.....	15
Finding #1: Carriers Returning After 6 P.M. ....	4	Prior Audit Coverage.....	15
Late Mail Arrival and Improper Mail Mix.....	6	Appendix B: Analysis of City Carriers Delivering Mail on Routes Between 6 p.m. and 10 p.m. at Selected Delivery Units .....	16
Improper Recording and Reporting of Late Mail and Improper Mail Mix .....	7	Appendix C: Analysis of Overtime and Penalty Overtime at Selected Delivery Units .....	17
Inaccurate Mail Arrival Profiles and Integrated Operating Plans.....	9	Appendix D: Analysis of Late Arriving Dispatches by Processing Centers to Delivery Units.....	18
Inaccurate Route Base Package Volume Data.....	9	Appendix E: Management's Comments.....	21
Vehicle Breakdowns and Availability .....	11	Contact Information .....	24

# Highlights

## Objective

Strong consumer demand for goods purchased over the internet has driven growth in the package market despite otherwise declining mail volume. This growing package segment provides the U.S. Postal Service an opportunity to expand services and increase revenue.

With this growth, city carriers and non-career city carrier assistants (CCA) are now delivering more packages and fewer letters to more addresses each year. To accommodate these changes, the Postal Service must adapt to this changing mail mix while maintaining service and efficiency.

The South Florida District's package volume increased from 116.6 million in fiscal year (FY) 2016 to 131.8 million in FY 2017, an increase of 13.7 percent. This growth is a direct result of eCommerce, Sunday package delivery and grocery delivery services. In some areas, package deliveries now regularly occur early in the morning and sometimes as late as 10 p.m.

The Postal Service's goal is for 95 percent of city letter carriers to return from street operations before 5 p.m. and 100 percent by 6 p.m. Carriers returning to their units on time helps the Postal Service meet its operational goals. In FY 2017, South Florida District city carriers and CCAs delivered about 2.8 billion mail pieces and 62 million packages to over 2.5 million delivery points on 3,876 routes. City carriers and CCAs returning after 6 p.m. in the South Florida District increased by 133 percent in FY 2017. We selected the South Florida District for review because it had the highest percentage of instances of carriers returning after 6 p.m. in the nation.

Our objective was to evaluate city carriers returning to the office after 6 p.m. in the South Florida District.

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***“Only 58 percent of the South Florida District’s city carriers and CCAs returned to the office by 6 p.m.”***

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## What the OIG Found

In FY 2017, only 58 percent of the South Florida District's city carriers and CCAs returned to the office by 6 p.m.

Our visits to 15 randomly selected delivery units disclosed:

- 61 percent of city carriers and CCAs in these units returned by 6 p.m. Further, these units had 64,725 instances of carriers returning by 6 p.m.
- 11 of 15 units (73 percent) had 411 instances of carriers returning by 9 p.m.
- 5 of 15 (33 percent) units had 88 instances of carriers returning as late as 10 p.m.

These conditions occurred in these units due to:

- Late mail arrival and improper mail mix from all three district Processing & Distribution Centers (P&DC).
- Improper recording and reporting of late mail arrivals and improper mail mix in reporting systems.
- Incomplete, inaccurate, and outdated Mail Arrival Profiles and Integrated Operating Plans.
- Inaccurate route base package volume data on city routes.
- Vehicle breakdown and availability.

City carriers and CCAs returning to delivery units after 6 p.m. increased the district's overtime and penalty overtime workhour costs. The South Florida District's use of additional overtime and penalty overtime workhours resulted in about \$21 million in questioned costs annually. Improving mail flow, adjusting routes and ensuring adequate vehicle availability could eliminate excess workhours after 6:00 p.m., and help the district realize a cost avoidance of \$37 million annually.

## What the OIG Recommended

We recommended management:

- Conduct a study of district mail processing operations at the three P&DCs to improve mail flow within and between the plants and to delivery units.
- Instruct delivery unit management to properly record and report all instances of late mail arrival and improper mail mix in the correct section in the Customer Service Daily Reporting System and Delivery Operations Information System.
- Update mail arrival profiles and integrated operating plans with agreement by plant and delivery unit management to reflect accurate mail arrival times, mail mix and mail.
- Develop and execute a plan to review current package volume data for city delivery units and modify route base package volumes and route values through the Route Count and Inspection process or minor route adjustments.


# Transmittal Letter



OFFICE OF INSPECTOR GENERAL  
UNITED STATES POSTAL SERVICE

July 3, 2018

**MEMORANDUM FOR:** TIMOTHY R. COSTELLO  
SOUTH FLORIDA DISTRICT MANAGER (A)

E-Signed by Janet Sorensen  
VERIFY authenticity with eSign Desktop  


**FROM:** Janet M. Sorensen  
Deputy Assistant Inspector General  
for Retail, Delivery, & Marketing

**SUBJECT:** Audit Report – City Carriers Returning After 6:00 P.M.–  
South Florida District (Report Number DR-AR-18-006)

This report presents the results of our audit of the City Carriers Returning After 6:00 p.m. – South Florida District (Project Number 18RG006DR000).

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

Attachment

cc: Corporate Audit Response Management  
Postmaster General

# Results

## Introduction/Objective

This report presents the results of our self-initiated audit of the City Carriers Returning After 6 p.m. – South Florida District (Project Number 18RG006DR000). Our objective was to evaluate city carriers returning to the office after 6 p.m. in the South Florida District.

## Background

Strong consumer demand for goods purchased over the internet has driven growth in the package market despite otherwise declining mail volume. This growing package segment provides the U.S. Postal Service an opportunity to expand services and increase revenue.

With this growth, city carriers and non-career city carrier assistants (CCA)<sup>1</sup> are now delivering more packages and fewer letters to more addresses each year. To accommodate these changes, the Postal Service must adapt to this changing mail mix while maintaining service and efficiency.

The South Florida District's package volume increased from 116.6 million in FY 2016 to 131.8 million in FY 2017, an increase of 13.7 percent. This growth is a direct result of ecommerce, Sunday package

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***“Our visits to 15 randomly selected delivery units showed 61 percent of city carriers and CCAs in these units returned by 6 p.m. and 99.95 percent returned by 10 p.m.”***

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delivery and grocery delivery services. In some areas, package deliveries now regularly occur early in the morning and sometimes as late as 10 p.m.

The Postal Service's goal is for 95 percent of city letter carriers to return from street operations before 5 p.m. and 100 percent by 6 p.m. Carriers returning to their

units on time helps the Postal Service meet its operational goals. In FY 2017, South Florida District city carriers and CCAs delivered about 2.8 billion mail pieces and 62 million packages to over 2.5 million delivery points on 3,876 routes. City carriers and CCAs returning after 6 p.m. in the South Florida District increased by 133 percent in FY 2017. We selected the South Florida District for review because it had highest percentage of instances of carriers returning after 6 p.m. in the nation.

## Finding #1: Carriers Returning After 6 P.M.

In FY 2017, 58 percent of South Florida carriers returned to the office by 6 p.m.

Our visits to 15 randomly selected delivery units found similar results. Our review showed 61 percent of city carriers and CCAs in these units returned by 6 p.m. and 99.95 percent returned by 10 p.m. (see [Table 1](#)). For example, 11 units had 411 instances of carriers delivering mail on their routes at 9 p.m. and 5 units had 88 instances of mail still being delivered at 10 p.m.

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***“The Postal Service's goal is for 95 percent of city letter carriers to return from street operations before 5 p.m. and 100 percent by 6 p.m.”***

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<sup>1</sup> A non-career, bargaining unit employee who performs the full range of city carrier duties. The Postal Service hires non-career employees to supplement its regular workforce and reduce staffing costs. Non-career employees are temporary workers who do not receive full employee benefits and privileges.



**Table 1. OIG Analysis of City Carriers Returning Between 6 p.m. and 10 p.m. at Selected Units**

FY 2017	Carriers Returning by 6 p.m.	Carriers Returning by 7 p.m..	Carriers Returning by 8 p.m.	Carriers Returning by 9 p.m.	Carriers Returning by 10 p.m.
Percent	61.30%	90.57%	98.47%	99.75%	99.95%

Source: Enterprise Data Warehouse-Delivery Data Mart (EDW-DDM)

South Florida city carrier and CCA overtime (OT) and penalty overtime (POT) workhour costs increased by 13 percent and 74 percent respectively from FY 2016 to FY 2017 (see Table 2). At one unit, OT increased by 12 percent and POT by 536 percent (see [Appendix C](#)).

**Table 2. OIG Analysis of Overtime and Penalty Overtime Workhours**

Hours Type	2016 Actual	2017 Actual	Percent Change
 <b>Overtime</b>	248,758	280,525	12.77%
 <b>Penalty Overtime</b>	14,463	25,191	74.18%

Source: Analysis of eFlash<sup>2</sup> data.

<sup>2</sup> An operating and reporting management system that weekly reports data from delivery, mail processing, customer service, and other functions.

These conditions occurred due to late mail arrival and improper mail mix, inaccurate Mail Arrival Profiles (MAP) and Integrated Operating Plans (IOP), outdated package volumes used for route inspections and adjustments, and vehicle breakdowns and availability.

### Late Mail Arrival and Improper Mail Mix

At 14 of the 15 delivery units we visited, mail did not always arrive on time or in the proper mail mix from the three Processing and Distribution Centers (P&DC).<sup>3</sup> In addition to mail frequently arriving late, dispatches from these P&DCs often contained large quantities of working mail (mail requiring manual sortation by clerks and casing by carriers). As a result of the mail arriving late, carriers started later and often waited longer in the office to receive their mail (see Figure 1). For example, approximately 87 percent of the district's carriers started at 8 a.m. or later. Also, carriers were instructed by the supervisor to begin street delivery without all their mail and await contact from the supervisor to either return to the office or meet at a designated location to retrieve the remaining mail that arrived from the P&DCs after their departure to the street.

**Figure 1. Carriers Waiting for Mail**



Source: U.S. Postal Service Office of Inspector General (OIG) Photograph taken March 2, 2018.

Additionally, we analyzed surface visibility data to identify the number of late trips from these three P&DCs and found each unit had late trips during the timeframe

<sup>3</sup> A central mail facility that distributes and dispatches part or all of both incoming mail and outgoing mail for a designated service area. It also provides instructions on the preparation of collection mail, dispatch schedules, and sorting plan requirements to mailers.

<sup>4</sup> West Carrier Annex.

we conducted fieldwork. Specifically, from February 26 through March 9, 2018, one<sup>4</sup> unit had 11 days of late trips from the Miami and Royal Palm P&DCs and was late on average of 118 minutes and 126 minutes respectively (see [Appendix D](#)). Late trips and poor mail flow potentially costs delivery operations because it is the last part of operations: mail processing, transportation, then delivery.

Moreover, delivery unit managers and carriers had to help distribute the late mail (see Figures 2 and 3) for street delivery, since the mail often arrived after the retail window opened and many of the clerks were moved to service retail customers.

**Figures 2 and 3. Managers and Carriers Distributing Mail**



Source: OIG photographs taken 3-8-18 and 3-6-18 respectively.

District management stated they were aware of the impact of late mail to delivery operations. However, the district did not have a process in place to determine the cost impact to delivery operations for late mail from the P&DCs. District management stated mail was late at least 75 percent of the time, but further stated they did not have a reliable way to track lost time and it would take too much effort to expect the units to track. Our observations and interviews at the selected delivery units indicated that most city routes lost an average of one hour per day when the mail arrived late from the P&DCs.



The OIG prepared an illustrative analysis of the potential cost impact to delivery units with consistent late mail arrival from these three P&DCs in the district. These late arrivals have a potential cost impact of \$25 million<sup>5</sup> (see Table 3).

**Table 3. OIG Illustrative Analysis of Cost Impact to Delivery Operations from Late Mail Arrivals**

<b>Number of Delivery Days Per Year</b>	303
<b>Percent of Days with Late Mail Arrival</b>	75%
<b>Number of Days with Late Mail Arrival</b>	227
<b>Number of City Carrier Routes</b>	3,876
<b>Average Delay Per Route When Mail is Late</b>	1 hour
<b>Average Daily Lost Hours due to Late Mail Arrival</b>	3,876
<b>Average Annual Lost Hours</b>	880,821
<b>Average Hourly Rate for City Carrier</b>	\$28.64 <sup>6</sup>
<b>Average Annual Impact to Delivery Operations from Late Mail Arrival</b>	\$25,226,713

Source: OIG Analysis of Surface Visibility Data and interviews with district management.

District management stated they are in the process of improving the mail flow in the P&DCs. Specifically, they are realigning the Flat Sequencing System<sup>7</sup> (FSS) workflow by reducing the number of units serviced by the West Palm P&DC that are on the FSS to maximize the opportunity to improve in the remaining FSS units. Also, district management received approval from Postal Service Headquarters for additional mail processing equipment (MPE)<sup>8</sup> at the Miami P&DC, this will redirect workflow within the P&DCs for package volume.

### Improper Recording and Reporting of Late Mail and Improper Mail Mix

The selected delivery units were not properly recording and reporting instances of late mail arrival and improper mail mix in the national data systems and respective program application for the Customer Service Daily Reporting System (CSDRS)<sup>9</sup> or Delivery Operations Information System (DOIS).<sup>10</sup> Postal Service guidance requires delivery unit managers to record and report all late arriving mail to the delivery unit as a piece count in CSDRS<sup>11</sup> and DOIS.<sup>12</sup> Delivery unit management informed the OIG that they were instructed to report mail delays in

<sup>5</sup> The potential cost impact of \$25 million is not associated with our monetary impact calculation.

<sup>6</sup> The average hourly rate was obtained from the Postal Service Department of Finance-Workhour Rates for Fiscal Years 2016-2018, dated January 22, 2018.

<sup>7</sup> Mail Processing Equipment that automatically sort flat-sized mail into delivery point sequence at high speeds.

<sup>8</sup> Machinery and related apparatus used to perform mail distribution and other functions such as canceling and culling. MPE includes automated and mechanized machinery as well as manual distribution cases.

<sup>9</sup> A formal delayed mail-reporting tool that provides timely information to management on mail and operational exception situations. CSDRS is also the formal reporting process of delayed mail and compliance is subject to federal law.

<sup>10</sup> A national computer application that helps supervisors manage delivery unit office tasks such as preparing mail before delivery, planning street activities from the office, and handling route inspections and adjustments.

<sup>11</sup> *Customer Service Daily Reporting System, Guidelines and Definitions*.

<sup>12</sup> Standard Operating Procedures (SOP) for City Carrier Mail Volume Recording.

the comment section only, and not in the specific delayed mail value fields in the two systems. We analyzed the CSDRS and determined that unit management was not recording late mail volume correctly (see Table 4). Unit management also indicated they were also instructed to email their postmaster or senior manager to report the problems. Moreover, during morning teleconferences to discuss the day's problems and projections, they were also instructed not to discuss mail arrival issues from the plant, but rather to focus on operational recovery of the mail. Additionally, some managers stated if they felt they could distribute mail with

minimal impact, they simply did not report the late mail. This occurred because district management had not placed emphasis on proper reporting of and response to, mail arrival problems at their delivery units.

During our fieldwork, district operational support personnel stated they have communicated to the delivery units the proper volume recording and reporting processes for CSDRS. However, it is incumbent on the district's delivery management to ensure these directives are followed.

**Table 4. OIG Analysis of CSDRS Value Reporting Fields**

Delivery Unit	Number of Reporting Days	Customer Service		Delivery Delayed Volume	Comments Reporting Fields		
		Late Trips	Delayed Volume Reported		Late Trips	Extra Trips Received	Delayed Volume
Alridge Branch	11	0	0	0	7	1	3
Blue Lagoon Branch	11	0	0	—	8		
County Line Annex	11	—	—	—	5	5	6
Father Felix Varela Branch	11	—	—	0	1		
Hialeah Carrier Annex	11	0	0	0	6		1
Hialeah Main Post Office	11	0	0	0	1	1	1
Homestead Main Post Office	11	0	0	0			10
Jupiter — Tequesta Branch	11	0	0	0	2		
Kendall Carrier Annex	11	0	0	0	1		1
Melrose Vista Branch	11	0	0	0	5	3	
North Miami Branch	11	—	—	0	10	4	
Promenade Branch	11	0	0	0			1
Tropical Reef Station	11	—	—	0	1		
West Carrier Annex	11	0	0	0	1		
Weston Branch	11	0	0	0	2	5	3

Source: OIG analysis of CSDRS data.

Overall, the South Florida District's use of work hours after 6 p.m. resulted in \$42 million of questioned cost over two years. Improving mail flow, adjusting routes and ensuring adequate vehicle availability could eliminate excess workhours after 6 p.m. and help the district realize an annual cost avoidance of \$74 million over two years.

### Inaccurate Mail Arrival Profiles and Integrated Operating Plans

Mail Arrival Profiles and Integrated Operating Plans (MAP/IOP) were incomplete or outdated and did not accurately reflect mail received from the P&DCs at all 15 units we visited.

In addition, district management did not follow proper procedures for modifying or establishing MAP/IOPs. The Postal Service designed MAPs to help stabilize mail flow by setting delivery unit and processing facilities' expectations for the arrival and quality of mail.<sup>13</sup> The IOP

is a contract between the mail processing plant and the delivery unit. A signed copy must be on file in the delivery unit.<sup>14</sup> This information is critical to establishing appropriate staffing and

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***“Overall, the South Florida District's use of work hours after 6 p.m. resulted in \$42 million of questioned cost over 2 years.”***

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reporting times to eliminate carrier delays. Delivery unit managers were not aware that district management updated delivery units' MAP/IOPs in August 2017, in the Staffing and Scheduling Tool<sup>15</sup> program. Instead, delivery unit managers referred to outdated MAP/IOP documents for their expected mail arrival and flow from the P&DCs.

### Inaccurate Route Base Package Volume Data

Route base volume data was inaccurate at all 15 of the delivery units. City delivery routes have not been adjusted to reflect updated mail volumes, especially packages. For the period of July 2011 to November 2017, the district's City Delivery Route Alternative Adjustment Process<sup>16</sup> team had not completed route adjustments on 484 of 596 (81 percent) routes at these delivery units. In addition, at 13 of 15 delivery units, managers or district personnel did not perform the annual Inspection of Letter Carrier Route, Postal Service Form 3999. Annual reviews are completed to verify carrier performance on the route is consistent with route adjustments.

Carriers delivered more packages on their routes than the base volumes established during the last route inspection. Our analysis showed package volumes increased an average of 131 percent since the most recent route adjustment. Some of those increases were in the span of a single month which indicates volumes may still be inaccurate. Carriers regularly delivering more packages than planned on their base deliveries contributed to the increase of carriers returning after 6 p.m. and exceeding planned OT and POT (see [Table 5](#)).

<sup>13</sup> *Staffing and Scheduling Tool, Function 4 Applications User Guide*, Section 3.1-3.2, November 2012, version 2.0.

<sup>14</sup> *Field Operations Standardization Development, Morning (AM) Standard Operating Procedures (AMSOP) II Guidebook*, Section 2.2, 2007.

<sup>15</sup> This tool helps optimize staffing and scheduling efficiently for operations.

<sup>16</sup> Memorandum of Understanding (MOU) between the Postal Service and the National Association of Letter Carriers (NALC) to appoint district NALC/Postal Service teams to do the inspections for selected zones during the term of the MOU (2014 to 2015). Each district NALC/Postal Service team jointly determines which zones it will inspect. This memo is part of the labor agreement with NALC for the period 2011- 2015.

**Table 5. OIG Analysis of Route Adjustments and Package Volumes**

Delivery Unit	City Routes	Route Adjustments		Package Volume Comparison		
		Oldest Date	Most Recent Date	Daily Packages (from last adjustment)	FY 2017 eFlash Average Daily Packages <sup>17</sup>	Percent Difference
Alridge Branch <sup>18</sup>	22	January 2016	January 2016	415	1,007	143%
Blue Lagoon Branch	34	April 2015	April 2015	4,105	9,326	127%
County Line Annex	28	March 2012	March 2012	865	1,048	21%
Father Felix Varela Branch	33	March 2011	March 2011	492	1,624	230%
Hialeah Carrier Annex <sup>19</sup>	25	June 2012	June 2016	287	775	170%
Hialeah Main Post Office	23	July 2012	July 2012	143	521	264%
Homestead Main Post Office	33	May 2015	May 2015	527	1,122	113%
Jupiter Tequesta Branch	29	July 2011	May 2016	716	1,386	94%
Kendall Carrier Annex	37	July 2017	July 2017	668	1,417	112%
Melrose Vista Branch	38	July 2017	July 2017	815	1,501	84%
North Miami Branch <sup>20</sup>	74	October 2012	March 2017	1,011	2,486	146%
Promenade Branch	39	November 2012	November 2012	296	774	161%
Tropical Reef Station <sup>21</sup>	98	November 2013	January 2017	1,615	3,543	119%
West Carrier Annex	35	May 2017	May 2017	1,016	1,936	91%
Weston Branch	48	July 2011	November 2016	786	3,266	316%
	596			13,757	31,730	131%

Source: OIG analysis of eFlash and EDW-Delivery Data Mart.

<sup>17</sup> Total package volume divided by 304 delivery days.

<sup>18</sup> Alridge Branch had one route that had a last adjustment date of August 3, 2011.

<sup>19</sup> Only two of 25 routes were adjusted in June 2016.

<sup>20</sup> Only two of 74 routes were adjusted in March 2017.

<sup>21</sup> Only two of 98 routes were adjusted in January 2017.

Regular route maintenance is critical to the financial and operational burden on the Postal Service. Inaccurate data results in additional work at the delivery unit, incorrect credit in variance programs, and impacts carrier street times – making it difficult to effectively control overtime and auxiliary assistance. Further, regular route adjustments have a direct impact on customer service by ensuring routes are optimized to provide efficient and timely mail delivery.

### Vehicle Breakdowns and Availability

Seven of the selected units experienced vehicle breakdowns and insufficient vehicles available for daily route delivery. Delivery personnel at 7 of 15 units we visited informed the OIG that delivery vehicle breakdowns delayed street delivery and carriers sometimes had to sit on their route for up to two hours waiting for a tow truck. Also, delivery unit management stated they no longer had “extra” vehicles at their units for carriers when these breakdowns occurred. One manager informed the OIG they schedule a certain number of routes open with no assigned carrier because no vehicles were available for the routes. In addition, management stated it was not uncommon to send two carriers in the same vehicle to deliver one route together and when one route is completed, they would deliver the other carrier’s route. Also, delivery personnel at one unit stated vehicle break downs were such an issue, they purchased their own supplies to repair tires.

A previous OIG report<sup>22</sup> addressed the Postal Service performing scheduled preventive maintenance on its delivery vehicles and its criticality to avoid vehicle breakdowns and ensure safety while meeting the Postal Service’s customer

service requirements. We plan to conduct a separate review of vehicle availability nationwide. Therefore, we will not make a recommendation on this issue.

#### **Recommendation #1:**

**The District Manager, South Florida District** conduct a study of district mail processing operations at the three Processing and Distribution Centers and improve mail flow within and between the plants, and to delivery units.

#### **Recommendation #2:**

**The District Manager, South Florida District** instruct delivery unit management to properly report and record all instances of late mail arrival and improper mail mix in the correct section in the Customer Service Daily Reporting System and Delivery Operations Information System.

#### **Recommendation #3:**

**The District Manager, South Florida District** direct Plant Managers and Manager, Operation Program Support update mail arrival profiles and integrated operating plans with agreement by plant and delivery unit management, that reflect accurate mail arrival times and mail mix.

#### **Recommendation #4:**

**The District Manager, South Florida District** develop and execute a plan to review current package volume data for city delivery units and modify route base package volumes and route values through the route count and inspection process or minor route adjustments.

<sup>22</sup> Management Alert-Suspension or Delay of Scheduled Vehicle Maintenance (Report Number DR-MA-15-001, dated February 10, 2015).

## Management's Comments

Management agreed with the findings and recommendations, but disagreed with the monetary impact.

In response to recommendation 1, management agreed with the need to conduct a study of district mail processing operations at the three P&DCs and improve mail flow within and between the plants and delivery units. Management stated the Senior Plant manager has begun to conduct a study of the mail processing operations. Management also stated they have begun to realign its processing profile and staffing; work with the Southern Area to determine additional package processing equipment needs and realign the transportation network from the Miami P&DC and Royal Palm Processing Center. Management will complete this by September 7, 2018.

In response to recommendation 2, management agreed with the need to appropriately record late mail arrival. Management stated they have created a training presentation that will be issued to the field along with the Customer Service Daily Reporting System Guidelines and definitions with a certification that all Executive and Administrative Schedule (EAS) and acting supervisors in customer service have read and are in compliance with the work instruction. All EAS or Acting EAS staff on leave during certification will be required to complete it upon their return. Management will complete this by June 27, 2018.

In response to recommendation 3, management agreed with the need for updated mail arrival profiles. Management stated Operations and Delivery will work together to revamp IOPs to better meet the needs of each group. The district added additional drivers to the fleet and began to assign routes to specific

drivers to address transportation issues. These assignments will be aligned with the IOP agreements to match operating window clearance and unit arrival time schedules. Management also stated meetings have begun to adjust pre-closeout and closeout trips, and plans are in place to begin full reviews of morning transportation. Management will complete this by September 1, 2018.

In response to recommendation 4, management agreed with the need to have updated route base volumes and route adjustments. Management stated they are developing fall and spring route adjustment schedules through formal inspections and adjusting zones through the minor route adjustment process. They plan to perform annual reviews of routes to identify and select the delivery ZIP Codes that will have a formal inspection done. The list of delivery units will also be finalized for the minor adjustments to update and adjust routes accordingly with volumes and evaluated times. Management also stated they are scheduling training classes for supervisors and managers for street inspections. Management will complete this by July 20, 2018.

Management questioned our analysis of Time and Attendance Collection System (TACS) data to calculate questioned cost. Management reviewed the TACS data from the same period and determined cost to be \$32,838,865 or 22 percent lower than the \$42,261,662 cited in the audit. Management stated our funds put to better use was based on speculation without a financial basis; erroneously presumes all time after 1800 is OT or POT and does not consider growth and projected growth of parcel delivery.

See [Appendix E](#) 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.

Regarding management's disagreement with questioned costs, the OIG calculated the monetary impact based on straight time, OT, POT, and night time differential hours for career carriers and non-career CCAs used after 6 p.m. We did not eliminate office or street hours from our review so that our analysis would include a complete picture of total hours used after 6 p.m., hours worked outside of policy. We also used the nationwide average for fully loaded rates for regular city carriers and CCAs for FYs 2017 and 2018. National average labor rates are provided by the Postal Service's finance department and intended to be used for business cases and financial analysis. The rates represent the cost of a productive workhour. Additionally, the OIG provided management with detailed TACS data from which our numbers were calculated. However, management did not provide any data for their analysis, therefore we are not able to comment on the analysis of their workhour analysis other than that the straight workhours appear to be incomplete (straight time hours do not appear to include career carrier work hours) and the labor rates used for the two-year analysis were

retrieved for only one accounting period. Therefore, we believe our analysis accurately reflects the questioned costs.

Regarding management's disagreement with funds put to better use, the OIG used a time-series analysis to forecast funds put to better use. Time-series analysis is the study of observations recorded at regular intervals over time, essentially trend analysis. The objective of this kind of study is to discover patterns in historical data that can be reliably extrapolated into the future in the form of forecasts (projections). The OIG believes that eliminating these work hours and aligning with Postal Service goals and policies represent a real opportunity for workhour savings and presents a fair standard for improving delivery unit performance. Therefore, we believe our analysis accurately reflects the questioned costs and funds put to better use.

All recommendations require OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. All 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.

# Appendices

Click on the appendix title below to navigate to the section content.

Appendix A: Additional Information.....	15
Scope and Methodology .....	15
Prior Audit Coverage .....	15
Appendix B: Analysis of City Carriers Delivering Mail on Routes Between 6 p.m. and 10 p.m. at Selected Delivery Units.....	16
Appendix C: Analysis of Overtime and Penalty Overtime at Selected Delivery Units.....	17
Appendix D: Analysis of Late Arriving Dispatches by Processing Centers to Delivery Units .....	18
Appendix E: Management’s Comments .....	21



# Appendix A: Additional Information

## Scope and Methodology

Our objective was to evaluate city carriers returning to the office after 6 p.m. in the South Florida District. To accomplish our objective, we:

- Obtained and analyzed district data from the EDW-DDM from FY 2017 for city letter carriers returning after 6 p.m.
- We reviewed selected delivery units with high, average and low percent of instances of carriers returning after 6 p.m.
- Obtained and analyzed city delivery street operations data such as route base information from EDW-DDM, to obtain start times and last route adjustment information.
- Extracted and analyzed data for carriers returning after 6 p.m. for the selected delivery units from EDW-DDM and eFlash.
- Conducted interviews with South Florida District personnel and delivery unit personnel to discuss city carriers returning after 6 p.m. Extracted actual workhours, OT hours and POT hours from the TACS for 24 months of data to include FY 2016 Qs3-4, FYs 2017 and 2018 Qs1-2 to calculate our Monetary Impact.

We conducted this performance audit from February 2018 through July 2018, in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. We discussed our observations and conclusions with management on May 30, 2018, and included their comments where appropriate.

We assessed the reliability of EDW and DOIS data by reviewing, tracing the data through site observations and interviews with management. We also verified eFlash and Staffing and Scheduling Tool data through interviews with knowledgeable Postal Service officials and observations at selected delivery units and review of report data. We determined that the data were sufficiently reliable for the purposes of this report.

## Prior Audit Coverage

Report Title	Objective	Report Number	Final Report Date	Monetary Impact
<i>City Carriers Returning After 6 P.M. – Bay Valley District Report Number</i>	Our objective was to evaluate city carriers returning to the office after 6 p.m. in the Bay Valley District.	<a href="#">DR-AR-17-007</a>	8/30/2017	\$92.4 million
<i>City Carriers Returning after 6 P.M. – Los Angeles District Report Number</i>	Our objective was to evaluate city carriers returning to the office after 6 p.m. in the Los Angeles District	<a href="#">DR-AR-16-011</a>	9/15/2016	116.6 million

## Appendix B: Analysis of City Carriers Delivering Mail on Routes Between 6 p.m. and 10 p.m. at Selected Delivery Units

Delivery Unit	Carriers Clocked to LDC 22	6 p.m.	7 p.m.	8 p.m.	9 p.m.	10 p.m.
Alridge Branch	5975	1953	289	19	0	0
Blue Lagoon Branch	9600	5091	779	27	3	0
County Line Annex	7648	212	7	0	0	0
Father Felix Varela Branch	9348	380	45	11	0	0
Hialeah Carrier Annex	7029	4779	2210	658	177	43
Hialeah Main Post Office	6162	3977	1504	335	25	2
Homestead Main Post Office	9316	4982	1902	452	101	30
Jupiter - Tequesta Branch	8134	2129	515	145	40	12
Kendall Carrier Annex	10729	4861	591	37	3	0
Melrose Vista Branch	11220	6060	731	54	5	0
North Miami Branch	20637	3738	818	58	1	0
Promenade Branch	10764	7288	2234	361	7	0
Tropical Reef Station	27655	9191	2295	264	14	1
West Carrier Annex	9317	2582	171	6	0	0
Weston Branch	13731	7502	1685	130	35	0
<b>Totals</b>	<b>167265</b>	<b>64725</b>	<b>15776</b>	<b>2557</b>	<b>411</b>	<b>88</b>
<b>Percentages</b>		<b>38.70%</b>	<b>9.43%</b>	<b>1.53%</b>	<b>0.25%</b>	<b>0.05%</b>

Source: OIG Analysis of EDW-DDM.

# Appendix C: Analysis of Overtime and Penalty Overtime at Selected Delivery Units

Delivery Unit	Actual Overtime 2016	Actual Overtime 2017	Actual OT Percent Change FYs 2016-2017	Actual Penalty Overtime 2016	Actual Penalty Overtime 2017	Actual OT Percent Change FYs 2016-2017
Alridge Station	7,283	6,591	-9.50%	506	316	-37.55%
Blue Lagoon Branch	12,662	15,916	25.70%	537	1,304	142.83%
County Line Annex	11,383	9,910	-12.94%	171	141	-17.54%
Father Felix Varela Branch	11,259	12,585	11.78%	311	1,979	536.33%
Hialeah Carrier Annex	15,470	16,828	8.78%	2,233	2,816	26.11%
Hialeah Main Post Office	11,059	12,090	9.32%	1,331	1,810	35.99%
Hialeah Promenade Branch	18,449	22,165	20.14%	990	2,815	184.34%
Homestead Main Post Office	10,216	13,123	28.46%	1,385	2,427	75.23%
Jupiter Tequesta Branch	12,159	13,705	12.71%	1,021	1,295	26.84%
Kendall Carrier Annex	13,955	19,472	39.53%	360	1,397	288.06%
Melrose Vista Branch	17,770	17,831	0.34%	996	778	-21.89%
North Miami Branch	27,736	29,095	4.90%	643	893	38.88%
Tropical Reef Station	38,471	44,869	16.63%	1,844	4,257	130.86%
West Carrier Annex	19,945	23,385	17.25%	511	1,549	203.13%
Weston Branch	20,941	22,960	9.64%	1,624	1,414	-12.93%
<b>Total</b>	<b>248,758</b>	<b>280,525</b>	<b>12.77%</b>	<b>14,463</b>	<b>25,191</b>	<b>74.18%</b>

Source: OIG Analysis of eFlash data.

# Appendix D: Analysis of Late Arriving Dispatches by Processing Centers to Delivery Units

Late dispatches by the processing centers, which are late mail arrivals, were a concern at the 15 delivery units we visited. We analyzed<sup>23</sup> late dispatches for the two-week period we conducted field visits, from February 26 through March 9, 2018. Our analysis identified late dispatches occurred on average 41 percent of the time from the Miami P&DC (see Table 6), 70 percent from the Royal Palm P&DC (see Table 7) and 59 percent from the West Palm P&DC (see Table 8). We also reviewed the same period last year in 2017, which showed 11 delivery days during this two-week period with late dispatches by these three processing centers to the selected delivery units

**Table 6. Summary of Late Arriving Dispatches (Trips) from Miami P&DC<sup>24</sup> to Selected Delivery Units**

Delivery Unit	Feb 26, 2018 to March 9, 2018 <sup>25</sup>			Feb 26, 2017 to March 9, 2017 <sup>26</sup>		
	Days with Late Arriving Dispatches <sup>27</sup>	Average Minutes Late per Dispatch <sup>28</sup>	Average Percentage Trailer Load per Dispatch <sup>29</sup>	Days with Late Arriving Dispatches	Average Minutes Late per Dispatch	Average Percentage Trailer Load per Dispatch
Aldridge Station	2	54	0%	2	80	0%
Homestead Main Post Office	2	34	33%	4	44	35%
Blue Lagoon Station	7	198	0%			
County Line Annex	10	173	0%	10	120	16%
Father Felix Varela Branch	8	71	35%	1	40	0%
West Carrier Annex	11	118	50%	9	55	15%
<b>Grand Total</b>		<b>125</b>	<b>41%</b>		<b>76</b>	<b>25%</b>

Source: OIG Analysis of Surface Visibility Data.

<sup>23</sup> OIG eliminated all trips that were less than ten minutes late to be conservative.

<sup>24</sup> Dispatches made from Miami P&DC to Royal Palm and West Palm P&DC's are not included in our analysis.

<sup>25</sup> There are 11 delivery days between Monday February 26, 2018 and Friday March 9, 2018.

<sup>26</sup> There are 10 delivery days between Sunday February 26, 2017 and Thursday March 9, 2017.

<sup>27</sup> Based on P&DC staff scanning of dispatch departure times.

<sup>28</sup> The average difference between actual and scheduled dispatch times for all late departing trips to the selected delivery unit.

<sup>29</sup> The average trailer capacity for late dispatches recorded mail volume being dispatched. Only late trips with reported trailer capacity are included in this calculation.

**Table 7. Summary of Late Arriving Dispatches (Trips) from Royal Palm P&DC<sup>30</sup> to Selected Delivery Units**

Delivery Unit Name	Feb 26, 2018 to March 9, 2018			Feb 26, 2017 to March 9, 2017		
	Days with Late Arriving Dispatches	Average Minutes Late per Dispatch	Average Percentage Trailer Load per Dispatch	Days with Late Arriving Dispatches	Average Minutes Late per Dispatch	Average Percentage Trailer Load per Dispatch
FTL-Alridge Station	9	35	75%	6	37	48%
FTL-Melrose Vista Branch	7	54	28%			
FTL-Weston	8	49	73%	6	28	93%
Hialeah MPO	9	59	19%			
HIA-Promenade	9	54	26%			
HIA-Carrier Annex	9	49	34%	4	44	64%
Homestead MPO	5	57	31%			
MIA-Blue Lagoon Station	11	98	158%	10	208	47%
MIA-County Line Annex	7	70	57%	6	45	31%
MIA-Father Felix Varela Branch	11	46	44%	10	36	29%
MIA-Kendall Carrier Annex	1	273	58%			
MIA-North Miami Station	10	43	77%	8	38	67%
MIA-West Carrier Annex	11	126	146%			
POM-Tropical Reef Station	8	151	79%	3	28	70%
<b>Grand Total</b>		<b>83</b>	<b>70%</b>		<b>100</b>	<b>52%</b>

Source: OIG Analysis of Surface Visibility Data.

<sup>30</sup> Dispatches from Royal Palm P&DC to Miami and West Palm P&DCs are not included in our analysis.

**Table 8. Summary of Late Arriving Dispatches (Trips) from West Palm P&DC<sup>31</sup> to Selected Delivery Unit**

Delivery Unit Name	Feb 26, 2018 to March 9, 2018			Feb 26, 2017 to March 9, 2017		
	Days with Late Arriving Dispatches	Average Minutes Late per Dispatch	Average Percentage Trailer Load per Dispatch	Days with Late Arriving Dispatches	Average Minutes Late per Dispatch	Average Percentage Trailer Load per Dispatch
Jupiter PO <sup>32</sup>	11	85	59%	9	84	48%

Source: OIG Analysis of Surface Visibility Data.

<sup>31</sup> Dispatches from West Palm P&DC to Royal Palm and Miami P&DCs are not included in our analysis.

<sup>32</sup> Dispatches from the West Palm P&DC do not go directly to the JUP-Tequesta Branch. Instead their mail is dispatched to Jupiter MPO who then separates and dispatches the mail to JUP-Tequesta Branch. The JUP-Tequesta Branch was the only site in our sample served by West Palm Beach P&DC.

# Appendix E: Management's Comments

SOUTH FLORIDA DISTRICT



June 22, 2018

Lori Lau Dillard  
Director of Audit Operations

**SUBJECT:** Draft Audit Report – City Carriers Returning After 6:00 P.M.–  
South Florida District (Report Number DR-AR-18-DRAFT)

Thank you for the opportunity to address the finding of the audit of City Carriers Returning After 6:00 P.M. in the South Florida District. Management generally agrees with the findings but disagreed with the questioned cost. Management agreed that carriers in the South Florida District did not meet the goal of 100 percent of carriers returning by 6 pm and that carriers returning after 6 pm increased OT and POT work hour costs. However, management stated that South Florida District has had city carrier parcel growth of almost 13% compared to SPLY. This is one of the highest increases in the Southern Area, and those increased are expected to continue into the near future based on trends. Also, South Florida experiences large fluctuations in population due to seasonality issues which causes a strain on our delivery system.

The South Florida District does not agree with the OIG's assessment of "Questioned Costs" or "Funds Put to Better Use". TACS data from the same period (table below) was analyzed and the cost was determined to be \$32,838,865 or 22% lower than the amount of \$42,261,662 cited in the audit's the Monetary Impact. The "Funds Put To Better Use" appears to be based on speculation without a financial basis as it 1) uses the previously contested amount as its base, 2) erroneously presumes all time after 1800 is Overtime or Penalty Overtime (examples to the contrary, below), and 3) does not consider the growth, and projected future growth, of parcel delivery which is more labor intensive than letter or flat delivery.

	FY 16 Quarter 2		FY 16 Quarter 3		FY 17 Quarter 1		FY 17 Quarter 2		FY 17 Quarter 3		FY 18 Quarter 1		FY 18 Quarter 2		Total				
	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost					
After 1800 Hours Type	Rate*	Minis	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost				
Drift Time	\$4366	3,257	\$ 126,243	8,419	\$ 158,244	3,322	\$ 123,823	3,018	\$ 11,869	8,140	\$ 203,721	6,271	\$ 276,608	3,721	\$ 159,824	2,482	\$ 108,592	29,219	\$ 1,151,471
Overtime	\$2662	15,272	\$ 402,646	46,814	\$ 1,252,721	52,128	\$ 1,386,127	33,093	\$ 12,127,233	84,137	\$ 2,231,424	119,129	\$ 4,621,120	88,822	\$ 2,328,810	54,839	\$ 1,452,825	529,223	\$ 2,854,239
Penalty	\$2124	4,451	\$ 9,451	15,122	\$ 32,000,862	40,098	\$ 1,227,219	19,222	\$ 4,000,274	18,423	\$ 3,915,183	34,015	\$ 7,120,372	21,124	\$ 4,458,824	35,105	\$ 7,424,222	228,249	\$ 4,828,252
<b>Total</b>		<b>15,180</b>	<b>\$ 788,862</b>	<b>67,114</b>	<b>\$ 2,798,827</b>	<b>136,528</b>	<b>\$ 4,828,256</b>	<b>75,084</b>	<b>\$ 2,711,965</b>	<b>106,702</b>	<b>\$ 2,902,412</b>	<b>167,446</b>	<b>\$ 6,995,484</b>	<b>122,187</b>	<b>\$ 2,842,746</b>	<b>121,711</b>	<b>\$ 4,911,744</b>	<b>791,346</b>	<b>\$ 2,828,860</b>

**Example A**

Min to back to office	End Time	Overtime
17:52	18:30	0:38

With a 15-minute After 1800 hours rule, the amount of time on the clock following 1800 would be 0:38 hours (from 18:00 to 18:30). The carrier had an additional 2:30 of overtime, so the total overtime would be 3:06. This means that the total cost of overtime was \$1,281.60. By the end of the carrier had 1:30 hours of overtime after 1800 and 1:30 hours of penalty overtime after 1800.

**Example B**

Min to back to office	End Time	Overtime
17:52	18:05	0:13

With a 15-minute After 1800 hours rule, the amount of time on the clock following 1800 would be 0:13 hours (from 18:00 to 18:05). The carrier had an additional 1:50 of overtime, so the total overtime would be 2:03. This means that the total cost of overtime was \$540.66. By the end of the carrier had 0:20 hours of overtime after 1800 and 1:40 hours of penalty overtime after 1800.

SOUTH FLORIDA DISTRICT

**Recommendation 1:**

We recommend the District Manager, South Florida District conduct a study of district mail processing operations at the three Processing and Distribution Centers and improve mail flow within and between the plants, and to delivery units.

**Management Response/Action Plan:**

The Senior Plant manager has begun to conduct a study of the mail processing operations. As such, mail processing operations has begun to realign its processing profile and staffing via their Run Plan Generators (RPG's) to better align start and stop times based on mail arrival from mailers and collection times. Change the batting order on the Flat Sequencing System (FSS) processing window to match volume profiles which will enable processing to end earlier and achieve the clearance times (CT). Working with the Southern Area to determine additional package processing equipment needs. Realigning the Transportation network from the Miami P&DC and Royal Palm Processing Center. We have begun daily reviews with the Southern Area on operational clearance time compliance and adjustments to meet targets. The District will continue to evaluate the mail processing and transportation operations.

**Target Implementation Date: September 7, 2018**

**Responsible Official: Henry Dominquez, Senior Plant Manager**

**Recommendation 2:**

We recommend the District Manager, South Florida District instruct delivery unit management to properly report and record all instances of late mail arrival and improper mail mix in the correct section in the Customer Service Daily Reporting System and Delivery Operations Information System.

**Management Response/Action Plan:**

South Florida District has in the past and continues to instruct delivery unit management to adhere to the proper reporting procedures. Additionally, SFD has created a power point training presentation that will be issued to the field along with the Customer Service Daily Reporting System Guidelines and definitions with a certification due back to the District by June 27, 2018 that all EAS and Acting Supervisors in Customer Service have read and are in compliance with the work instruction. All EAS or A/EAS on leave during certification will be required to complete it upon their return.

**Target Implementation Date: June 27, 2018**

**Responsible Official: Kris Novy**

**Recommendation 3:**

We recommend the District Manager, South Florida District direct Plant Managers and Manager, Operation Program Support update mail arrival profiles and integrated operating plans with agreement by plant and delivery unit management that reflect accurate mail arrival times and mail mix.

**Management Response/Action Plan:**

2



SOUTH FLORIDA DISTRICT



Operations and Delivery will work together to revamp Integrated Operating Plans to better meet the needs of each group. With the change from Highway Contract Routes (HCR) to Postal Vehicle Service (PVS) we have added additional drivers to the fleet and begun to assign routes to specific drivers. These will be aligned with the IOP agreements to match operating window clearance and unit arrival time schedules. Meetings have already begun to adjust pre-closeout and closeout trips and plans are in place to begin full reviews of morning transportation within the next 30 days.

Target Implementation Date:

September 1, 2018

Responsible Official:

Alex Alejandro, Manager Operations Program Support  
Henry Dominguez, Senior Plant Manager

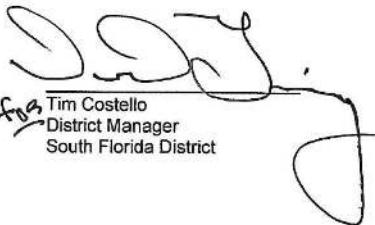
Recommendation 4:

We recommend the District Manager, South Florida District develop and execute a plan to review current package volume data for city delivery units and modify route base package volumes and route values through the route count and inspection process or minor route adjustments.

Management Response/Action Plan:

Delivery Programs will be developing the fall and spring route adjustment schedules through Formal Inspections and adjusting zones through the Minor Route Adjustment process. We will be performing our annual rly review of routes to identify and select the delivery ZIP codes that will have a formal inspection done. The list of delivery units will also be finalized for the adjustments done as a minor in order to update and adjust routes accordingly with volumes and evaluated times. These schedules will be finalized by July 20<sup>th</sup> and submitted to the Area Office for approval. We have also conducted 1 training class for certification on route inspections on June 4<sup>th</sup>, 2018 through June 8<sup>th</sup>, 2018. We have and have a 2<sup>nd</sup> class scheduled starting June 18<sup>th</sup>, 2018. In addition we will be setting up additional classes for supervisors and managers for street inspections using the form 3999 and office performance using form 1838C.

Target Implementation Date: July 20, 2018 for schedules to be finalizedResponsible Official: Kris Novy, Manager Delivery Programs

  
 fcs Tim Costello  
 District Manager  
 South Florida District



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