



Office of Inspector General | United States Postal Service

Audit Report

Moving Mail by Rail

Report Number 22-036-R22 | September 13, 2022



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Highlights

Background

The U.S. Postal Service launched a pilot program to transport mail by rail on July 14, 2020, under a contract with Contractor #1. On November 10, 2021, the Postal Service expanded rail service using a second contractor, Contractor #2. The intent of moving mail by rail is to reduce as many Highway Contract Route trips as possible and fully optimize the surface transportation network.

What We Did

Our objective was to evaluate how the Postal Service identifies opportunities for moving standard mail on intermodal transportation and monitors rail transportation network performance. To accomplish our objective, we conducted observations at the Los Angeles Network Distribution Center (NDC) and interviewed Postal Service management at the eight NDCs using rail service. Additionally, we reviewed contracts and performance data for the scope period of July 14, 2020, to June 30, 2022.

What We Found

The Postal Service identified opportunities for moving standard mail on intermodal transportation; however, it did not effectively oversee the rail program or review the contractor's performance prior to awarding a second contract. We also found the Postal Service was not consistently monitoring the rail transportation network performance.

Overall, neither Contractor #1 nor Contractor #2 have consistently met performance goals since July 2020. Specifically, from July 14, 2020, through June 30, 2022, 35 percent of Contractor #1's scheduled trips were late. In addition, from November 10, 2021, through June 30, 2022, 58.5 percent of scheduled trips with Contractor #2 arrived late. Furthermore, at seven of the eight NDCs, management did not follow policy for reporting late trips.

Due to a lack of contractor performance oversight, mail was not consistently moved timely. When mail moved via intermodal transportation is late, there is increased risk that it will not be delivered to the customer on time. Additionally, from July 14, 2020, to June 30, 2022, 60.7 percent of the trips from the Dallas NDC to the Los Angeles NDC ran with no mail, which is an annualized cost to the Postal Service of about \$459,759.

Recommendations

We recommend the Postal Service develop training and procedures for oversight and monitoring of the Intermodal transportation program, develop and review performance dashboards, develop additional performance metrics, and ensure the Contract Irregularity Reporting Process is being followed.

Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

September 13, 2022

MEMORANDUM FOR: ROBERT CINTRON
VICE PRESIDENT, LOGISTICS

A handwritten signature in black ink that reads "Mary K. Lloyd".

FROM: Mary Lloyd
Acting Deputy Assistant Inspector General
for Mission Operations

SUBJECT: Audit Report – Moving Mail by Rail
(Report Number 22-036-R22)

This report presents the results of our audit of Moving Mail by Rail.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Adam Bieda, Director, Transportation, or me at 703-248-2100.

Attachment

cc: Postmaster General
Corporate Audit Response Management

Results

Introduction/Objective

This report presents the results of our self-initiated audit of Moving Mail by Rail (Project Number 22-036). Our objective was to evaluate how the U.S. Postal Service identifies opportunities for moving standard mail on intermodal¹ transportation and monitors the rail transportation network performance. See [Appendix A](#) for additional information about this audit.

Background

The Postal Service and the U.S. railroad industry share a history dating back to the early 1800s. The Postal Service developed its transportation network

“Our objective was to evaluate how the U.S. Postal Service identifies opportunities for moving standard mail on intermodal transportation and monitors the rail transportation network performance.”

around the railroads linking the nation’s major population and industrial centers, creating a critical infrastructure supporting communications and business transactions. Well into the mid-1900s, railroads provided valuable services to the Postal Service, including warehousing and sorting mail.

Today, the Postal Service meets its surface transportation needs almost entirely by using Highway Contract Routes (HCR).² Rail could potentially be a cheaper and more viable option for transporting part of the nation’s mail across the country,³ however, rail transportation requires more active management than HCRs

as transporting mail to and from rail yards must be aligned with cutoff times for scheduled train departures.⁴ Additionally, rail transportation requires management to perform effective analysis to ensure the transportation will meet service standards. In fiscal year (FY) 2021, the Postal Service incurred about \$9.7 billion in transportation expenses,⁵ about \$2.4 million⁶ of which was paid to transport mail by rail.

The Postal Service awarded Contractor #1, an HCR contractor, a contract for the intermodal pilot program on July 14, 2020, with the intent of reducing as many HCR trips as possible by placing mail on rail. The intermodal pilot program runs from one Network Distribution Center (NDC) to another with three lanes out of the Los Angeles NDC and one return lane from the Dallas NDC to the Los Angeles NDC (see Table 1).

Table 1. Existing Pilot Program Rail Lanes

NDC Origin	NDC Destination
Los Angeles	Chicago, Kansas City, Dallas
Dallas	Los Angeles

Source: Postal Service contract documentation for Contractor #1.

Additionally, on November 10, 2021, the Postal Service awarded Contractor #2, also an HCR contractor, a contract for the intermodal pilot program to operate additional rail lanes on an “as needed” basis (see [Table 2](#)). “As needed” routes are on-demand services that operate infrequently.

¹ When two or more different modes of transportation are used when conveying goods.

² The Postal Service uses one-way and round-trip HCRs to transport mail and other products between plants and other designated stops for distances generally over 50 miles.

³ Aside from peak season, the rail transportation focus is on standard, package services, and marketing mail because service standards can be met while using the rail system.

⁴ U.S. Postal Service Office of Inspector General (OIG), *Strategic Advantages of Moving Mail by Rail* (RARC-WP-12-013, dated July 16, 2012).

⁵ *Financial Analysis of United States Postal Service Financial Results and 10K Statement FY 2021*, Postal Regulatory Commission, p. 22.

⁶ Enterprise Data Warehouse (EDW) supply chain management.

Table 2. “As Needed” Rail Contract Facilities

Origin	Destination
New Jersey NDC	Atlanta NDC
New Jersey NDC	Jacksonville NDC
New Jersey NDC	Chicago NDC
New Jersey NDC	St. Louis NDC
Jacksonville NDC	Dallas NDC
Dallas NDC	Greensboro NDC
Dallas NDC	Atlanta NDC
Jacksonville NDC	New Jersey NDC
Memphis NDC	New Jersey NDC

Source: Postal Service contract documentation for Contractor #2.

The Postal Service monitors these rail lanes using an Intermodal (Rail) Performance Dashboard in the Informed Visibility application. The Intermodal (Rail) Performance Dashboard provides performance analysis along with details about the origin and destination drayage⁷ trips. In addition, Surface Visibility provides the Postal Service with real-time data and reporting on the movement and delays of trips. While monitoring performance, the Postal Service should look for irregularities including services not provided or provisions omitted by contractors, such as late arrivals or departures. If any of the irregularities are due to contractor failure, a Postal Service (PS) Form 5500, Contract Route Irregularity Report,⁸ is created to document the irregularity, which is the same PS Form 5500 process used for documenting irregularities with HCRs.

⁷ These trips use contractor-provided trailer and truck drivers to move mail from the Postal Service facility to the railyard.

⁸ Identifies irregularities such as late trips and keeps records of any corrective actions taken.

⁹ The time the contractor has to deliver the mail to the destinating NDC.

¹⁰ The number of hours the contractor has from acceptance at the originating railyard to the time the railyard notifies the Postal Service that the mail has arrived at the destinating railyard for pickup by the contractor.

¹¹ Percentage of mail loaded on each trailer to the railyard.

Findings Summary

We found that while the Postal Service began its intermodal pilot program in July 2020 to reduce costs while still meeting service standards, neither Contractor #1 nor Contractor #2 met performance goals since the intermodal program was established. Specifically, during the pilot program from July 14, 2020, through June 30, 2022, Contractor #1 did not meet the required delivery time,⁹ cutoff to notify,¹⁰ and percent load¹¹ goals. In addition, the Postal Service was not monitoring Contractor #2 performance.

We also found that the Postal Service has opportunities to improve its performance monitoring and adherence to the process for issuing PS Form 5500. Specifically, from July 14, 2020, through June 30, 2022, about 35 percent of Contractor #1’s trips were late. Additionally, from November 10, 2021, to June 30, 2022, about 58.5 percent of Contractor #2’s trips were late. However, Postal Service management at NDCs that use rail transportation were generally not completing the required PS Forms 5500 for contractor-caused delays.

Finding #1: Management Oversight of the Intermodal Program

The Postal Service identified opportunities for moving standard mail on intermodal transportation through the award of a contract to pilot the rail program. However, it did not effectively oversee the program and review the contractor’s performance prior to awarding a second contract. The Postal Service awarded the second contracts to Contractor #1 on July 1, 2022, and to Contractor #2 on January 1, 2022. Overall, neither contractor met performance goals since the intermodal program was established in July 2020.

“Overall, neither contractor met performance goals since the intermodal program was established in July 2020.”

Contractor #1

The Postal Service created an Intermodal (Rail) Performance Dashboard to monitor Contractor #1's performance, which includes the following three metrics: required delivery time, cutoff-to-notify, and load percent by lane. We found that Contractor #1 failed to meet the required delivery time for 701 of the 2,001 trips (about 35 percent) from July 14, 2020, to June 30, 2022. The surface transportation goal for trips to be on time is 97 percent but the percentage of trips past the required delivery time (late trips) ranged from about 8.2 percent to 58.3 percent (see Table 3).

Table 3. Contractor #1 Intermodal Required Delivery Time Performance

Rail Lanes	Trips	Trips Past Required Delivery Time	Percentage Past Required Delivery Time
Dallas NDC-Los Angeles NDC	555	211	38.0%
Los Angeles NDC-Chicago NDC	416	34	8.2%
Los Angeles NDC-Dallas NDC	507	151	29.8%
Los Angeles NDC-Kansas City NDC	523	305	58.3%
Total	2,001	701	35.0%

Source: Postal Service Informed Visibility – Intermodal (Rail) Performance Dashboard and OIG analysis.

We also reviewed the cutoff-to-notify goal for Contractor #1 to move mail from railyard to railyard for the following lanes:

- Los Angeles NDC to Kansas City NDC goal (60 hours)
- Los Angeles NDC to Chicago NDC goal (80 hours)
- Dallas NDC to Los Angeles NDC goal (64 hours)
- Los Angeles NDC to Dallas NDC goal (62 hours)

We found that Contractor #1 missed the cutoff-to-notify goal for, on average, 47.6 percent of the trips. Specifically, from the Los Angeles NDC to the Dallas and Kansas City NDCs, Contractor #1 missed transit times from railyard to railyard for about 70 percent and 74 percent of the trips, respectively, from July 14, 2020, to June 30, 2022 (see Table 4).

Table 4. Contractor #1 Intermodal Cutoff-to-Notify Performance

Rail Lanes	Missed Cutoff-to-Notify	Total Trips	Percentage of Trips that Missed Cutoff-to-Notify
Dallas NDC-Los Angeles NDC	144	555	25.9%
Los Angeles NDC-Chicago NDC	68	416	16.3%
Los Angeles NDC-Dallas NDC	353	507	69.6%
Los Angeles NDC-Kansas City NDC	388	523	74.2%
Total	953	2,001	47.6%

Source: Postal Service Informed Visibility – Intermodal (Rail) Performance Dashboard and OIG analysis.

“We found that Contractor #1 only met the load percent goal of 65 percent for one of four lanes from July 14, 2020 to June 30, 2022.”

Additionally, we found that Contractor #1 only met the load percent goal of 65 percent for one of four lanes from July 14, 2020, through June 30, 2022. Specifically, the average load percent for the Dallas NDC to Los Angeles NDC

lane was about 22 percent, about 53 percent for the Los Angeles NDC to Dallas NDC lane, and about 48 percent for the Los Angeles NDC to Kansas City NDC lane. However, the Los Angeles NDC to Chicago NDC lane exceeded the load percent goal (see Table 5). During this time, there were also 618 trips with zero load percent that were not canceled.

Table 5. Contractor #1 Lanes Average Load Percentage

Rail Lanes	Average Load Percent
Dallas NDC – Los Angeles NDC	21.5%
Los Angeles NDC – Chicago NDC	75.8%
Los Angeles NDC – Dallas NDC	52.6%
Los Angeles NDC – Kansas City NDC	48.1%
Average Utilization Total	47.6%

Source: Postal Service Informed Visibility – Intermodal (Rail) Performance Dashboard and OIG analysis.

Contractor #2

According to the official roles and responsibilities for the Postal Service’s Surface Logistics group, they are required to develop a monitoring process to track performance. Contractor #2 provides daily emails with performance data¹² but the Postal Service is not using the data to assess and monitor performance. Therefore, we reviewed key surface transportation performance indicators from Surface Visibility from November 10, 2021, through June 30, 2022, and found that, of the 383 scheduled trips, 162 (58.5 percent) were late and 106 (27.7 percent) were canceled. On average, trips were 25.5 hours late (see Table 6).

¹² The Postal Service is currently working on a dashboard for Contractor #2 that is similar to that of Contractor #1.

¹³ To calculate percentage of late trips we subtracted the canceled trips from scheduled trips to determine actual trips that ran. Then we divided the number of late trips by actual trips that ran.

Table 6. Contractor #2 Late and Canceled Trips

NDC Origin	NDC Destination	Scheduled Trips	Canceled Trips	Percent of Trips Canceled	Late Arriving Trips	Percent Trips Late ¹³	Average Hours Late
New Jersey	Atlanta	110	19	17.3%	39	42.9%	8.3
New Jersey	St. Louis	95	20	21.1%	62	82.7%	34.5
New Jersey	Chicago	93	38	40.9%	21	38.2%	19.0
New Jersey	Jacksonville	85	29	34.1%	40	71.4%	40.3
Total		383	106	27.7%	162	58.5%	25.5

Source: Surface Visibility and OIG analysis.

In addition, Contractor #2 exceeded the load percent goal of 65 percent, on average, for two of the four lanes from November 10, 2021, to June 30, 2022. However, Contractor #2, on average, did not meet the goal for the New Jersey NDC to Jacksonville or St. Louis NDC lanes (see Table 7).

Table 7. Contractor #2 Lanes Average Load Percentage

Rail Lanes	Average Load Percent
New Jersey NDC-Atlanta NDC	69.1%
New Jersey NDC-St. Louis NDC	45.3%
New Jersey NDC-Chicago NDC	66.6%
New Jersey NDC-Jacksonville NDC	57.6%
Average Utilization Total	59.8%

Source: Surface Visibility and OIG analysis.

On April 25, 2022, the Postal Service converted the New Jersey NDC to the St. Louis and Atlanta NDCs from “as needed” to dedicated scheduled services, also referred to as static lanes. Although “as needed” routes are generally more expensive than static lanes, the rates¹⁴ remained the same when the New Jersey NDC to St. Louis NDC lane was converted from “as needed” to static. This lane now runs every day of the week. Since the conversion to a static lane, the load percent has averaged only 48.3 percent and seven trips operated with zero load percent from April 25 to June 30, 2022.

These issues occurred because the Postal Service did not adequately monitor and provide oversight of the intermodal transportation program. Specifically, the program began as a pilot in July 2020, but the Postal Service did not develop

“These issues occurred because the Postal Service did not adequately monitor and provide oversight of the intermodal transportation program.”

processes, standard operating procedures, or training on how to oversee, monitor, and address intermodal performance issues.

Additionally, the Postal Service did not develop a dashboard to monitor the performance of Contractor #2.

Furthermore, the Intermodal (Rail) Performance Dashboard for Contractor #1 was not always accurate. The dashboard calculates required delivery time based on data that Contractor #1 self-reports, instead of data from scans the Postal Service completes at its facilities. This led to discrepancies between self-reported Contractor #1 data and Surface Visibility scan data. For example, Contractor #1 reported missing the required delivery time for about

35 percent of trips from July 14, 2020, to June 30, 2022, while scan data in Surface Visibility showed that Contractor #1 missed the required delivery time for 40 percent of its trips. Additionally, the dashboard did not accurately report late train departures. Specifically, there were 317 late train departures reported in the

dashboard; however, we analyzed the data and determined there were 892 late train departures.

Due to a lack of performance oversight, the Postal Service was not fully able to assess opportunities for moving mail by rail and paid for service that was not always meeting performance and timeliness goals. When mail moved via the intermodal program is late, there is increased risk that the mail will not be delivered to the customer on time. Additionally, because the contractor was consistently late, Dallas NDC management stopped loading mail on the rail lanes to the Los Angeles NDC but continued to pay for the operational rail lanes. Specifically, from July 14, 2020, to June 30, 2022, 337 of 555 (60.7 percent) trips operated with zero load percent which resulted in the Postal Service incurring \$901,884 in questioned costs.

Recommendation #1

We recommend the **Vice President, Logistics**, develop a standard operating procedure and training for the intermodal transportation program that addresses oversight responsibilities and how to monitor and address any performance issues.

Recommendation #2

We recommend the **Vice President, Logistics**, develop an Intermodal (Rail) Performance Dashboard to monitor performance for Contractor #2.

Recommendation #3

We recommend the **Vice President, Logistics**, review the Intermodal (Rail) Performance Dashboard for accuracy and consider developing additional metrics for the intermodal transportation dashboards and aligning with Surface Visibility transportation metrics.

Finding #2: Oversight of Contractor Irregularities

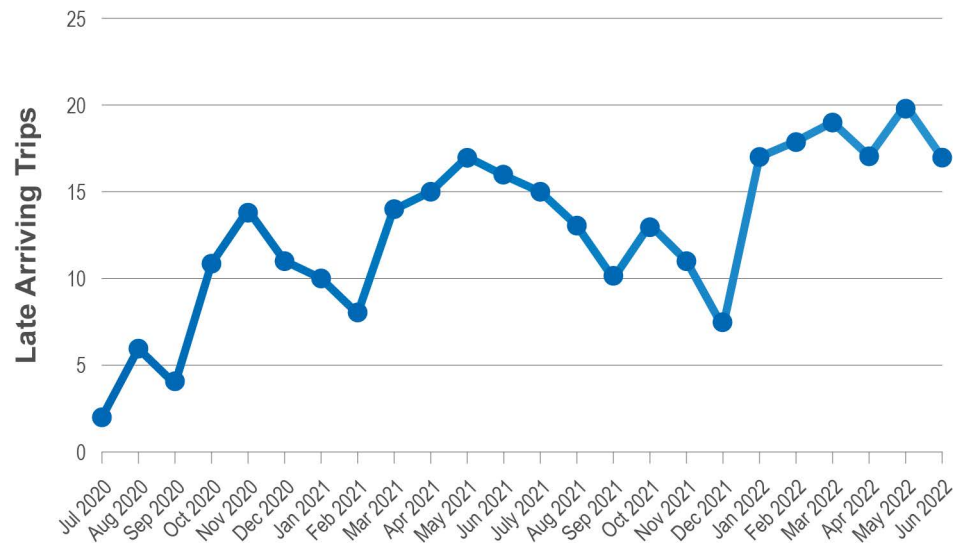
The Postal Service was not consistently addressing the performance of Contractor #1 and Contractor #2, specifically in the area of contractor irregularities. The Postal Service’s goal is for 97 percent of trips to be on time. From July 14, 2020, through June 30, 2022, 35 percent of Contractor #1’s

¹⁴ These are the rates without the cost of fuel included.

trips were late. In addition, from November 10, 2021, through June 30, 2022, 58.5 percent of scheduled trips from Contractor #2 arrived late.

When the contractor is at fault for arriving late to the destination facility, a PS Form 5500 should be either automatically or manually created. We contacted management at all eight NDCs that currently receive mail by rail.¹⁵ Of the eight facilities, only the Kansas City NDC completed PS Forms 5500 documenting the late trips. Kansas City NDC management also held weekly meetings with the contractor to discuss performance issues. However, Contractor #1's late trips did not show improvement from July 14, 2020, through June 30, 2022, as shown in Figure 1.

Figure 1. Late Arriving Trips from Los Angeles NDC to Kansas City NDC



Source: Surface Visibility and OIG analysis.

This occurred because Postal Service management responsible for contractor oversight did not issue the required PS Form 5500 to hold contractors accountable for irregularities. The Contractor #2 contract states the prime

contractors' responsibility extends to the performance of any other provider the prime contractor may subcontract to perform services. However, the contract awarded to Contractor #1 on July 1, 2022, states that their performance will be assessed after excluding delays caused by the railroad. Ultimately, the Postal Service is still responsible for issuing PS Form 5500 to document irregularities, even if the subcontractor caused the late trip.

When PS Forms 5500 are not completed, the Postal Service cannot assess contractor performance and implement corrective actions when required. Poor contractor performance increases the risk that mail will not be delivered on time.

“This occurred because Postal Service management responsible for contractor oversight did not issue the required PS Form 5500 to hold contractors accountable for irregularities.”

Recommendation #4

We recommend the **Vice President, Logistics**, issue supplemental guidance to the sites that use the intermodal transportation program and ensure the Contract Irregularity Reporting process is being followed.

Management's Comments

Management did not fully agree with the findings but agreed with the recommendations. In subsequent communication, management stated they did not agree with the monetary impact, citing that it included trips for repositioning. See [Appendix B](#) for management's comments in their entirety.

Management stated that they disagree that contractor performance was not reviewed consistently. They stated that they hold weekly meetings with each contractor to discuss performance issues and plans to resolve them. In addition, each contractor supplies transportation updates twice a day and the headquarters surface team tracks that information for delivery issues.

¹⁵ NDCs receiving mail by rail include New Jersey, St. Louis, Jacksonville, Atlanta, Chicago, Los Angeles, Kansas City, and Dallas.

Management did agree that sites involved in intermodal transportation need guidance to follow existing HCR contractor accountability processes. While some sites are maintaining physical copies of PS Forms 5500 to document contractor irregularities, management stated that there are opportunities to improve the process.

Regarding recommendation 1, management stated that they will develop standard operating procedures to document processes around oversight of the intermodal transportation program and reporting of performance issues. The target implementation date is November 30, 2022.

Regarding recommendation 2, management stated that they will add performance data from Contractor #2 to the existing Intermodal (Rail) Performance Dashboard. The target implementation date is February 28, 2023.

Regarding recommendation 3, management stated that they will review the Intermodal (Rail) Performance Dashboard for accuracy and consider adding other metrics. Additionally, management will identify relevant existing Surface Visibility dashboards they can be used to monitor the program. The target implementation date is September 30, 2022.

Regarding recommendation 4, management stated that they will review the Contract Irregularity Reporting process and issue supplemental guidance for sites that use the intermodal transportation program. The target implementation date is October 31, 2022.

Evaluation of Management's Comments

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

Regarding management's disagreement with contractor performance not being reviewed consistently, management stated that they hold weekly meetings with each contractor to discuss performance issues and each contractor supplies status updates twice a day. However, we found the weekly meetings and status updates are ineffective in ensuring that contractors met performance goals. Specifically, from July 14, 2020, to June 30, 2022, Contractor #1 missed the cutoff-to-notify on 47.6 percent of the trips and failed to meet the required delivery time on about 35 percent of the trips. Additionally, from November 10, 2021, to June 30, 2022, about 58.5 percent of Contractor #2's trips were late and 27.7 percent were canceled.

Regarding management's disagreement with the monetary impact, the Postal Service stated that our calculation included trips that needed to be repositioned and sent back to the Los Angeles NDC. However, the contract states that these are one-way trips and are not return trips to the Los Angeles NDC. Furthermore, the Dallas NDC transportation manager stated that she was not utilizing the trips because they were consistently late.

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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Appendix A: Additional Information

Scope and Methodology

Our scope was a review of the Postal Service's intermodal transportation from July 14, 2020, to June 30, 2022. To accomplish our audit objective, we:

- Reviewed and analyzed the intermodal pilot program.
- Identified and reviewed the Postal Service's transportation policies and procedures for rail transportation.
- Reviewed and analyzed rail contracts in the Contract Authoring and Management System.
- Identified and reviewed existing Postal Service initiatives related to rail transportation.
- Performed an analysis of existing pilot program rail lanes and "as needed" rail lanes.
- Conducted onsite observations at the Los Angeles NDC the week of February 28, 2022, to observe intermodal rail operations.
- Analyzed the Postal Service's Informed Visibility – Intermodal (Rail) Performance Dashboard and Surface Visibility data from July 14, 2020, to June 30, 2022.
- Reviewed invoices from iSupplier and performed a cost analysis to determine if there was a difference between the rates without fuel for "as needed" versus static lanes.
- Conducted meetings with Postal Service headquarters management; and interviewed transportation managers at the Los Angeles, Kansas City, Dallas, Chicago, St. Louis, Jacksonville, Atlanta, and New Jersey NDCs.
- Reviewed service standard changes and the impact if rail transportation is used.

We conducted this performance audit from February to September 2022 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 16, 2022, and included their comments where appropriate.

We assessed the reliability of Postal Service's Surface Visibility, Informed Visibility, EDW, and iSupplier data by interviewing Postal Service officials, comparing data to other representative time periods, and reconciling data from one system to another as well as to other official documentation. We determined that the data were sufficiently reliable for the purposes of this report.

Prior Audit Coverage

The OIG did not identify any prior audits or reviews related to the objective of this audit within the last five years.

Appendix B: Management's Comments



September 7, 2022

JOHN CIHOTA
DIRECTOR, AUDIT SERVICES

SUBJECT: Management Response: Moving Mail by Rail (Project Number 22-036)

Thank you for providing the Postal Service with an opportunity to review and comment on the finding and recommendation contained in the draft audit report, *Moving Mail by Rail (Project Number 22-036)*.

Management disagrees that contractor performance of the intermodal transportation program was not reviewed consistently. Weekly meetings occur with each contractor to discuss performance issues and plans to resolve. In addition, each contractor supplies status updates twice daily on their transportation that is tracked by the HQ surface team for delivery issues.

Management agrees that the sites involved in intermodal transportation need guidance to follow the existing HCR contractor accountability processes for Rail transportation. Some of the intermodal (rail) sites are maintaining physical copies of their 5500s to document contractor irregularities, but there are opportunities to improve that process.

Recommendation [1]:

We recommend the Vice President, Logistics, develop a standard operating procedure and training for the intermodal transportation program that addresses oversight responsibilities and how to monitor and address any performance issues.

Management Response/Action Plan:

Management agrees with this recommendation. Management will develop standard operating procedures to document processes around oversight of the intermodal transportation program and reporting of performance issues.

Target Implementation Date:

11/30/2022

Responsible Official:

Executive Manager Surface Logistics Programs, Senior Director Surface Logistics

Recommendation [2]:

We recommend the Vice President, Logistics, develop an Intermodal (Rail) Performance Dashboard to monitor performance for Contractor #2.

Management Response/Action Plan:

Management agrees with this recommendation. Performance data from Contractor #2 will be added to the existing Intermodal (Rail) Performance Dashboard that currently displays Contractor #1's performance.

Target Implementation Date:

2/28/2023

Responsible Official:

Executive Manager Surface Logistics Programs, Senior Director Surface Logistics

Recommendation [3]:

We recommend the Vice President, Logistics, review the Intermodal (Rail) Performance Dashboard for accuracy and consider developing additional metrics for the intermodal transportation dashboards and aligning with Surface Visibility transportation metrics.

Management Response/Action Plan:

Management partially agrees with this recommendation. We will review the Intermodal (Rail) Performance Dashboard for accuracy and consideration of additional metrics. We will identify relevant existing Surface Visibility dashboards that can be used to monitor the program.

Target Implementation Date:

9/30/2022

Responsible Official:

Executive Manager Surface Logistics Programs, Senior Director Surface Logistics

Recommendation [4]:

We recommend the Vice President, Logistics, issue supplemental guidance to the sites that use the intermodal transportation program and ensure the Contract Irregularity Reporting process is being followed.


Management Response/Action Plan:

Management agrees with this recommendation. We will review the existing High Contract Route (HCR) Contract Irregularity Reporting process and distribute documentation as supplemental guidance for sites that use the intermodal transportation program.

Target Implementation Date:
10/31/2022

Responsible Official:
Executive Manager Surface Logistics Programs, Senior Director Surface Logistics

**Robert
Cintron**
Robert Cintron
Vice President, Logistics

A digital signature block for Robert Cintron. It features a red scribble-like mark to the left of the text. The text includes the name 'Robert Cintron' in a larger font, followed by 'Robert Cintron' and 'Vice President, Logistics' in a smaller font. To the right of the name, there is a small box containing the text: 'Digitally signed by Robert Cintron', 'Date: 2022.09.07 12:29:45', and '-0400''.

cc: *Manager, Corporate Audit Response Management*

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