OFFICE OF
INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

Function 4 Efficiency in the Greater Boston District

Audit Report

Report Number
MS-AR-17-005

April 3, 2017

OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

Highlights

The Greater Boston District operated over 400 post offices, stations, and branches, and processed more than 3.4 billion pieces of mail in FY 2016.

Background

The U.S. Postal Service tracks customer service activities, known as Function 4, at post offices, stations, and branches as part of its ongoing effort to provide cost-effective, high-quality customer service.

The Greater Boston District operated over 400 post offices, stations, and branches, and processed more than 3.4 billion pieces of mail in fiscal year (FY) 2016. The district served over 2.5 million Post Office Boxes and business and residential addresses.

Postal Service managers have specific policies and procedures for monitoring customer service operational efficiency, such as:

- The Customer Service Variance Model, which assesses retail customer service productivity at select retail units.

- *Post Office Box and Distribution Up-Time* reports, which track mail timeliness.

- The integrated operating plan and mail arrival profile, which state when mail will arrive and the types of mail that will be present.

- Scanning performance goals, because properly scanning all barcodes will help provide package visibility, retain customers, and generate information that can be used to improve operations and reduce costs.

Our objective was to assess customer service operational efficiency in the Greater Boston District. This audit is one in a series of Function 4 efficiency audits. We selected this district as it was one of the most inefficient districts for customer service in FY 2016 according to our risk model.

What the OIG Found

The Greater Boston District has opportunities to improve customer service operational efficiency. We visited 15 units and identified deficiencies that could contribute to untimely mail delivery and inefficient customer service. Specifically:

- *Units did not meet mail timeliness targets.* Six units did not meet the target time for distribution of mail to letter carriers and one unit did not meet the target for having mail ready for collection by Post Office Box customers.

Units had outdated mail arrival profiles and integrated operating plans, mail was arriving improperly prepared from the processing plants, and the staff was not following efficient mail processing procedures.

- *Mail was not properly scanned*. Employees at 10 units did not perform required mail arrival scans and "Notice Left" parcels were falsely scanned as "Delivered" at eight units. We referred these instances to the Office of Investigations as appropriate.

- *Mail was not accurately measured*. Supervisors at 10 units did not follow prescribed procedures for measuring manual mail or did not measure the mail at all.

These conditions occurred because district and local management did not adequately monitor customer service-related operations. Units had outdated mail arrival profiles and integrated operating plans, mail was arriving improperly prepared from the processing plants, and the staff was not following efficient mail processing procedures.

These deficiencies could contribute to late mail delivery and inefficient customer service operations. According to the Customer Service Variance Model, units we visited used 219,775 more workhours than planned in FY 2016, costing the Postal Service almost $8.8 million.

What the OIG Recommended

We recommended management develop strategies to more effectively monitor customer service operations by:

- Coordinating units' integrated operating plans and mail arrival profiles;

- Actively monitoring employees and mail arrival quality to manage workload and ensure efficient mail processing;

- Instructing unit employees to follow required scanning procedures and verify these procedures are followed; and

- Instructing supervisors to follow prescribed procedures for measuring mail and verify these procedures are followed.

Transmittal Letter

April 3, 2017

MEMORANDUM FOR: JOHN W. POWERS III
DISTRICT MANAGER, GREATER BOSTON DISTRICT

for

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

SUBJECT: Audit Report – Function 4 Efficiency in the Greater Boston District (Report Number MS-AR-17-005)

This report presents the results of our audit of U.S. Postal Service Function 4 Efficiency in the Greater Boston District (Project Number 16RG021MS000).

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Joe Wolski, Director, Retail, Marketing and International, or me at 703-248-2100.

Attachment

cc: Corporate Audit and Response Management
     Vice President, Northeast Area

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Findings

Introduction

This report presents the results of our audit of the U.S. Postal Service Function 4 Efficiency in the Greater Boston District (Project Number 16RG021MS000). This self-initiated audit is part of a series of audits resulting from models that identify the most at-risk districts for Function 4 operational efficiency. Specifically, the Retail Customer Service Risk Model report showed that the Greater Boston District was the second most inefficient postal district for customer service operations in fiscal year (FY) 2016. Our objective was to assess the customer service operational efficiency in the Greater Boston District. See Appendix A for additional information about this audit.

The Postal Service tracks customer service, or Function 4, activities at post offices, stations, and branches as part of its ongoing effort to provide cost-effective, high-quality customer service. Postal Service managers monitor customer service operational efficiency in accordance with applicable policies and procedures. Key tools available to assist managers in carrying out these duties include:

- The Customer Service Variance (CSV) Model, which assesses retail customer service productivity at select retail units.

- The *Post Office Box and Distribution Up-Time*[1] reports, which track mail timeliness.

- The integrated operating plan (IOP) and mail arrival profile (MAP), which state when mail should arrive and the types of mail that will be present.

- Scanning performance goals, because properly scanning all barcodes will help provide package visibility, retain customers, and generate data to be used to improve operations and reduce costs.

The Greater Boston District had over 400 post offices, stations, and branches, and processed more than 3.4 billion pieces in FY 2016. The district also served over 2.5 million PO Boxes and business and residential addresses during that time.

Summary

The Greater Boston District has opportunities to improve customer service operational efficiencies. We visited 15 units[2] and identified deficiencies that could contribute to untimely mail delivery and inefficient customer service operations. Specifically:

- *Units did not meet mail timeliness targets.* Six units did not meet the target time for distribution of mail to letter carriers (Distribution Up-Time) and one unit did not meet the target for having mail ready for collection by PO Box customers (PO Box Up-Time).

- *Mail was not properly scanned.* Employees at 10 units did not perform required mail arrival and acceptance scans and "Notice Left" parcels were falsely scanned as "Delivered" at eight units.

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1   Post Office (PO) Box Up-Time is the target time for having mail ready for collection by PO Box customers and Distribution Up-Time is the target time for distribution of mail to the letter carriers.
2   We judgmentally selected five low-, medium-, and high-efficiency units within the district for field observation based on a variety of factors including CSV performance data for FY 2015 through FY 2016 and office size. Additional information on these sites and how they were selected is provided in Appendix A.

- *Mail was not accurately measured.* Supervisors at 10 units did not follow prescribed procedures for measuring mail or did not measure the mail at all.

These conditions occurred because district and local management did not adequately monitor all customer service-related operations. Units had outdated MAPs and IOPs, mail was arriving improperly prepared from the processing plants, and staff members were not following efficient mail processing procedures.

These deficiencies could contribute to late mail delivery and inefficient customer service operations. According to the CSV model, units we visited used 219,775 more workhours than planned in FY 2016, costing the Postal Service almost $8.8 million.

We visited 15 units and identified deficiencies related to mail timeliness, scanning, and mail measurement that could contribute to late mail delivery and inefficient customer service operations.

Customer Service Operations

The Greater Boston District has opportunities to improve customer service operational efficiency. We visited 15 units and identified deficiencies related to mail timeliness, scanning, and mail measurement that could contribute to late mail delivery and inefficient customer service operations. The units we visited used 219,775 more workhours than planned in FY 2016, costing the Postal Service almost $8.8 million. In addition, we found scanning deficiencies that negatively impacted customer service.

Mail Timeliness

Units did not always meet mail timeliness requirements. During our site visits between September and November 2016, six of 15 units did not meet the Distribution Up-Time. In a subsequent analysis of September through November 2016 time frames, 10 of the 15 units did not always meet the Distribution Up-Time, with two units never meeting the scheduled up-time (see Table 1).

Table 1. Ten Units That Did Not Always Meet Scheduled Distribution Up-Time Scan (Between September and November 2016)

Unit Name	Period Reviewed	On-Time or Early	Late	Missing	Total Scans	Percentage Not Met
Billerica Post Office	Oct 4 - Nov 2	0	24	1	25	100%
Fort Point Station	Sep 21 - Oct 20	0	25	0	25	100%
Cambridge - Central Square Main Post Office	Oct 5 - Nov 3	7	17	1	25	72%
Vineyard Haven Post Office	Oct 17 - Nov 16	9	18	0	27	67%
Woburn Post Office	Oct 5 - Nov 3	16	9	0	25	36%
John F. Kennedy Station	Sep 20 - Oct 21	19	0	7	26	27%
Worcester Post Office	Sep 17 - Oct 18	21	5	0	26	19%
Lawrence Post Office	Oct 3 - Nov 1	22	3	0	25	12%
Wareham Annex	Oct 18 - Nov 16	24	1	0	25	4%
Hingham Post Office	Sep 18 - Oct 18	25	1	0	26	4%

Source: Postal Service Distribution Up-Time reports.

Further, during our visits between September and November 2016, one of 15 units did not meet the PO Box Up-Time. In a subsequent analysis of September through November 2016 time frames, nine of 15 units did not always meet the target for having mail ready for collection by PO Box customers, with one unit never meeting the scheduled up-time (see Table 2).

Table 2. Nine Units That Did Not Always Meet Scheduled PO Box Up-Time (Between September and November 2016)

Unit Name	Period Reviewed	On-Time or Early	Late	Missing	Total Scans	Percentage Not Met
John F. Kennedy Station	Sep 20 - Oct 21	0	0	26	26	100%
Woburn Post Office	Oct 5 - Nov 3	19	6	0	25	24%
Cambridge – Central Square Main Post Office	Oct 5 - Nov 3	20	5	0	25	20%
Lowell Main Post Office	Oct 4 - Nov 2	20	5	0	25	20%
Fort Point Station	Sep 21 - Oct 20	21	3	1	25	16%
Billerica Post Office	Oct 4 - Nov 2	22	2	1	25	12%
Worcester Post Office	Sep 17 - Oct 18	23	3	0	26	12%
Lawrence Post Office	Oct 3 - Nov 1	23	2	0	25	8%
Malden Branch	Sep 19 - Oct 19	24	2	0	26	8%

Source: Postal Service PO Box Up-Time reports.

According to Postal Service policy,[3] postmasters establish PO Box and Distribution up-times and strive to have all mail in PO Boxes as early as possible to attract customers to this premium service.

Mail timeliness issues occurred because management did not adequately monitor key processes related to the following:

- *Outdated IOPs and MAPs.* Eleven out of 15 units did not have an updated IOP or MAP indicating mail arrival times and mail conditions to facilitate staffing requirements. Postal Service policy[4] requires each district to have an updated IOP and MAP between delivery units and plants to coordinate activities.

- *Mail Arrival.* Six out of 15 units received mail from the processing plants that was late or required rework because it was not properly prepared.

- *Inefficient mail processing procedures.*[5] Staff at four of the 15 units we visited did not follow efficient mail processing procedures. For example, we observed clerks unnecessarily double handling small parcels (SPRs) by moving them from one container to another, and then sorting them into tubs instead of initially sorting them by carrier route. At another site, clerks scanned flat size mail, placed it into a tub, and then took it to the flat sorting area for distribution instead of sorting that flats after scanning them. Postal Service policy[6] places priority on efficient mail staging and processing operations.

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3   *Postal Operations Manual*, Issue 9, Section 141.423, dated July 7, 2016.
4   *Field Operations Standardization Development – Morning (AM) Standard Operating Procedures Guidebook,* Section 2-2, *IOP*, dated March 2011.
5   The most efficient work method allows for single handling of all types of mail and all work methods. For example, a clerk should not pull a carrier's mail from the distribution case and walk it to just one carrier at a time. The clerk should also be using some type of rolling conveyance (if room allows) to limit the number of trips.
6   *Postal Operations Manual,* Issue 9, Section 441, dated July 7, 2016.

By improving the timeliness of mail through more effective monitoring, district management could potentially save money by decreasing labor hours and customer complaints related to mail delays. For the units we visited, we identified 198,027 and 219,775 excess workhours in FYs 2015 and 2016, respectively, and consider the resulting $16.8 million[7] to be questioned costs.[8]

Scanning

We determined that employees did not perform required mail arrival scans, or falsely scanned mail as "Delivered" although the mail was found at the unit. Specifically, employees at eight units did not properly scan mail as "Arrival at Unit" (see Table 3), five units did not scan all "Acceptance" parcels (see Table 4), while employees at eight units scanned "Notice Left" parcels as "Delivered" (see Table 5). We referred these instances to our Office of Investigations as appropriate.

Table 3. Distribution Mail Scanning Performance (Between October and November 2016)

Unit Name	Total Pieces Selected and Traced	Number of Pieces With No Arrival at Unit Scan
Vineyard Haven Post Office	89	21
Wareham Annex	71	6
Brockton Post Office	75	5
Fort Point Station	70	3
Worcester Post Office	75	3
Lawrence Post Office	70	1
Marlborough Post Office	70	1
Woburn Post Office	70	1
Billerica Post Office	70	0
Cambridge - Central Square Main Post Office	70	0
Haverhill Post Office	77	0
Hingham Post Office	138	0
John F. Kennedy Station	93	0
Lowell Main Post Office	105	0
Malden Branch	96	0
Totals	**1,239**	**41**

Source: U.S. Postal Service Office of Inspector General (OIG) analysis of Postal Service scan performance using the USPS.com Track and Confirm system.

By improving the timeliness of mail through more effective monitoring, district management could potentially save money by decreasing labor hours and customer complaints related to mail delays.

We determined that employees did not perform required mail arrival scans, or falsely scanned mail as "Delivered" although the mail was found at the unit.

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7   We multiplied the excess workhours by Function 4 labor rates for the Greater Boston District. These rates were $40.68 for FY 2015 and $39.91 for FY 2016.
8   Unnecessary, unreasonable, unsupported, or an alleged violation of law, regulation, contract, etcetera. May be recoverable or unrecoverable. Usually a result of historical events.

Table 4. Acceptance Mail Scanning Performance (Between October and November 2016)

Unit Name	Total Pieces Selected and Traced	Number of Pieces Without Acceptance Scan
Lawrence Post Office	27	18
Marlborough Post Office	25	18
Fort Point Station	20	6
Malden Branch	20	2
Lowell Main Post Office	23	1
Billerica Post Office	15	0
Brockton Post Office	13	0
Cambridge - Central Square Main Post Office	10	0
Haverhill Post Office	13	0
Hingham Post Office	18	0
John F. Kennedy Station	21	0
Vineyard Haven Post Office	9	0
Wareham Annex	1	0
Woburn Post Office	2	0
Worcester Post Office	16	0
Totals	**233**	**45**

Source: OIG analysis of Postal Service scan performance using the USPS.com Track and Confirm system.

Table 5. Notice Left Mail Scanning Performance (Between October and November 2016)

Unit Name	Total Pieces Selected and Traced	Number of Pieces Without Acceptable Scans	Number of Pieces Scanned as Delivered but Found at Unit
Worcester Post Office	35	30	27
Fort Point Station	35	12	8
Marlborough Post Office	34	5	5
Cambridge - Central Square Main Post Office	35	7	2
Hingham Post Office	17	2	2
John F. Kennedy Station	38	5	1
Malden Branch	36	1	1

Unit Name	Total Pieces Selected and Traced	Number of Pieces Without Acceptable Scans	Number of Pieces Scanned as Delivered but Found at Unit
Wareham Annex	4	1	1
Billerica Post Office	20	1	0
Brockton Post Office	28	5	0
Haverhill Post Office	35	2	0
Lawrence Post Office	35	9	0
Lowell Main Post Office	35	3	0
Vineyard Haven Post Office	34	10	0
Woburn Post Office	6	3	0
Totals	**427**	**96**	**47**

Source: OIG analysis of Postal Service scan performance using the USPS.com Track and Confirm system.

Postal Service policy[9] requires that the "Arrival at Unit" scan be part of a unit's distribution process, with the goal of finalizing as many pieces as possible in first handling. The Postal Service's goal is to scan every mailpiece that has a barcode (flats, letters, and packages). The Postal Service also promotes the tracking feature on its website as a tool for customers to view the status of a mailpiece at any time. The organization aims to achieve 100 percent visibility and provide world-class package delivery services by offering several updates on the status of delivery.

The mail scanning issues occurred because customer service managers did not adequately monitor customer service-related operations. When employees do not scan mailpieces correctly, customers are unable to determine the status of undelivered mail. Customers rely on accurate data to track their packages in real time. By improving scanning operations, district management can increase mail visibility, improve customer service, and receive fewer customer complaints related to the location and delivery status of their packages.

Supervisors at 10 of the 15 units used an "eye-measuring" technique instead of a ruler to measure the mail or did not measure the mail at all.

Mail Measurement

Customer service managers did not always accurately measure manual (raw) mail received from the plants. Supervisors at 10 of the 15 units used an "eye-measuring" technique instead of a ruler to measure the mail or did not measure the mail at all. This condition occurred because management did not adequately monitor customer service-related operations. Postal Service policy[10] states that mail must be compressed in a tray or container as it is being measured in inches with a ruler, tape measure, or yardstick to record accurate volume data in the Customer Service Adjusted Work Schedule (CSAW)[11] system for managing clerk workhours and workload.

When supervisors do not use the prescribed procedures for measuring mail and recording accurate data, it may skew the workload data, which can negatively impact staffing efficiency and raise operating costs.

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9   Scanning at a Glance – Delivering 100% Visibility, page 13, August 2011.
10 *Field Operations Standardization Development - Morning (AM) Standard Operating Procedures (AMSOP) II Guidebook*, dated March 2011, Section 3-7 and Management Instruction PO 610-2009-1, dated July 9, 2009, page 3.
11 The CSAW system is designed to reflect the daily impact of workload changes. This tool assists managers and supervisors with retail customer service scheduling. Using data from the Time and Attendance Collection System and Retail Data Mart along with the manual input of daily volume, this tool provides the data necessary to balance actual workhours with actual workload.

Recommendations

We recommended management develop strategies to more effectively monitor customer service operations.

We recommend the manager, Greater Boston District, develop strategies to more effectively monitor customer service operations by:

1. Coordinating units' integrated operating plans and mail arrival profiles.

2. Actively monitoring employees and mail arrival quality to manage workload and ensure efficient mail processing.

3. Instructing unit employees to follow required scanning procedures and verify that these procedures are followed.

4. Instructing supervisors to follow prescribed procedures for measuring mail and verify that these procedures are followed.

Management's Comments

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

Regarding recommendation 1, management stated they are updating the MAPs and IOPs for these units. The target implementation date is April 30, 2017.

Regarding recommendation 2, management stated they identified an Operations Support Specialist to be a point of contact between the plant and units for all Greater Boston District mail flow issues. Management also stated that identified issues will be documented and tracked for resolution. These corrective actions have already been put into place.

Regarding recommendation 3, management stated they will reissue all SOPs regarding correct scanning policies, including Distribution and PO Box Up-Times, and Stop-the-Clock event scans. The target implementation date is March 31, 2017.

Regarding recommendation 4, management stated they will address mail measurement with management in the identified offices, and that the Operations Program Support will retrain supervision and management. The target implementation date is April 30, 2017.

Regarding the monetary impact, management stated that CSV calculates actual versus earned workhour performance against standardized target productivity expectations and trends performance from national results to the unit level. The CSV is a tool to enable operational managers to identify and improve efficiencies within their own operations. Management also stated that none of the offices reviewed in this report were tasked with meeting 100 percent CSV to meet their FY 2015 or FY 2016 Function 4 annual budget requirements. Each of these offices were; however, assigned a Function 4 efficiency improvement target to meet their Total Operating Expenses for FYs 2015 and 2016. Management stated that each office in this report achieved their Customer Service planned requirements for FYs 2015 and 2016.

See Appendix B for management's comments in their entirety.

Evaluation of Management's Comments

The OIG considers management's comments responsive to the recommendations and corrective actions taken or planned should resolve the issues identified in the report.

Regarding management's disagreement with the monetary impact, we believe that our methodology for assessing CSV performance—using 100 percent CSV variance rather than improvement targets—is a more reasonable indicator of the financial impact (i.e., questioned costs) associated with the customer service operational inefficiencies. We limited our monetary impact calculation to the 15 units from our analysis, and this calculation is intended to encourage management action to avoid these potential costs in the future.

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

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Background

Postal Service financial systems track customer service operations as Function 4 operations. Function 4 includes customer service activities – supervisory and non-supervisory – of employees at post offices, stations, and branches involved in automated, mechanized, manual, and PO Box distribution of mail, Post Office window and vending equipment services, and miscellaneous administrative and Central Forwarding System operations. Customer service operations' workload includes mail volume by type of mail, retail transactions, and retail revenue.

In March 2010, the Postal Service unveiled a comprehensive action plan for the next decade to increase efficiency and manage costs under its control. The Postal Service uses a CSV model to monitor retail customer service productivity. The program uses target productivity to determine the hours that should be used for a given amount of work.

The OIG Function 4 Retail Customer Service Risk Model identified the Greater Boston District as a high-risk district for the past 2 years (see Table 6). During FY 2015 through FY 2016, the Greater Boston District had 296 CSV offices with delivery operations that were measured using the CSV model.[12]

Table 6. Top 10 High-Risk Districts per OIG Retail Customer Service Risk Models, FY 2015 and FY 2016

District	Ranking
New York	1
Greater Boston	2
Triboro	3
Connecticut Valley	4
Northern New Jersey	5
Colorado/Wyoming	6
Philadelphia Metropolitan	7
Capital	8
Long Island	9
Northern New England	10

Source: OIG Retail Customer Service Risk Models, FYs 2015 and 2016.

As part of our fieldwork, we selected five low-, medium-, and high-efficiency units within the district for field observation based on our evaluation of CSV performance data for FY 2015 through FY 2016, our risk model analysis, and office size considerations (see Table 7). We did not find any notable differences when comparing operations at these units.

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12   CSV computes target workhours by applying national performance standards to actual workloads and comparing target to actual workhours.

Table 7. Fifteen Units Selected for Field Observations

Unit	City, State	OIG Efficiency Ranking
Haverhill Post Office	Haverhill, MA	Low
Fort Point Station	Boston, MA	Low
Brockton Post Office	Brockton, MA	Low
John F. Kennedy Station	Boston, MA	Low
Cambridge – Central Square Main Post Office	Cambridge, MA	Low
Lowell Main Post Office	Lowell, MA	Medium
Woburn Post Office	Woburn, MA	Medium
Wareham Annex	Wareham, MA	Medium
Vineyard Haven Post Office	Vineyard Haven, MA	Medium
Malden Branch	Malden, MA	Medium
Marlborough Post Office	Marlborough, MA	High
Hingham Post Office	Hingham, MA	High
Worcester Post Office	Worcester, MA	High
Lawrence Post Office	Lawrence, MA	High
Billerica Post Office	Billerica, MA	High

Source: OIG analysis of Postal Service CSV data for FY 2015, quarter (Q) 4 – FY 2016, Q3, and other efficiency and staffing information.

Objective, Scope, and Methodology

Our objective was to assess the Function 4 operations for efficiency in the Greater Boston District. Specifically, we:

- Reviewed documentation and applicable policies and procedures related to Function 4 and customer service operations.

- Performed audit steps using the Function 4 audit checklist.

- Observed customer service operations at 15 retail units in the Greater Boston District. These 15 units were judgmentally selected based on our evaluation of FY 2015 through FY 2016 CSV data, our FY 2016 Retail Customer Service Risk Model reports, and office size considerations (for example, we excluded smaller offices[13] from our potential site selection universe). We specifically selected five units for observation within each of what we determined to be high-, medium-, and low-efficiency units.

- Obtained, reviewed, and analyzed operational data such as mail security and arrival times, scanning, and supervision.

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13 We eliminated offices that earned fewer than 11,000 Function 4 hours in FYs 2015 and 2016.

- Interviewed customer service supervisors at the sites to determine if Function 4 operations are being completed according to Postal Service policy and procedures.

- Interviewed appropriate retail operations managers at the area and district levels to obtain a general overview of their customer service and Function 4 operations.

- Identified opportunities to decrease workhours for each fiscal year by subtracting earned workhours from actual workhours.

We conducted this performance audit from September 2016 through April 2017 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 February 23, 2017, and included their comments where appropriate.

We assessed the reliability of CSV data by comparing it to data in eFlash and discussing the data with knowledgeable Postal Service officials. 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 (in millions)
Function 4 Efficiency in the Colorado/Wyoming District	To assess customer service operational efficiency in the Colorado/Wyoming District.	MS-AR-17-001	12/8/2016	$5.3
Capital and Northern Virginia Districts Operations Related to Customer Services	To assess customer service operations in the Capital and Northern Virginia districts.	MS-AR-16-007	8/25/2016	$16.2
Function 4 Customer Service – Connecticut Valley District	To assess Function 4 operations for efficiency and customer service in the Connecticut Valley District.	MS-AR-16-002	4/13/2016	$23.3
Customer Service Operations Efficiency – Chicago District	To assess overall efficiency in retail customer service operations in the Chicago District.	MS-AR-15-005	4/28/2015	None

DISTRICT MANAGER
GREATER BOSTON DISTRICT

**UNITED STATES
POSTAL SERVICE**

March 17, 2017

LORI LAU DILLARD
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Draft Audit Report: Function 4 Efficiency in the Greater Boston District
(Report Number MS-AR-17 DRAFT)

Thank you for providing the Greater Boston District with the opportunity to review and
comment on the Draft Audit Report, Function 4 Efficiency in the Greater Boston
District (Report Number MS-AR-17-DRAFT).

Management responses to the four recommendations are as follows:

Recommendation 1:
Coordinate units' integrated operating plans and mail arrival profiles.

Management Response:
Greater Boston agrees with the need to coordinate the integrated operating plans and
the mail arrival profiles. All MAPs will be updated for accuracy in the units. We will
update the integrated operating plans with the Manager of In-Plant Support for each
unit identified by 4/30/2017.

Target Implementation Date:

April 30, 2017

Responsible Official:

District Function 4 Coordinator – Sharon Ryan

Recommendation 2:
Actively monitoring employees and mail arrival quality to manage workload and ensure
efficient mail processing.

Management Response:
Greater Boston agrees with the need to both monitor employees and mail arrival quality
to manage workload and increase efficiency in mail processing. In Plant Support has
identified *Operations Support Specialist* Kieran O'Brien, as a point of contact between
the plant and units for all Greater Boston District mail flow issues. Issues identified are
documented and tracked for resolution

25 DORCHESTER AVENUE, RM. 4026
BOSTON, MA 02205-9331

Target Implementation Date:

Already in place

Responsible Official:

Manager of Operations Program Support – William Peterson

Recommendation 3:
Instructing unit employees to follow required scanning procedures and verify these procedures are followed.

Management Response:
Greater Boston agrees with this recommendation. We will reissue all SOPs regarding correct scanning policies including but not limited to Distribution and PO Box Up-Times and Stop-the-Clock event scans. This will be completed no later than March 31, 2017.

Target Implementation Date:

March 31, 2017

Responsible Official:

Manager of Operations Programs Support – William Peterson

Recommendation 4:
Instructing supervisors to follow prescribed procedures for measuring mail and verify that these procedures are followed.
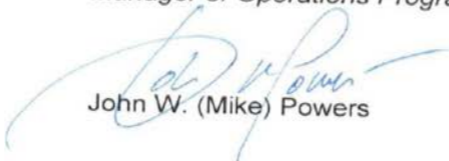
Management Response:
Greater Boston agrees with this recommendation. Greater Boston will address mail measurement with all management in the identified offices. Operations Program Support will retrain supervisors and management via WebEx no later than April 30, 2017.

Target Implementation Date:

April 30, 2017

Responsible Official:

Manager of Operations Programs Support– William Peterson

John W. (Mike) Powers

DISTRICT MANAGER
GREATER BOSTON DISTRICT

UNITED STATES
POSTAL SERVICE

March 17, 2017

LORI LAU DILLARD
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Draft Audit Report: Function 4 Efficiency in the Greater Boston District
(Report Number MS-AR-17-DRAFT)

Thank you for providing the Greater Boston District with the opportunity to review and comment on the Monetary and Other Impacts contained in Draft Report Function 4 Efficiency in the Greater Boston District (Report Number MS-AR-17-DRAFT).

Finding	Impact Category	Amount
1	Questioned Costs[1]	$16,826,959
Total		**$16,826,959**

Management Response/Action Plan:

The Greater Boston District disagrees with this impact. As stated in the Variance Program documentation: The Customer Service Variance, (CSV) is the Function 4 model in the suite of Operational Variance Programs for Cost Ascertainment Grouping (CAG) A-G offices. CSV is a management model that provides complement, workhour, productivity, workload and route/delivery analysis. CSV calculates actual versus earned workhour performance against standardized target productivity expectations and trends performance from national results to the unit level. The sum of these tools enhances the field's ability to proactively manage a dynamic workload environment in a standardized, intuitive format.

As stated CSV identifies opportunities unconstrained of collective bargaining agreements, mail flow, customer traffic, mailer behavior, staffing turnover, weather and other situational impacts to local operations. It is a tool to enable operational managers to identify and improve efficiencies within their own operations.

None of the offices reviewed in this report were tasked with meeting 100% CSV to meet their FY 2015 or FY 2016 Function 4 annual budget requirements. Each of these offices was assigned an improvement target in Function 4 efficiency to meet their Total Operating Expenses for FY 2015 and FY 2016.

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[1] Unnecessary, unreasonable, unsupported, or an alleged violation of law, regulation, contract, etcetera. May be recoverable or unrecoverable. Usually a result of historical events.

25 DORCHESTER AVENUE, RM. 4026
BOSTON, MA 02205-9331

2

Based on our review of these offices for FY 2015 and FY 2016 each office achieved their Customer Service planned requirements.

Time Period	Excess Hours	Questioned Costs
FY 2015	-13,644	-$555,039
FY 2016	-797	-$31,820

John W. (Mike) Powers

Contact us via our Hotline and FOIA forms.
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