



OFFICE OF INSPECTOR GENERAL

UNITED STATES POSTAL SERVICE

U.S. Postal Service's
Delivering Results,
Innovation, Value,
and Efficiency
Initiative 30 –
Achieve 100 Percent
Customer and
Revenue Visibility

Audit Report

Report Number
MI-AR-15-004

June 12, 2015





OFFICE OF INSPECTOR GENERAL

UNITED STATES POSTAL SERVICE

Highlights

DRIVE 30 is designed to increase customer visibility to 95 percent and product visibility to 76 percent for meter revenue by FY 2017.

Background

In fiscal year (FY) 2011, the U.S. Postal Service established 36 Delivering Results, Innovation, Value, and Efficiency (DRIVE) initiatives to improve its business strategy. DRIVE aims to reduce the reported \$20 billion gap between revenue and expenses by FY 2016 through bold, aggressive initiatives with measurable outcomes.

DRIVE 30 – Achieve 100 Percent Customer and Revenue Visibility has six projects designed to increase customer visibility to 95 percent and product visibility to 76 percent for meter revenue by FY 2017. The Postal Service uses customer visibility to improve its sales and marketing efforts by identifying the owner of a mailpiece. Through product visibility, it obtains mail class revenue information about metered mail, which identifies products customers are using.

Our objective was to determine whether DRIVE 30 used established DRIVE project management processes.

What The OIG Found

DRIVE 30 managers did not follow established project management processes. Specifically, two roadmaps had gaps of more than 2 to 3 months between milestone dates. Based on the *DRIVE Governance Guide*, milestone dates should be no more than 6 weeks apart. When milestones are too far apart, it is difficult to effectively monitor and detect risks to the schedule and to demonstrate progress. In addition, 83 changes,

additions, or removals to project milestones were made in the Technology Management Office System without completing the required change request form. The *Meter Product Visibility* goal of a 2 percent improvement per year is not bold and aggressive, as it is not based on any activities that would improve the project goal beyond past performance.

These issues occurred because the Strategic Management Office did not ensure DRIVE governance requirements for DRIVE 30 were followed. As a result, executive-level managers could make less informed decisions because they cannot accurately evaluate project goals. There is no guarantee that key planning considerations have been taken into account before the change occurs.

Additionally, the initiative lead and roadmap owner did not identify new activities to improve meter product visibility. Instead, DRIVE 30 managers used this roadmap as a placeholder for monitoring, which is contrary to the purpose of DRIVE. As a result, visibility may not improve beyond what would occur through normal business activity.

What The OIG Recommended

We recommended management require initiative leads and roadmap owners to implement milestones at 4- to 6-week intervals and complete all appropriate forms when making changes to project goals. We also recommended management ensure that DRIVE goals are bold and aggressive.

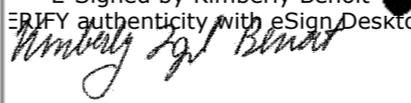
Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

June 12, 2015

MEMORANDUM FOR: EMIL J. DZURAY, JR.
DIRECTOR, STRATEGIC PLANNING

E-Signed by Kimberly Benoit
VERIFY authenticity with eSign Desktop


FROM: Kimberly F. Benoit
Deputy Assistant Inspector General
for Technology, Investment and Cost

SUBJECT: Audit Report – U.S. Postal Service’s Delivering Results,
Innovation, Value, and Efficiency Initiative 30 – Achieve 100
Percent Customer and Revenue Visibility
(Report Number MI-AR-15-004)

This report presents the results of our audit of the U.S. Postal Service’s Delivering Results, Innovation, Value, and Efficiency Initiative 30 – Achieve 100 Percent Customer and Revenue Visibility (Project Number 15TG011MI000).

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Michael Thompson, director, Major Investments, or me at 703-248-2100.

Attachment

cc: Corporate Audit and Response Management

Table of Contents

Cover	
Highlights	1
Background	1
What The OIG Found.....	1
What The OIG Recommended	1
Transmittal Letter.....	2
Findings	4
Introduction	4
Conclusion	4
Delivering Results, Innovation, Value, and Efficiency 30 Project Management.....	5
Goal Was Not Bold and Aggressive	6
Recommendations.....	8
Management’s Comments	8
Evaluation of Management’s Comments	8
Appendices.....	10
Appendix A: Additional Information	11
Background	11
Objective, Scope, and Methodology.....	13
Prior Audit Coverage	14
Appendix B: Management’s Comments.....	15
Contact Information	17

Findings

We identified two roadmaps with gaps of more than 2 to 3 months between milestone dates.

Introduction

This report presents the results of our self-initiated audit of the U.S. Postal Service's Delivering Results, Innovation, Value, and Efficiency (DRIVE) Initiative 30 – Achieve 100 Percent Customer and Revenue Visibility (Project Number 15TG011MI000). Our objective was to determine whether DRIVE 30 used established DRIVE project management processes. See [Appendix A](#) for additional information about this audit.

The Postal Service uses DRIVE to manage strategic programs designed to close an identified \$20 billion gap between revenues and expenses by fiscal year (FY) 2016. About \$16 billion of this amount depends on legislative action to reduce the Postal Service's obligation to prefund employee retirement benefits and healthcare. In FY 2011, the Postal Service defined 36 key DRIVE initiatives, each addressing a strategic program area.

Each initiative consists of roadmaps and projects with specific annual and cumulative goals for meeting cost-cutting and revenue-growth objectives. An initiative's charter outlines the goals of these projects and identifies the roadmaps that align to contribute to the overall success of the initiative. DRIVE initiatives should be bold and aggressive, with specific measurable outcomes that are realistic and include deadlines. The Strategic Management Office (SMO) tracks the Postal Service's performance and progress toward achieving these goals. The SMO also provides project management guidance and standardized processes for managing initiatives and reporting to the Executive Leadership Team (ELT).¹

DRIVE 30 has six roadmaps to develop consistent reporting of commercial revenue and sales performance and to create and implement data governance processes.² Through these results, the Postal Service should achieve the overall DRIVE 30 goal, which is to increase customer visibility to 95 percent and product visibility to 76 percent of meter revenue by FY 2017. Through customer visibility, the Postal Service identifies the actual owners of mailpieces and through product visibility it obtains mail class revenue information from customers who use meters.

Conclusion

DRIVE 30 managers did not always follow established DRIVE governance processes when planning, monitoring, and controlling overall project milestones and goals. Specifically, two roadmaps had gaps of more than 2 to 3 months between milestone dates. Milestone dates are required to be no more than 6 weeks apart. In addition, the SMO did not ensure the initiative lead³ and roadmap owner (RMO)⁴ completed the required change request form for approval date, stakeholder concurrence, and risk assessment before making 83 milestone changes in the Technology Management Office System (TMOS) dashboard.

DRIVE project goals are required to be bold and aggressive; however, that is not the case with the *Meter Product Visibility* goal. The goal of 2 percent improvement per year is not based on any activities that would improve the project goal beyond past performance.

¹ *DRIVE Governance Guide*, September 30, 2014, establishes the requirements and procedures for the DRIVE process.

² The data governance processes focused on all matters related to customer and product data impacting revenue and sales reporting.

³ The initiative lead establishes impacts and milestones and reports to the ELT sponsor on progress toward project goals.

⁴ The RMO forms and monitors the teams and is responsible for schedule and risk management as part of initiating and executing the project plans.

These issues occurred because the SMO did not ensure DRIVE governance requirements for DRIVE 30 were followed. This can increase the risk that executive-level management makes less informed decisions because project goals cannot be accurately evaluated. In addition, there is no guarantee key planning considerations have been addressed prior to the execution of change requests.

Finally, the initiative lead and RMO did not identify new activities that would improve *Meter Product Visibility* in 2015. As a result, goals may not improve beyond normal business activity.

Delivering Results, Innovation, Value, and Efficiency 30 Project Management

The managers of DRIVE 30 did not follow established project management processes when setting overall project milestones.⁵ Specifically, we found two cases where the initiative lead and RMO did not establish milestones every 4 to 6 weeks, as required.⁶ Specifically:

- One roadmap (30.4), *Customer Identification*, had milestones with gaps of 2.5 months and 3 months; and
- One roadmap (30.5), *Data Governance*, had milestones with two gaps of more than 2 months.

This occurred because the SMO did not follow the DRIVE governance planning requirements during rigor testing. Rigor testing requires the SMO to perform an assessment during the planning phase to ensure milestones are no more than 6 weeks apart. While the SMO was aware of the requirement, they stated they granted an oral exception to the requirement. They stated shorter intervals were not necessary because they only wanted to keep important milestones in DRIVE. However, the *DRIVE Governance Guide* does not provide for granting any exceptions.

Setting milestones at regular intervals is important, as it enables the initiative lead and RMOs to detect and respond to problems in a timely manner. The SMO stated that it evaluates progress with the initiative lead and RMOs bi-weekly. The SMO thinks this provides another level of control; however, when milestones are too far apart it is difficult to effectively monitor and detect risks to the schedule and to demonstrate progress.

DRIVE 30 managers did not validate changes, additions, or removals in project milestones. In FY 2014, the initiative lead and RMO submitted a single change request form for 83 milestone adjustments (see Table 1 for detail on types and numbers of milestones included in the change request).

Table 1: FY 2014 DRIVE 30 Change Request

Roadmap Number	Change Type	Number of Milestones Affected
30.4	Milestone Plan Date	31
	Remove Milestone	8
	Add Milestone	44
Total		83

Source: U.S. Postal Service Office of Inspector General (OIG) analysis.

⁵ These are checkpoints along a project's timeline.

⁶ *DRIVE Governance Guide*, Section 3.3, DRIVE Roadmap Rigor-Test Checklist.

DRIVE governance⁷ includes a process to document change requests to promote accountability and ensure visibility to all stakeholders. The initiative lead and RMO have to obtain concurrences from each stakeholder and document any risks and issues that may result from the changes. Although the ELT sponsor approved this change request in an email, the request did not document the approval date, stakeholder concurrence, and risks.

The SMO is responsible for ensuring change requests are complete before making changes in the TMOS. The SMO stated the initiative lead has a project management process that includes a dashboard and bi-weekly meetings with RMOs and stakeholders. The SMO also discusses the goals and plans of the DRIVE initiative with the ELT, initiative lead, and RMOs. The SMO relies on this project management process to help monitor and control changes to initiative plans. However, without documentation there is no guarantee that all key planning considerations have been taken into account before the change occurs and that senior management has the correct information to manage the project.

Goal Was Not Bold and Aggressive

During rigor testing, the SMO also assesses alignment between initiative objectives and roadmaps. This includes determining whether the initiative and roadmaps contain bold and aggressive goals that are specific, measurable, attainable, and realistic; and include deadlines. During rigor testing, the SMO did not ensure that roadmap (30.3), *Meter Product Visibility*, was bold and had significant and measurable outcomes. The roadmap's cumulative goal of 76 percent visibility by FY 2017 is based on a 2 percent increase each year. According to the RMO, this 2 percent increase relies on an estimate the Postal Service is replacing older meters, which are not capable of reporting at the product level like the newer meters.

Based on what is recorded in the TMOS, no steps outside of normal business activity are being taken to improve this metric beyond an expected 2 percent increase each year. The only activity within the TMOS since October 2013 is the reporting of this metric each quarter. The SMO stated this roadmap is in maintenance mode and is meant to monitor product level visibility improvement through the meter payment channel. However, as stated above, DRIVE initiatives should be bold and aggressive. DRIVE 30 managers used this roadmap as a placeholder for monitoring, which is contrary to the purpose of DRIVE.

The goal for *Meter Product Visibility* was more aggressive in FY 2014, before the 2 percent replacement estimate, as it increased by 6 percent. Furthermore, the FY 2015 year-end goal⁸ of 72 percent was achieved in Quarter 1 of FY 2014 (see [Figure 1](#) for this roadmap's actual versus plan goal). The initiative lead explained that the percentage of meter product visibility fluctuates from quarter to quarter, as customers use different types of meters. The initiative lead indicated the goal for this roadmap is trending upward; however, on average, the goal for FY 2015 increased 0.5 percent each quarter, which is below FY 2014's 1.5 percent increase per quarter.

⁷ *DRIVE Governance Guide*, Section 7, Charter/Roadmap Change Requests.

⁸ The roadmap's cumulative goal of 76 percent visibility by FY 2017 is based on a 2 percent increase each year, starting in FY 2015.

Figure 1: Meter Product Visibility Actual Versus Plan Goal

Click on a fiscal year quarter to reveal planned goal versus actual.



Source: TMOS Milestone Report.

Meter Product Visibility is designed to improve systems and gain product level information from Postal Service customers to improve visibility. This objective should translate into new, bold, and aggressive activities. Because *Meter Product Visibility* does not have these activities, it will not lead to improvements beyond those that normal business activity will produce.

Corrective Actions

During the audit, we found that DRIVE 30 managers incorrectly used the target goal of 85 percent for roadmap (30.2), *By/For Visibility*, in the charter's metrics when they should have reported the actual result of 81 percent for FY 2014. In addition, the DRIVE 30 charter incorrectly stated the roadmap (30.3) metric, *Meter Product Visibility*, goal for FY 2017 was 72 percent, when it was actually 76 percent. When we asked the SMO about these errors, it corrected them and distributed the revised charter to the stakeholders. We are not making recommendations regarding these issues because the SMO addressed them.

Recommendations

We recommend management implement milestones at 4-to-6-week intervals for DRIVE 30; complete all appropriate change requests before making any additional changes to initiative and project goals; and ensure that DRIVE 30 goals are bold and have significant and measurable outcomes.

We recommend the director, Strategic Planning, ensure Delivering Results, Innovation, Value, and Efficiency (DRIVE) governance policy is followed by requiring initiative leads and roadmap owners to:

1. Implement milestones at 4- to 6-week intervals for DRIVE 30.
2. Complete all appropriate change requests before making any additional changes to initiative and project goals.
3. Ensure that DRIVE 30 goals are bold and have significant and measurable outcomes.

Management's Comments

Management disagreed, in part, with our conclusion, agreed with recommendations 1 and 2, and disagreed with recommendation 3.

Management disagreed with our conclusion that DRIVE 30 management did not validate changes, additions, or removals in the project milestones. Management stated that the change requests for all 83 milestones were communicated to all appropriate stakeholders and concurred with by the initiative lead and ELT sponsor in writing. Further, management provided the documented evidence of formal approval to the OIG audit team.

In response to recommendation 1, management agreed to follow DRIVE governance by establishing milestones at 4- to 6-week intervals and plans to update DRIVE governance by June 30, 2015, to include an exception process from the recommended guidelines to account for similar circumstances in the future.

In response to recommendation 2, management agreed to follow DRIVE governance when making changes to initiative and project goals and stated that they will update DRIVE governance by June 30, 2015, to clarify acceptable formats of concurrence documentation.

In response to recommendation 3, management disagreed, stating that the “bold and aggressive” language this report refers to is not specifically called out in current governance guidelines. Furthermore, the requirement to include bold and aggressive outcomes is not appropriate in every initiative. Management also stated that ELT members and initiative leads are responsible for setting specific targets and determining appropriate thresholds for “boldness or aggressiveness”. ELT members approved the metrics documented in this initiative during the annual portfolio refresh process.

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

Evaluation of Management's Comments

The OIG considers management's comments for recommendations 1 and 2 to be responsive and corrective actions should resolve the issues identified in the report. We consider management's comments on recommendation 3 to be unresponsive.

Management disagreed with our conclusion that DRIVE 30 management did not validate changes, additions, or removals in the project milestones. They stated that change requests for all 83 milestones were communicated to all appropriate stakeholders and concurred with by the initiative lead and ELT sponsor. They further stated that they provided the documented evidence of formal approval to the OIG audit team. However, this audit found that one change request form did not document the approval date,

stakeholder concurrence, or risks relating to the 83 milestone changes. According to the SMO's instructions, it is mandatory to fill out the change request form's approvals and risk assessment sections for all change requests. We noted in the report that the ELT sponsor approved this change request in an email; however, we do not consider an email to be evidence of formal approval as the change request has a place for approval signature and without completed documentation there is no guarantee that all key planning considerations have been taken into account before the change occurs.

Management disagreed with recommendation 3, stating that the "bold and aggressive" language this report refers to is not specifically called out in current governance guidelines. Management recently deleted "bold and aggressive" from the governance guidelines; however, the Postal Service's *Introduction to DRIVE: Delivering Results, Innovation, Value, and Efficiency* notes that "DRIVE is focused on a portfolio of strategic initiatives that the Postal Service will implement to meet its ambitious performance and financial goals." Additionally, the same document states that "the DRIVE process and portfolio of initiatives will help the Postal Service improve business performance at an accelerated pace." Although this document did not explicitly use the words "bold and aggressive", as previously found in DRIVE governance, the term "ambitious" and the mandate "to improve business performance at an accelerated pace" are clearly bold and aggressive in nature.

Furthermore, management stated that the ELT and initiative lead are responsible for setting specific targets and determining appropriate thresholds for "boldness or aggressiveness". However, the role of the SMO is to help coordinate and develop strategic initiatives that support net income and revenue growth targets. Therefore, the SMO is responsible for overseeing the DRIVE process and ensuring that DRIVE initiatives are on track to meet the Postal Service's ambitious performance and financial goals. Yet, as we noted, one roadmap was used as a placeholder for monitoring and did not lead to improvements beyond normal business activity.

Although we will not elevate this disagreement to resolution at this time, we will continue to address this subject in future audits of DRIVE initiatives.

Appendices

***Click on the appendix title
to the right to navigate to
the section content.***

Appendix A: Additional Information.....	11
Background	11
Objective, Scope, and Methodology	13
Prior Audit Coverage.....	14
Appendix B: Management’s Comments	15

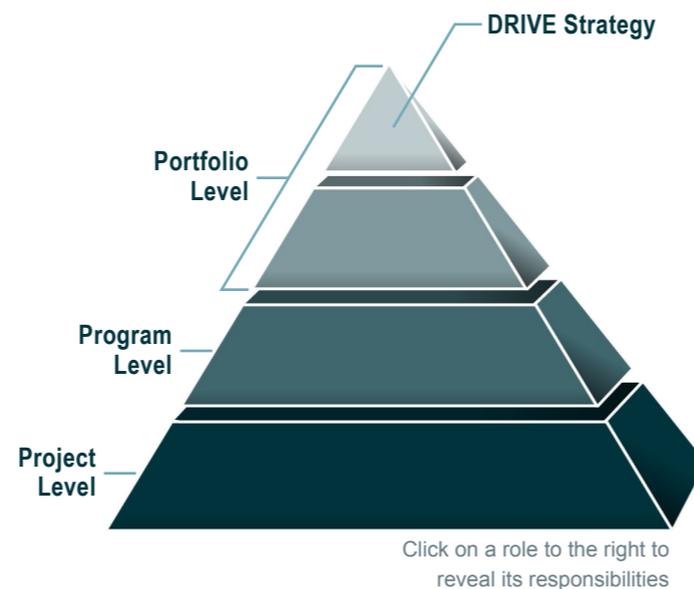
Appendix A: Additional Information

Background

The Postal Service established 36 DRIVE initiatives in FY 2011 to improve business strategy. DRIVE aims to reduce the Postal Service's reported \$20 billion gap between revenue and expenses by FY 2016 through data-driven program and project management. However, almost \$16 billion of that gap depends on legislative action by Congress. Annually, the Postal Service reviews and adjusts the portfolio of initiatives to achieve its strategic objectives. The program management process is designed to measure progress through clearly defined goals and objectives. It applies leading program management principles to increase the chance of success while providing executive visibility, early risk indicators, and involvement of different functional areas. There are 19 DRIVE initiatives in FY 2015 aligned with four core strategies⁹ and seven operational objectives.¹⁰

The DRIVE organizational structure refers to three levels of management as initiatives, roadmaps, and projects. Roadmaps are the collection of program-level activities critical to the success of an initiative. They consist of projects with clearly identified impacts and indicators, milestones, interdependencies, and risks (see Figure 2).

Figure 2: DRIVE Pyramid



Source: *TMOS DRIVE User Guide*, page 8.

⁹ Improve customer experience; compete for the package business; strengthen the business to consumer channel; and build a leaner, smarter, and faster organization.

¹⁰ Grow revenue from innovation, core products, and markets; optimize the value of infrastructure; build competitive workforce of the future; improve customer experience; leverage technology to drive business value; strengthen financial and risk management capabilities; and assure executive transparency.

Each year ELT sponsors present their recommended initiatives for inclusion in the DRIVE portfolio.

ELT sponsors identify initiatives that:

- Are bold and have significant and measurable outcomes that:
 - Have greater than \$50 million in revenue contribution or cost reduction.
 - Improve key stakeholder alignment.
 - Greatly enhance key capabilities.
 - Grow revenue from new products, markets, and customers.
- Aggressively address cost in the next few years to get ahead of the revenue plan.
- Are critical to either the short- or long-term success of the Postal Service.
- Require extensive cross-enterprise coordination and ELT visibility.
- Merit using top staff and resources.

The Postal Service's DRIVE guidelines have five key project management phases:

1. **Initiating** - define a new project, complete a project charter with measurable objectives, and authorize project launch.
2. **Planning** - define the course of action to achieve project objectives; and create and receive approval for the project scope, schedule, budget, resources, quality standards, and risk management plan.
3. **Executing** - perform the defined work, including managing the team and approving any changes to the plan.
4. **Monitoring and Controlling** - track, review, and report on the progress of the project. Analyze changes to plan schedules, costs, and scope; and manage any necessary course corrections.
5. **Closing** - receive sign-off that project outcomes have met the objectives, close all activities, and archive documents and lessons learned.

The SMO manages projects through the TMOS by tracking performance and progress on milestones, risk, impacts, and roadmap completion. The TMOS provides a color-coded traffic light dashboard view for executive and cross-functional insight into strategies, programs, and projects. The red, yellow, and green traffic light colors show changes from planned financial and non-financial metrics. The SMO has standardized processes for managing program initiatives and reporting to the ELT. These include criteria to approve and manage initiatives, such as uniform formatting of charters, quarterly metric reporting, and communication with project managers. The SMO prefers each initiative is staffed with a person who has completed DRIVE project management training. The SMO provides this training using classroom and virtual training sessions, online resources, and individual guidance.

Objective, Scope, and Methodology

Our objective was to determine whether DRIVE 30 used established DRIVE project management processes. The scope of this audit was the FY 2015 DRIVE 30 charter and six roadmaps and their associated goals. To accomplish our objective we:

- Reviewed procedures and criteria related to establishing DRIVE initiatives.
- Reviewed and evaluated four of the six¹¹ DRIVE 30 roadmaps and their respective goals in TMOS.
- Discussed DRIVE 30 project management with Mail Entry and Payment Technology, Information Technology, and Sales personnel, including establishment of metrics and milestones that align with overall portfolio goals.
- Reviewed, evaluated, and discussed the testing of roadmap milestones and established metrics with SMO to determine whether the DRIVE planning processes were followed and whether established goals within the DRIVE portfolio aligned.
- Reviewed and evaluated change requests submitted to the SMO for changes to established milestones, metrics, and the subsequent approval process. Discussed the approval process with the SMO and RMOs.
- Reviewed project management information, guidelines, training material, and support provided by the SMO.
- Reviewed available reports in the Postal Service's TMOS to obtain information on DRIVE 30 project management and project lifecycles.
- Discussed and assessed the reliability of data systems and reports used to measure success of DRIVE 30 with the RMOs.
- Determined whether the SMO assesses the reasonableness of goals and metrics and ensured goals are bold, and have significant and measurable outcomes based on data.

We conducted this performance audit from December 2014 through June 2015, 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 12, 2015, and included their comments where appropriate.

We assessed the reliability of computer-generated data from the TMOS by comparing key information against separately prepared documents provided by management. We determined that the data were sufficiently reliable for the purposes of this report.

¹¹ Roadmaps (30.6) & (30.7) are new for FY 2015. The SMO is currently conducting rigor testing and test results for these two roadmaps have not been finalized as of March 31, 2015.

Prior Audit Coverage

Report Title	Report Number	Final Report Date	Monetary Impact
<i>U.S. Postal Service's Delivering Results, Innovation, Value, and Efficiency Initiative 43, Building a World-Class Package Platform</i>	MI-AR-15-003	5/4/2015	None
<p>Report Results: The audit found that DRIVE 43 managers established cumulative goals of a 35 percent increase in domestic package volume and a [REDACTED]. However, they did not include these goals in the underlying projects or establish a way to accurately measure progress toward meeting the revenue net contribution goal. In addition, changes to and removal of project goals occurred without proper authorization and separation of duties. These issues occurred because the SMO did not ensure DRIVE governance and documentation procedures were followed. Management partially agreed with the recommendations; however they stated they will revise DRIVE governance guidelines to clarify the relationship between goals and charters.</p>			
<i>U.S. Postal Service's Delivering Results, Innovation, Value, and Efficiency Initiative 42, Market New and Existing Services</i>	DP-AR-14-005	9/10/2014	None
<p>Report Results: The audit found that DRIVE 42 managers did not follow DRIVE project management processes when planning and evaluating overall project metrics and revenue goals. Management established an FY 2014 revenue goal of \$5.2 billion without a system in place to accurately measure achievement. Another goal was not aggressive and the cumulative goal of DRIVE Initiative 42 was \$8 billion less than the combined goals of the five underlying projects. These issues occurred because there is no independent audit process in DRIVE to promote accountability and ensure that goals are measurable, realistic, and accurate. Management partially agreed with the recommendations; however they stated that initiative leaders and the ELT are responsible for setting specific initiative targets.</p>			
<i>U.S. Postal Service's Delivering Results, Innovation, Value, and Efficiency Initiative 6, Improve Employee Availability</i>	DP-AR-14-001	3/7/2014	None
<p>Report Results: The audit found that the DRIVE 6 managers did not use established DRIVE project management practices. The five projects comprising the initiative were being accomplished outside of DRIVE. This occurred because there was no separation of duties between the DRIVE initiative lead and the RMO. We also noted that there was no independent internal audit process to oversee DRIVE management. Management agreed with our recommendations but disagreed that changes to projects were not made because the same person was both initiative lead and RMO. Management also stated that they used established DRIVE project development management processes and asserted that DRIVE governance does not prohibit initiatives that existed prior to DRIVE.</p>			
<i>Delivering Results, Innovation, Value, and Efficiency Management</i>	DP-AR-13-008	6/19/2013	None
<p>Report Results: The audit found the Postal Service's DRIVE program compares favorably to best-in-class program management practices; however, it does not ensure that projects will be successful. DRIVE does not use an important best practice that requires regular audits and controls for each project at the program manager level. Further, a formal policy supporting the overall program management process has not been developed. Management agreed with our findings and recommendations yet thinks DRIVE does control and provide reviews or "audits" of strategic programs and projects through bi-weekly deep-dive meetings.</p>			

Appendix B: Management's Comments

Emil J. Dzuray, Jr.
Director
Strategic Planning



May 29, 2015

Lori Lau Dillard
ACTING DIRECTOR, AUDIT OPERATIONS

SUBJECT: U.S. Postal Services Delivering Results, Innovation, Value, and Efficiency (DRIVE)
Initiative 30 – Achieve 100 Percent Customer and Revenue Visibility (Report Number
[MI-AR-15-DRAFT])

Thank you for the opportunity to review and provide comments on the draft audit report. The report identifies three recommendations; we agree with the 1st and 2nd recommendations as our current process, and disagree with the 3rd recommendation in the report.

Prior to responding to your recommendations, we would like to comment on the audit report to correct factual errors.

OIG Finding: Page 3, Conclusion (cont.), Paragraph 3

The OIG report states "*DRIVE 30 manager did not validate changes, additions, or removals in project milestones.*"

This statement is factually inaccurate. The requested milestone changes were validated and the Strategic Management Office (SMO) provided documented evidence of the appropriate approvals to the OIG for the change request in question. The change request for all 83 milestone changes was communicated to all appropriate stakeholders and concurred by the Initiative Lead (IL) and ELT sponsor in writing. The documented evidence of formal approval was provided to the OIG audit team by the SMO in an email dated March 12, 2015.

Our responses to the recommendations are below.

OIG Recommendation 1:

Implement milestones at 4-to 6-week intervals for DRIVE 30.

Management Response/Action Plan:

Management agrees with this recommendation since it is part of our current process. The role of the SMO is to define the Governance guidelines, rigor test against those guidelines, and identify deviations to the guidelines. The DRIVE Governance guidelines recommend that milestones should be on 4-to 6-week interval; however, in this case, the IL requested and the SMO accepted this reasonable exception.

The SMO is in the process updating the current DRIVE Governance guidelines to include an exception process from the recommended guidelines to account for similar circumstances in the future.

Target Implementation Date:

June 30, 2015

Responsible Official:

Emil J. Dzuray, Jr., Director, Strategic Planning.

OIG Recommendation 2:

Complete all appropriate change requests before making any additional changes to initiative and project goals.

Management Response/Action Plan:

Management agrees with this recommendation since it is part of our current process and the SMO followed the appropriate processes. The SMO office is updating the DRIVE Governance guidelines to clarify acceptable formats for concurrence documentation.

Target Implementation Date:

June 30, 2015

Responsible Official:

Emil J. Dzuray, Jr., Director, Strategic Planning.

OIG Recommendation 3:

Ensure that DRIVE 30 goals are bold and have significant and measurable outcomes.

Management Response/Action Plan:

Management disagrees. On two occasions, the SMO provided the appropriate access to the most recent DRIVE Governance guidelines for this audit. Specifically, on February 23, 2015, an email was sent to the OIG from the SMO with the correct web-link address to access the latest DRIVE Governance Guidelines. Again, on May 15, 2015, the SMO responded to the OIG draft report pointing out that the "bold and aggressive" language as referred in this report is not specifically called out in the current Governance guidelines. The OIG is using outdated Governance guidelines for this audit.

Furthermore, the guideline to include the bold and aggressive outcomes is not appropriate in every initiative. The SMO does and will continue to provide recommendations and guidelines to both the ELT and IL on how to set appropriate targets; however, it is the responsibility of each of the ELT member and Initiative Leader to set specific targets and determine appropriate thresholds for "boldness or aggressiveness". The metrics documented in this initiative were approved by all ELT members during the annual Portfolio Refresh process.

Target Implementation Date:

N/A.

Responsible Official:

Emil J. Dzuray, Jr., Director, Strategic Planning.

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



Emil J. Dzuray, Jr.

cc: Mr. Joseph Corbett, Chief Financial Officer & EVP
Mr. Shaun Mossman, VP Finance & Planning
Mr. J Otis Smith, USPS Manager, Strategic Management
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