



OFFICE OF INSPECTOR GENERAL

UNITED STATES POSTAL SERVICE

City Carriers Returning After 6 P.M. - Los Angeles District

Audit Report

Report Number
DR-AR-16-011

September 15, 2016





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UNITED STATES POSTAL SERVICE

Highlights

City carriers returning to delivery units after 6 p.m. increased the district's overtime and penalty overtime workhour costs.

Background

Strong customer 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 Los Angeles District's package volume increased from 62.3 million in fiscal year (FY) 2014 to 69 million in FY 2015 – an increase of about 11 percent. This growth is a direct result of eCommerce and initiatives such as Sunday delivery, grocery delivery services, and Ship from Store, a service where the Postal Service picks up and delivers customer orders from local stores. Package deliveries now regularly occur as early as 3 a.m. and as late as 10 p.m.

The Postal Service's goal is to have 90 percent of city carriers 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 operational goals for mail processing.

In FY 2015, the Los Angeles District's 4,445 city carriers and CCAs delivered about 2.2 billion mailpieces to over 2 million delivery points on 3,102 routes.

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

What The OIG Found

City carriers and CCAs in the Los Angeles District did not meet the goal of 100 percent returning to the office by 6 p.m. In FY 2015, 82 percent of city carriers and CCAs returned to the office by 6 p.m. in the Los Angeles District. Our analysis of 15 randomly selected delivery units found similar results. Our review showed that only 84 percent of city carriers and CCAs returned by 6 p.m. and some were on the street as late as 10 p.m.

These conditions occurred due to outdated route adjustments and base package volumes, unfilled supervisor vacancies, insufficient supervision at city delivery operations, late mail arrival, and improper mail mix. These conditions were also due to staffing issues that included unfilled city carrier vacancies, the inability to retain CCAs, and incomplete city carrier and CCA complement data.



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During our audit, management filled city carrier vacancies at the 15 delivery units we visited and updated incomplete city carrier and CCA authorized complement data; therefore, we will not make recommendations on these issues.

City carriers returning to delivery units after 6 p.m. increased the district's overtime and penalty overtime workhour costs. The Los Angeles District's use of additional overtime and penalty overtime workhours resulted in about \$31 million in questioned costs annually. Improving staffing and adjusting routes and mail flow could eliminate excess overtime and penalty overtime and help the district realize a cost avoidance averaging \$27.3 million annually.

What The OIG Recommended

We recommended management evaluate actual package volume data for city delivery units and modify route base package volume estimates through route adjustments or minor route adjustments. We also recommended management fill supervisor vacancies within 6 months and provide city delivery supervisory training to all promoted and temporary supervisors, where appropriate; properly report and record all instances of late mail arrival and improper mail mix in the Customer Service Daily Reporting System and Delivery Operations Information System; and conduct a study to evaluate the impact and cost of late mail arrival and improper mail mix dispatched to delivery units and take appropriate action.

Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

September 15, 2016

MEMORANDUM FOR: ALFRED SANTOS JR.
DISTRICT MANAGER, LOS ANGELES DISTRICT

E-Signed by Janet Sorensen
VERIFY authenticity with eSign Desktop

A handwritten signature in cursive script, appearing to read "Janet M. Sorensen", written over a light gray background.

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

SUBJECT: Audit Report – City Carriers Returning After 6 P.M. –
Los Angeles District (Report Number DR-AR-16-011)

This report presents the results of our audit of City Carriers Returning After 6 p.m. – Los Angeles District (Project Number 16XG022DR000).

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

Attachment

cc: Corporate Audit and Response Management
Vice President, Delivery Operations

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Findings

The U.S. Postal Service's goal is to have 90 percent of city carriers return from street operations before 5 p.m. and 100 percent return by 6 p.m.

City carriers and CCAs in the Los Angeles District did not meet the goal of 100 percent returning to the office by 6 p.m.

Introduction

This report presents the results of our audit of city carriers returning after 6 p.m. in the Los Angeles District (Project Number 16XG022DR000). Our objective was to evaluate city carriers returning to the office after 6 p.m. in the Los Angeles District. See [Appendix A](#) for additional information about this audit.

Strong customer demand for goods purchased over the Internet has driven growth in the package market. Between fiscal years (FY) 2014 and 2015, the Los Angeles District's package volume increased from 62.3 million to 69 million (11 percent). In FY 2015, the Los Angeles District's 4,445 city carriers and city carrier assistants (CCA)¹ delivered about 2.2 billion mailpieces to over 2 million delivery points on 3,102 routes.

The U.S. Postal Service's goal is to have 90 percent of city carriers return from street operations before 5 p.m. and 100 percent return by 6 p.m. Carriers returning to their units on time helps the Postal Service meet its operational goals for mail processing.

Summary

City carriers and CCAs in the Los Angeles District did not meet the goal of 100 percent returning to the office by 6 p.m. In FY 2015, 82 percent of city carriers and CCAs returned to the office by 6 p.m. in the Los Angeles District. Our analysis of 15 randomly selected delivery units found similar results. Our review showed 84² percent of city carriers and CCAs returned by 6 p.m. and some were on the street as late as 10 p.m.

These conditions occurred due to outdated route adjustments and base package volumes, unfilled supervisor vacancies, insufficient supervision at city delivery operations, late mail arrival, and improper mail mix. These conditions were also due to staffing issues that included unfilled city carrier vacancies, the inability to retain CCAs, and incomplete city carrier and CCA complement data. During our audit, management addressed the vacancies and incomplete complement data for carriers and CCAs; therefore, we are not making recommendations on these issues.

City carriers returning to delivery units after 6 p.m. increased the district's overtime (OT) and penalty overtime (POT) workhour costs. The Los Angeles District's use of additional OT and POT workhours resulted in about \$31 million in questioned costs annually. Improving staffing levels and adjusting routes and mail flow could eliminate excess OT and POT and help the district realize an annual cost avoidance averaging \$27.3 million.

We also identified inadequate safeguards over money orders and stamp stock at two delivery units. Management immediately initiated corrective action on these matters; therefore, we are not making a recommendation on this issue.

Carriers Returning After 6 P.M.

City carriers and CCAs in the Los Angeles District did not meet the goal of 100 percent returning to the office by 6 p.m. In FY 2015, 82 percent of city carriers and CCAs returned to the office by 6 p.m. in the Los Angeles District. Our analysis of 15 randomly selected delivery units found similar results. Our review showed 84 percent of city carriers and CCAs returned by

¹ A non-career, bargaining unit employee who performs the full range of city carrier duties.

² We calculated the percentage of carriers returning by and after 6 p.m. using the number of carriers clocked to Labor Distribution Code 22 (street) divided by the number of instances of carriers returning by and after 6 p.m.

6 p.m. and about 100 percent returned by 10 p.m. (see [Table 1](#)). Specifically, at one location we identified 3,764 (66 percent) instances of carriers returning to the office by 6 p.m. and 5,651 (99 percent) instances of carriers returning by 10 p.m. (see [Appendix B](#)).

Table 1. City Carriers and CCAs Returning Between 6 p.m. and 10 p.m.

FY 2015	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.
Percentage	83.94%	95.26%	98.76%	99.67%	99.90%

Source: U.S. Postal Service Office of Inspector General (OIG) analysis of Enterprise Data Warehouse (EDW)³ – Delivery Data Mart (DDM) data.

City carriers returning to delivery units after 6 p.m. increased the district’s OT and POT workhour costs by 9 percent and 47 percent, respectively, from FY 2014 to FY 2015, at the units we analyzed (see [Table 2](#)). At one location, OT increased by 91.65 percent and POT by 208.65 percent (see [Appendix C](#)). Overall, the Los Angeles District’s use of additional OT and POT workhours resulted in \$62 million in questioned costs.⁴ Improving staffing levels and adjusting routes and mail flow could eliminate excess OT and POT and help the district realize a cost avoidance of about \$54 million over 2 years.

Table 2. OT and POT Workhours

Hours Type	2014 Actual	2015 Actual	Percentage Change
OT	291,676	318,180	9.09%
POT	32,308	47,384	46.66%

Source: eFlash⁵.

These conditions occurred due to:

- **Outdated Route Adjustments and Base Package Volume.** Route adjustments and base⁶ volume data was outdated at 10 of 15 delivery units. The district’s City Delivery Route Alternative Adjustment Process⁷ team did not complete route adjustments on 272 of 710 (38 percent) routes at these delivery units from March 2010 to April 2014.

We analyzed route base data from the last route inspection and calculated the average route base volume for packages as of FY 2015 at 10 units. Our analysis showed that the number of packages had increased by an average of 527 percent since the last route adjustment at these units (see [Table 3](#)). Carriers delivered more packages on their routes than the base volumes established during the last route inspection. This increase contributed to carriers returning after 6 p.m. and exceeding planned OT and POT.

³ The repository intended for all data and the central source for information on retail, financial, and operational performance.

⁴ Questioned costs for the following eight quarters (Q): FY 2014, Q3 through FY 2016, Q2.

⁵ An operating reporting management system that, on a weekly basis, reports data from delivery, mail processing, customer service, and other functions.

⁶ The number of route base packages based on data from the implementation date of an inspection and/or adjustment.

⁷ 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 3. OIG Analysis of Change in Route Base and Actual Package Volumes

Delivery Unit	Date of Last Route Adjustment	Number of Routes	Average Total Base Packages per Day at Date of Last Route Adjustment⁸	FY 2015 eFlash Packages	Average Number of Packages per day⁹	Package Increase Since Last Route Adjustment
Artesia Post Office	April 2014	43	1,086	1,125,447	3,726.65	243%
Griffith Station	June 2013	21	329	546,471	1,809.51	450%
Harbor City Post Office	February 2012	14	107	286,137	947.47	785%
Hollywood Station	March 2012	57	932	1,691,505	5,601.01	501%
Long Beach General Mail Facility	January 2012	9	157	497,221	1,646.43	949%
Long Beach Pacific Station	February 2012	21	143	379,535	1,256.74	779%
Nat King Cole Station	April 2012	31	315	668,380	2,213.18	603%
Rimpau Station	March 2010	37	287	664,167	2,199.23	666%
West Los Angeles Station	August 2011	34	404	92,225	305.38	-24%
Wilmington Post Office	August 2011	21	278	348,733	1,154.75	315%
Total		288	4,038	6,299,821	20,860	527%

Source: OIG analysis of eFlash and EDW.

- **Unfilled Supervisor Vacancies.** City delivery units had unfilled supervisor vacancies. As of April 12, 2016, seven of the selected delivery units had 28 supervisor positions authorized, with nine (32 percent) vacancies (see Table 4).

Table 4. OIG Analysis of Supervisor Vacancies

Delivery Unit	Total Authorized	Total On the Rolls	Total Vacancies
Harbor City Post Office	1	0	1
Long Beach Downtown Station	4	2	2
Long Beach General Mail Facility	3	2	1
Nat King Cole Station	2	1	1
San Pedro Post Office	4	3	1
Santa Monica Post Office	6	4	2
Torrance Post Office	8	7	1
Total	28	19	9

Source: Web Complement Information System (webCOINS).¹⁰

⁸ The total average base packages per day is the total for each unit.

⁹ The delivery unit's total package volume divided by 302 delivery days.

¹⁰ Publication 32, *Glossary of Postal Terms*, defines webCOINS application as a web interface that displays and stores information about employee complement details down to the office or unit level. The system gives local management a resource for monitoring and tracking employee complement.

Supervisor vacancies added to span of control¹¹ challenges at these delivery units. Although the Postal Service does not have a defined span of control goal for delivery operations, our analysis of the 15 delivery units found span of control ratios from no supervisor for 21 city carriers at one unit to one supervisor for 51 city carriers at another unit (see [Appendix D](#)). During our observations, we also noted newly promoted or temporary supervisors were often not familiar with all the requirements for supervising city delivery operations, which contributed to the increase in OT and POT at the delivery units.

District officials were aware of experience issues with new supervisors and stated they will assist with training all newly hired supervisors. Management informed us that the district established a Kaizen team to review, monitor, and address the top 10 critical delivery units focusing on all operational issues, including staffing and supervisory training.

- **Insufficient Supervision of City Delivery Operations.** Delivery unit supervisors did not always supervise and provide oversight in delivery operations. Specifically, supervisors did not always review Delivery Operations Information System (DOIS)¹² reports, the Delivery Management System (DMS),¹³ and the Regional Intelligent Mail Server (RIMS)¹⁴ to monitor city carrier performance during street delivery.

Supervisors were also unaware of the requirement to complete Postal Service (PS) Form 3999, Inspection of Letter Carrier Route, because they believed the district put together a team to complete these forms. District officials stated that they established a temporary team to update the district's PS Forms 3999. But, once the temporary team met its objective, district officials did not clearly communicate to unit management that each supervisor must complete the updated PS Form 3999 for his or her unit.

Finally, supervisors were unaware of how and when to use the GEO Delivery tool in DOIS to pivot routes across multiple DOIS identification numbers. The enhanced mapping web-based tool is used to assign carrier pivots¹⁵ and for auxiliary street assistance. District officials stated they would help delivery units that were having issues assigning pivots in GEO Delivery.

- **Late Mail Arrival and Improper Mail Mix.** At 10 of the 15 delivery units, mail did not always arrive on time or in the proper mail mix from the Los Angeles Processing and Distribution Center (P&DC) as outlined in the unit's mail arrival profile (MAP).¹⁶ Furthermore, these units were not properly reporting and recording instances of late mail arrival and improper mail mix in the Customer Service Daily Reporting System (CSDRS) or DOIS.

In addition to frequently arriving late, dispatches from the P&DC often contained quantities of working mail (mail requiring manual sorting by clerks and casing by carriers) in excess of the volumes agreed upon in the MAP. The Postal Service designed the MAP to help stabilize mail flow by setting delivery units' and P&DCs' expectations for mail arrival and quantity. This information is critical to establishing appropriate staffing and reporting times to eliminate carrier delays.

11 The number of subordinates in an organization who report directly to one supervisor.

12 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.

13 DMS provides visibility on packages, vehicles, routes, and actual deliveries in real time.

14 RIMS captures geo-location and scan data from mobile delivery devices.

15 A management tool to identify workload to adequately staff delivery operations.

16 The MAP documents the specific requirements of the integrated operating plan (IOP) between the plant and delivery units. The plan includes track arrival times, as well as what mail, by type and quantity, will arrive on each trip in order for the unit to be successful.

Timely arrival of mail from the processing site is crucial. A key target is to have 80 percent of all caseable, available mail distributed to the carriers prior to scheduled reporting times. The senior plant manager stated the MAPs are constantly reviewed and adjusted on a case-by-case basis. However, additional mail often arrives for a delivery unit after the plant has processed the mail for that unit into delivery point sequence (DPS).¹⁷ In these cases, the plant makes every attempt to at least process the additional mail to carrier route. But, if time does not permit this, the mail is dispatched to the delivery unit as working mail.

District management informed OIG they created a local uniformed reporting system for delivery units to document their mail arrival and improper mail mix issues in September 2015. District officials instructed unit management to email mail arrival quality issues to the Los Angeles District email account for review during the Mail Arrival Quality/Plant Arrival Quality (MAQ/PAQ) teleconferences.

Further, supervisors could not always return automation compatible mail¹⁸ to the P&DC for processing into DPS. According to district officials, the Pacific Area implemented a policy requiring the district manager's approval before unworked mail could be returned to the P&DC. Because of this policy, the delivery units did not return automation compatible mail to the P&DC for processing into DPS, but, instead, instructed clerks to manually sort this mail at the delivery units. Therefore, city carriers had to wait for and case mail (put mail in delivery order) that should have been in DPS or sequenced order when it arrived from the P&DC. This additional work delayed carriers starting their street delivery and contributed to carriers returning after 6 p.m. and the increased use of OT and POT.

District officials stated they were aware of the impact to delivery operations of late mail arrival and improper mail mix, as well as the decision not to return automation compatible mail to the P&DC. As a result, the district established a MAQ/PAQ committee¹⁹ that meets daily to discuss late mail arrival and the condition of mail received from the P&DC and its impact on delivery units. District officials stated the delivery units are the recovery operations for mail that was not properly worked by the P&DC.

For example, during one of our site visits, mail processing officials contacted delivery units to inform them that the P&DC was still processing Priority Mail and the dispatch would not arrive until noon. District management instructed delivery supervisors that carriers were required to deliver this mail the same day. The senior plant manager stated the decision to connect late arriving mail to the delivery units is made at the district level. For example, if an aircraft or truck arrives late at the P&DC, the plant manager may decide to attempt to rescue this mail because the first priority is meeting customers' needs. The district evaluates each situation to determine if it can rescue this mail, taking into consideration the cost of doing so.

- **Unfilled City Carrier Vacancies.** City delivery units had a high number of vacancies for city carriers. Specifically, our analysis identified 80 city carrier vacancies for the 15 selected delivery units as of August 6, 2016 (see [Table 5](#)).

¹⁷ Publication 32, *Glossary of Postal Terms*, defines DPS as an automated process of sorting mail by carrier routes into delivery order, eliminating the need for carriers to sort the mail manually in the delivery unit prior to their departure to the routes. *Field Operations Standardization Development, Morning (AM) Standard Operating Procedures (AMSOP) II Guidebook*, Section 1-2, 2007. The AMSOP provides standardized methods and processes to all delivery units.

¹⁸ Automation compatible includes mail that is machinable and the address, ZIP+4 code, delivery point, facing identification mark, and penalty indicia are correct.

¹⁹ The MAQ PAQ committee consist of representatives from delivery, mail processing, and transportation.

Table 5. OIG Analysis of City Carrier Vacancies

Delivery Unit	City Carrier Vacancies
Artesia Post Office	2
Griffith Station	1
Harbor City Post Office	1
Hollywood Station	6
Long Beach Downtown	3
Long Beach General Mail Facility	4
Long Beach Pacific Station	2
Manhattan Beach – El Segundo Station	9
Nat King Cole Station	2
Rimpau Station	2
San Pedro Post Office	2
Santa Monica Post Office	20
Torrance Post Office	21
West Los Angeles Station	3
Wilmington Post Office	2
Total	80

Source: webCOINS.

District officials indicated they are constantly addressing staffing challenges and plan to fill vacant positions. District officials stated they do not track CCA vacancies in webCOINS, a system that stores employee complement data, because they are non-career employees. As of June 30, 2016, district officials converted 37 CCAs to full-time career employees and hired 127 CCAs for city delivery. Therefore, we will not make recommendations to fill city carrier vacant positions.

- **Inability to Retain CCAs.** District officials stated they were frequently unable to retain CCAs. Specifically, district officials identified several challenges they face in retaining CCAs, including long hours, frequent weekend work, having no set schedule for days off, working in high-crime areas, and limited benefits.

Also, other local employers in retail and food services can often offer more attractive pay and benefits than CCAs receive. The Postal Service’s pay for CCAs starts at \$15.73 per hour, but with no benefits, while retail and food service businesses in the area offer \$10 to \$13.50 per hour with benefits for entry-level positions.

We also noted that 72²⁰ (12 percent²¹) of the city carriers were on limited duty at 13 of 15 delivery units we visited. According to district officials, having a high number of carriers on limited duty shifts the workload to other carriers or to CCAs, which contributed to overworked CCAs and staffing challenges.

20 The Los Angeles District has 388 of their total city carriers on roll complement of 5,085 in limited duty status (13 percent).

21 This is 12 percent of their total carrier on rolls complement of 876.

District officials are addressing retention challenges with CCAs during their new employee orientation by using strategies that include creating a mock route with various types of mail boxes, spending a week learning to case mail, and highlighting success stories of former CCAs that converted to full-time career employees. The OIG initiated the Non-Career Employee Retention audit in the Pacific Area that will address the retention challenges with CCAs. Therefore, we will not make a recommendation on CCA retention.

- **Incomplete City Carrier and CCA Authorized Complement Data.** The city carrier and CCA complement data in webCOINS was incomplete. Our analysis of city carrier and CCA staffing as of March 31, 2016, identified 612 authorized city carrier positions at seven of 15 delivery units and no CCA authorized positions at 15 delivery units (see Table 6).

Table 6: OIG Analysis of City Carrier and CCA Authorized Complement

Delivery Unit	Authorized Complement ²²			
	City Carrier	Part-Time Flexible (PTF)	CCA	TOTAL
Artesia Post Office	0	0	0	0
Griffith Station	35	5	0	40
Harbor City Post Office	0	0	0	0
Hollywood Station	64	12	0	76
Long Beach Downtown	0	0	0	0
Long Beach General Mail Facility	0	0	0	0
Long Beach Pacific Station	0	0	0	0
Manhattan Beach – El Segundo Station	78	14	0	92
Nat King Cole Station	53	5	0	58
Rimpau Station	48	11	0	59
San Pedro Post Office	0	0	0	0
Santa Monica Post Office	183	27	0	210
Torrance Post Office	0	0	0	0
West Los Angeles Station	69	8	0	77
Wilmington Post Office	0	0	0	0
Total	530	82	0	612

Source: webCOINS.

²² As of March 31, 2016.

District officials did not update city carrier authorized complement data for the remaining eight locations and CCA authorized complement data for all 15 delivery units in webCOINS. This reduces the assurance that the data used for carrier staffing is reliable and useful for managers to make vital staffing decisions.

During the audit, district officials took corrective action and updated the authorized complement data. Therefore, we will not make a recommendation to update city carrier and CCA authorized complement data in webCOINS.

Assets at Risk

Employees did not always properly secure and lock stamp stock inventory at two of the 15 locations we visited. This inventory included money orders and stamp stock worth \$41,008 (see Figures 1 and 2). Effective physical access controls protect Postal Service employees and assets. We brought these issues to the attention of the station managers. They took immediate corrective action, so we are not making a recommendation on these issues.

Figure 1. Assets at Risk



Source: OIG photograph taken on April 12, 2016.

Figure 2. Assets at Risk



Source: OIG photograph taken on April 13, 2016.

Recommendations

We recommend the district manager, Los Angeles District:

1. Evaluate actual package volume data for city delivery units and modify route base package volume estimates on routes through route adjustments or minor route adjustments.
2. Fill vacancies for supervisors within 6 months.
3. Provide city delivery supervisory training to all promoted and temporary supervisors, where appropriate.
4. Instruct delivery unit management to properly report and record all instances of late mail arrival and improper mail mix in the Customer Service Daily Reporting System and Delivery Operations Information System.
5. Direct the Mail Arrival Quality/Plant Arrival Quality committee to conduct a study to evaluate the impact and cost of late mail arrival and improper mail mix dispatched to delivery units and take appropriate action.

Management's Comments

Management generally agreed with the findings and recommendations but disagreed with the questioned costs. Management agreed that carriers in the Los Angeles District did not meet the goal of 100 percent of carriers returning by 6 p.m. and that carriers returning after 6 p.m. increased the district's OT and POT workhour costs. However, management stated that the Los Angeles District is a high-growth market for Amazon Fresh Customized deliveries and those deliveries are expected to occur as late as 9 p.m. plus travel time back to the unit.

Management questioned the OIG's use of city carriers' paid OT and POT workhours and the calculated planned OT and POT workhours. Management stated that the analysis should have used actual city carrier OT and POT workhours and city delivery planned OT and POT workhours as reported in eFlash. Using these reports, management stated that the questioned costs should be \$81,174,316.

In response to recommendation 1, management agreed with evaluating actual package volume data for city delivery units and modifying route base package volume estimates through route adjustments. Management stated that the actual package volume for the district has increased by 19.8 percent over the same period last year. Management also stated they are currently using the City Delivery Route Alternative Adjustment Process (CDRAAP) and agrees that the route adjustments are necessary to right-size the units and modify routes' base package volumes. Management will put together a route adjustment plan to begin route inspections by March 31, 2017.

In response to recommendation 2, management agreed to fill supervisor vacancies within 6 months. Management will complete this by September 30, 2017.

In response to recommendation 3, management agreed to provide city delivery supervisory training to all promoted and temporary supervisors, where appropriate. Management plans to provide ongoing training to all promoted and temporary supervisors by September 30, 2017.

In response to recommendation 4, management agreed to properly report and record all instances of late mail arrival and improper mail mix daily. Management stated they are currently using the MAQ/PAQ process as an alternative to reporting and recording all instances of late mail arrival and improper mail mix. Management has all offices use the district's website to report mail arrival variances and mail quality issues on a daily basis and upload pictures to document the issues and information to allow processing plant partners to remedy the issues. Further, plant operations personnel also report PAQ issues coming from delivery units. Management stated they are reviewing issues from the MAQ/PAQ report daily in a joint teleconference with district officials and representatives from delivery, mail processing, transportation, and maintenance. In subsequent discussions with management, they stated that although they previously told delivery units to record late-arriving mail and provide appropriate comments in Customer Service Daily Reporting System (CSDRS), they will send out the *CSDRS User Guide* to all delivery units reminding them to record all instances of late-arriving mail and include comments regarding improper mail mix. Management will also instruct delivery units to record all instances of late mail arrival and improper mail mix in the DOIS under SPLY Impacts. Management will complete this by September 8, 2016.

In response to recommendation 5, management agreed to direct the MAQ/PAQ committee to conduct a study evaluating the impact and cost of late mail arrival and improper mail mix dispatched to delivery units and take appropriate action. Management agrees that late trips and improper mail mix dispatches on late trips have been a contributing factor to city carriers returning to delivery units after 6 p.m. Management stated they implemented district Kaizen teams were to review processes to reduce the late trips and correct the mail mix on trips. In addition, plant operations recently minimized late trucks. In subsequent discussions with management, they stated the district will use LSS principles to improve late trips and improper mail mix. Management stated they will use district Kaizen teams to achieve the desired results for delivery point sequence, flats sequencing system, AM trips on time, and Arrival at Unit by 7:30 a.m., to improve late mail arrival and improper mail mix. Management also stated that Kaizen teams will work toward reducing late trips along with improving automated mail dispatched to delivery units, which should decrease the number of carriers returning after 6 p.m. Management will complete this by December 31, 2016.

See [Appendix C](#) for management's comments in their entirety.

Evaluation of Management's Comments

The OIG considers management's comments responsive to the recommendations in the report.

Regarding management's disagreement with our questioned costs calculations, the OIG used the *Payroll Summary Report* from EDW-ADM instead of eFlash to identify total OT and POT workhours. The *Payroll Summary Report* identifies actual paid OT and POT versus eFlash, which identifies charged OT and POT workhours for city carriers.

We also calculated planned OT and POT workhours using the target percentages for the Los Angeles District provided by the Pacific Area's Finance officials versus eFlash city delivery planned OT and POT workhours. The eFlash city delivery planned OT and POT workhours include planned OT and POT workhours for supervisors, which increases planned workhours. We calculated the planned OT and POT workhours for city carriers because eFlash does not report planned OT and POT workhours for only city carriers. We multiplied the planned workhours for city carriers as reported in eFlash by target OT and POT percentages for the district. We believe the variance between OT and POT hours paid and OT and POT hours planned for city carriers based on target percentages were best suited for calculating questioned costs and projecting funds put to better use.

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

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Appendix A: Additional Information

Background

City carriers and CCAs play a vital role in the operation of the Postal Service and are among the most visible employees to the public. Their office duties include casing mail, preparing parcels for delivery, and loading their vehicles. While on the street, carriers both deliver and collect mail along their route, and return to the delivery unit with collection mail.²³

The Los Angeles District's package volume increased from 62.3 million pieces in FY 2014 to 69 million pieces in FY 2015 — an increase of 11 percent. The growth is a direct result of eCommerce and initiatives such as Sunday delivery, grocery delivery services, and Ship from Store, a service where the USPS picks up and delivers customer orders from local stores. Package deliveries now regularly occur as early as 3 a.m. and as late as 10 p.m.

Objective, Scope, and Methodology

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

- Obtained and analyzed data from EDW-DDM from FY 2015 through Q1, FY 2016,²⁴ to rank the 67 districts from highest to lowest in terms of percentage of instances of city carriers returning after 6 p.m.
- Selected the Los Angeles District for review because it has the third highest percentage of instances of carriers returning after 6 p.m. in the nation. We then ranked each Los Angeles District delivery unit from highest to lowest in terms of percentage of instances of city carriers returning after 6 p.m. based on data from EDW.
- Randomly selected and reviewed 15 high, medium, and low performing delivery units, using the percentage of instances of carriers returning after 6:00 p.m.
- Obtained, analyzed, and reviewed city delivery street operations data such as carriers returning after 6:00 p.m., Managed Service Points Data Integrity Report, route base information from EDW-DDM, city carrier, CCA, and supervisor staffing condition report from webCOINS and the Staffing and Scheduling Tool, (SST)²⁵ and OT and POT workhours from eFlash and EDW-ADM.
- Conducted interviews on-site and obtained information on city carrier street operations, unit operations, processes, and procedures.
- Reviewed documentation and applicable policies and procedures for city delivery.

We conducted this performance audit from March through September 2016, 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 August 10, 2016 and included their comments where appropriate.

²³ Mail deposited into a collection box or lobby drop, as well as mail collected by carriers on their delivery routes.

²⁴ We calculated the percentage by dividing the number of instances of carriers returning after 6:00 p.m. by the number of carriers clocked into street hours.

²⁵ This tool helps optimize scheduling and bids for operations management.

We relied on data obtained from Postal Service operational systems including EDW, eFlash, webCOINS, and SST. We assessed the reliability of data by confirming the data with management and determined that the data were sufficiently reliable for the purpose of this report.

Prior Audit Coverage

Report Title	Report Number	Final Report Date	Monetary Impact (in millions)
<i>City Letter Carriers Returning After 5 P.M. – Capital District</i>	DR-AR-14-006	7/21/2014	None

Report Results: The report determined city carriers in the Capital District returned after 5 p.m. because mail coming from processing facilities did not always meet times established in the IOP and management did not always properly supervise city delivery operations. Adhering to IOPs will improve mail arrival time at delivery units; and better supervision of city letter carriers will reduce the number of carriers returning after 5 p.m., increase carrier safety, and reduce late mail delivery. Management agreed with our findings and recommendations.

Appendix B: City Carriers and City Carrier Assistants Returning Between 6 p.m. and 10 p.m. at Selected Delivery Units

Delivery Unit	Carriers Clocked to LDC 22	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.
Artesia Branch	10,416	9,103	10,022	10,309	10,398	10,416
Griffith Station	4,831	3,868	4,659	4,802	4,828	4,831
Harbor City Main Post Office	3,289	3,036	3,206	3,261	3,283	3,289
Hollywood Station	12,671	9,963	12,008	12,494	12,608	12,650
Long Beach Downtown Station	15,388	13,802	15,154	15,337	15,377	15,384
Long Beach General Mail Facility Station	3,840	3,553	3,654	3,740	3,802	3,834
Long Beach Pacific Station	5,181	5,149	5,180	5,181	5,181	5,181
Manhattan Beach – El Segundo Station	13,656	11,474	13,107	13,438	13,596	13,636
Nat King Cole Station	7,133	5,815	6,623	7,109	7,132	7,133
Rimpau Station	8,494	7,056	8,286	8,466	8,492	8,494
San Pedro Main Post Office	14,352	13,115	14,034	14,267	14,330	14,344
Santa Monica Main Post Office	5,706	3,764	4,453	5,291	5,570	5,651
Torrance Main Post Office	30,200	24,836	28,858	29,856	30,102	30,165
West Los Angeles Station	8,231	5,601	7,236	8,022	8,213	8,229
Wilmington Main Post Office	5,271	4,651	5,134	5,245	5,263	5,271
Totals	148,659	124,786	141,614	146,818	148,175	148,508
Percentage		83.94%	95.26%	98.76%	99.67%	99.90%

Source: OIG analysis of EDW – DDM.

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

Delivery Unit	2014 OT		2015 OT		Percentage Change	2014 POT		2015 POT		Percentage Change
	Planned	Actual	Planned	Actual		Planned	Actual	Planned	Actual	
Artesia Branch	10,634	14,163	11,656	16,810	18.69%	768	1,241	583	1,950	57.13%
Griffith Station	5,108	8,644	5,717	10,193	17.92%	369	430	286	1,007	134.19%
Harbor City Main Post Office	3,085	4,400	3,639	4,734	7.59%	223	163	182	490	200.61%
Hollywood Station	13,745	23,114	15,243	29,772	28.81%	993	1,086	762	2,952	171.82%
Long Beach Downtown Station	13,984	23,141	16,110	22,289	-3.68%	1,010	1,831	805	1,518	-17.09%
Long Beach General Mail Facility Station	3,601	3,031	6,600	5,809	91.65%	260	104	330	321	208.65%
Long Beach Pacific Station	4,491	3,033	5,113	3,384	11.57%	324	75	256	82	9.33%
Manhattan Beach – El Segundo Station	12,656	25,057	15,521	21,750	-13.20%	914	1,812	776	2,015	11.20%
Nat King Cole Station	7,276	12,667	8,268	13,844	9.29%	525	1,404	413	1,689	20.30%
Rimpau Station	8,824	12,934	9,774	17,372	34.31%	637	1,296	489	2,633	103.16%
San Pedro Main Post Office	12,813	20,111	14,519	16,224	-19.33%	925	2,386	726	1,423	-40.36%
Santa Monica Main Post Office	24,928	57,175	32,642	72,002	25.93%	1,800	12,126	1,632	17,654	45.59%
Torrance Main Post Office	31,837	58,511	35,710	57,046	-2.50%	2,299	6,024	1,785	9,377	55.66%
West Los Angeles Station	8,562	18,956	9,725	21,333	12.54%	618	2,020	486	3,868	91.49%
Wilmington Main Post Office	4,485	6,739	5,102	5,618	-16.63%	324	310	255	405	30.65%
Total	166,029	291,676	195,337	318,180	9.09%	11,991	32,308	9,767	47,384	46.66%

Source: OIG analysis of eFlash and EDW – ADM.

Appendix D: Analysis of Delivery Operations Span of Control

Delivery unit supervisors' span of control was a concern in many of the delivery units we visited. The Postal Service does not have a defined span of control goal for delivery operations.²⁶ For mail processing operations, there is a defined span of control, one supervisor per every 25 employees. Delivery unit span of control²⁷ at the 15 delivery units we visited had span of control ratios from no supervisor for 21 city carriers in one unit to one supervisor for 51 city carriers in another (see Table 7).

Table 7. Supervisor to Carrier Ratio

Station Name	Authorized Supervisor	Supervisor on Rolls	City Carriers	Span of Control ²⁸
Artesia Branch	3	2	65	1 : 33
Griffith Station	2	1	36	1 : 36
Harbor City Main Post Office	1	0 ²⁹	21	0 : 21
Hollywood Station	4	3	86	1 : 29
Long Beach Downtown Station	4	2	91	1 : 46
Long Beach General Mail Facility Station	3	2	53	1 : 27
Long Beach Pacific Station	2	1	31	1 : 31
Manhattan Beach – El Segundo Station	4	4	96	1 : 24
Nat King Cole Station	2	1	50	1 : 50
Rimpau Station	3	2	54	1 : 27
San Pedro Main Post Office	4	4	81	1 : 20
Santa Monica Main Post Office	7	6	169	1 : 28
Torrance Main Post Office	8	4	204	1 : 51
West Los Angeles Station	3	3	53	1 : 18
Wilmington Main Post Office	2	1	31	1 : 31

Source: OIG analysis of webCOINS.

²⁶ The Postal Service uses the Supervisory Workload Credit system to determine the number of supervisors, Customer Service Executive Administration and Salary (EAS-17), authorized at post offices and carrier stations.

²⁷ Staffing ratios are based on employees assigned to a particular unit as reported in webCOINS. This may not reflect employees detailed in or out of a station, craft employees detailed as acting supervisors, or employees on extended leave.

²⁸ We calculated the supervisor span of control by dividing the total number of city carriers by total number of supervisors on rolls.

²⁹ WebCOINS did not show a supervisor on the rolls at the unit. There is an acting temporary supervisor.

Appendix E: Management's Comments



September 1, 2016

MEMORANDUM FOR: SHERRY FULLWOOD
A/DIRECTOR AUDIT OPERATIONS
USPS-OIG

SUBJECT: Response to Draft Audit Report – City Carriers Returning After 6 P.M. - Los Angeles District (Report Number DR-AR-16-DRAFT)

Thank you for the opportunity to respond to the OIG Audit of City Carriers Returning After 6 P.M. in the Los Angeles District. The Los Angeles District generally agrees with the findings and recommendations noted in the audit pertaining to the performance of city carriers returning after 6 p.m. during the time frame of this audit. We do agree that carriers in the Los Angeles District did not meet the goal of 100 percent returning to the office by 6 pm in FY 2015. We also agree that City Carriers returning to the delivery units after 6 p.m. did increase the District's overtime and penalty overtime workhour costs. However, the Amazon Fresh Customized delivery will impact carriers out past 1800 as Los Angeles is a high growth market with expected delivery as late as 2100 plus travel time back to the office.

The Los Angeles District does not agree with Questioned Costs in the Monetary Impacts. The table below is eFlash data for the time period analyzed. OT Paid Variance in this report differs from OT Plan Variance in eFlash by 453,340 hours, and POT Paid Variance in this report differs from POT Plan Variance in eFlash by 18,097 hours. Using agreed upon labor rates the Total Cost of OT and POT over Plan is \$43,096,835. Using this number, Funds Put to Better Use is calculated at \$38,077,481. Total monetary impact is calculated at \$81,174,316.

	City Carrier OT Wkhrs Actual *	F2B OT Plan Hours*	OT Plan Var	F2B POT Wkhrs Actual	F2B POT Plan	POT Plan Var	Average OT Labor Cost Rate	Average POT Labor Cost Rate	OT Cost Paid Over Plan	POT Cost Paid Over Plan	Total Quarterly Cost of OT and POT over Plan
FY14 Q3	273,849	170,884	102,965	31,771	11,383	20,388	\$ 38.52	\$ 49.06	\$ 3,966,212	\$ 1,000,235	\$ 4,966,447
FY14 Q4	275,285	183,631	91,654	51,981	17,994	33,987	\$ 39.22	\$ 49.51	\$ 3,594,670	\$ 1,682,096	\$ 5,277,366
FY15 Q1	396,170	248,090	147,480	78,138	12,420	65,718	\$ 40.16	\$ 50.03	\$ 5,922,797	\$ 3,287,872	\$ 9,210,668
FY15 Q2	277,349	209,784	67,565	48,873	10,344	38,529	\$ 39.90	\$ 50.56	\$ 2,695,844	\$ 1,948,026	\$ 4,643,870
FY15 Q3	275,535	208,876	66,659	30,671	9,072	21,599	\$ 39.10	\$ 49.75	\$ 2,606,367	\$ 1,074,550	\$ 3,680,917
FY15 Q4	276,032	215,743	60,289	46,113	13,957	32,156	\$ 38.67	\$ 49.06	\$ 2,331,376	\$ 1,577,573	\$ 3,908,949
FY16 Q1	406,635	317,398	89,237	59,814	24,185	35,629	\$ 39.16	\$ 49.14	\$ 3,494,521	\$ 1,750,809	\$ 5,245,330
FY16 Q2	311,144	218,644	92,500	67,745	15,505	52,240	\$ 39.07	\$ 48.80	\$ 3,613,975	\$ 2,549,312	\$ 6,163,287
Totals	2,491,999	1,773,650	718,349	415,106	114,860	300,246	\$ 39.38	\$ 49.53	\$28,225,760	\$14,871,074	\$ 43,096,835

Source: eFlash

* City Carrier OT Wkhrs = F2B OT Hours (OT2B) - LDC 20 OT Hours (20OT) - F2B POT Hours (PO2B)

* F2B OT Plan Hours = F2B OT Plan Hours (OT2B) - F2B POT Plan Hours (PO2B)

Questioned Costs	\$43,096,835
Funds Put to Better Use	\$38,077,481
Total	\$81,174,316

Recommendation #1

We recommend management evaluate actual package volume data for city delivery units and modify route base package volume estimates through route adjustments or minor route adjustments.

Management Response/Action Plan

Los Angeles District agrees that the actual package volume has increased throughout the District over the past years. The current data shows that we are 19.8% over SPLY for Package Volume YTD for the District. We are currently still under the CDRAAP for route adjustments process. We agree that route adjustments are necessary to right size the units and modify the route base package volumes. In lieu of another CDRAAP, we will put together a route adjustment plan to begin route inspections in March of 2017.

Target Implementation Date

Conduct Inspections March-May 2017

Responsible Official

Al Santos, District Manager
Sue Labadie-Taylor, MOPS
Rick Perez, MD&CSP

Recommendation #2

We also recommended management fill supervisor vacancies within 6 months and provide city delivery supervisory training to all promoted and temporary supervisors, where appropriate.

Management Response/Action Plan

Los Angeles District concurs with this recommendation that supervisor vacancies should be filled within 6 months. We will fill vacancies in a timely manner and provide ongoing training with all promoted and temporary supervisors.

Target Implementation Date

FY 2017
District Complement Meeting weekly

Responsible Official

Al Santos, District Manager
Linda Shumate A/Manager HR
Sue Labadie-Taylor, MOPS

Recommendation #3

We recommend to properly report and record all instances of late mail arrival and improper mail mix in the Customer Service Daily Reporting System and Delivery Operations Information System; and to conduct a study to evaluate the impact and cost of late mail arrival and improper mail mix dispatched to the delivery units and take appropriate action.

Management Response/Action Plan

Los Angeles District agrees with this recommendation and we currently have a daily process for the proper reporting and recording of all instances of late mail arrival and improper mail mix in our Mail Arrival Quality/Plant Arrival Quality (MAQ/PAQ) process. We utilize our LA District website to have all offices report out on mail arrival variance and mail quality issues on a daily basis. Pictures are also uploaded to provide documentation of the issues and more information for our Plant partners to utilize in their efforts to remedy the issues. The Plant also reports out on PAQ issues coming from the Delivery Units. The issues on our MAQ/PAQ report are reviewed daily in a joint telecom with the MPOOs/MCSOs/DM/HPM/MOPS and IPS/Sr. MDO/MDOs/MIPS/SPM/Transportation Manager/Maintenance.

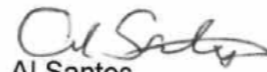
The Los Angeles District also agrees that late trips have been a contributing factor to the City Carriers returning to the delivery units after 6 p.m. The improper mail mix dispatched on late trips also impacts the potential for City Carriers returning after 6 p.m. Kaizen teams have implemented processes focused on reducing the late trips and correcting the mail mix on the trips. Plant operations have recently made improvements in minimizing late trucks.

Target Implementation Date

August 2016-MAQ/PAQ reporting currently in place

Responsible Official

Al Santos, District Manager
Mike Allen, Sr. Plant Manager
Ken Snavely, Postmaster LA
Gretchen Alspach, Lead Sr. MDO
DLT



Al Santos
District Manager, Los Angeles District



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