

Late Trip Payment Process for Highway Contract Routes

AUDIT REPORT

Report Number 22-202-R23 | April 25, 2023



U. S. Postal Service
Late Slip

Driver: Keep this copy. Give copies 2 & 3 to the driver.

Date	Delaying Postal Facility Name	Departure Time Scheduled	Actual	Driver's Name
Route Number	Trip Number			
Employee at Delaying Facility	Reason for Delay (Explain)	Dock Operations	Other	Title
	Mail Processing			
Final Destination Facility Name	Employee at Final Destination Facility	Arrival Time Scheduled		Title

PS Form 5466, June 2005 (7530-02-000-8472)

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Highlights

Background

The Postal Service uses Highway Contract Route (HCR) suppliers to transport mail and equipment between plants, post offices, and other designated points. When the Postal Service is responsible for a delayed HCR trip, the origin facility must issue a late slip to the HCR driver to receive compensation for the delay. During fiscal years (FY) 2021 and FY 2022, the Postal Service caused suppliers to be late for a total of about 2.9 million trips and paid about \$28.7 million in late trip payments to suppliers. The number of HCR late trips caused by the Postal Service increased by 121,563, or 8.8 percent from FY 2021 to FY 2022.

What We Did

Our objective was to evaluate the U.S. Postal Service's management of the HCR late trip payment process. To accomplish our objective, we selected three samples of late trip payment transactions to review for accuracy of the payments. The first was a statistical sample of 208 of the 52,446 payment transactions for FY 2021 and FY 2022. The second was a judgmental sample of 55 transactions greater than 200 hours late. The last was a judgmental sample of 163 of the 1,629 lump sum payment transactions.

What We Found

We found that Postal Service personnel were not consistently following the process for reviewing and approving late trip payments outlined in its internal policy, *Highway Contract Route Exceptional Service Performance Payment Reconciliation*. Specifically, the Postal Service did not always review and validate the accuracy of the supplier claims for the payments. Additionally, Postal Service personnel did not always review and validate the accuracy of lump sum payments. As a result, we estimated the Postal Service incurred unsupported questioned costs of about \$12.5 million annually.

“Postal Service personnel were not consistently following the process for reviewing and approving late trip payments outlined in its internal policy.”

Recommendations

We recommended management (1) develop a plan to periodically monitor compliance and provide refresher training to personnel on the late slip payment process outlined in the Management Instruction; (2) develop and implement a standardized supplier claim form; (3) perform periodic reviews to ensure trips are entered correctly for inbound highway contract trips; (4) implement periodic reviews to ensure the correct budget account code, routes, cost segments, and service types are used for late slip payments; (5) develop and issue a Standard Work Instruction to require the inclusion of supporting documentation and a justification when correct late slip rates are not used.

Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

April 25, 2023

MEMORANDUM FOR: ROBERT CINTRON
VICE PRESIDENT, LOGISTICS

PETER ROUTSOLIAS
VICE PRESIDENT, TRANSPORTATION STRATEGY

Mary K. Lloyd

FROM: Mary Lloyd
Deputy Assistant Inspector General
for Mission Operations

SUBJECT: Audit Report – Late Trip Payment Process for Highway Contract Routes
(Report Number 22-202-R23)

This report presents the results of our audit of Late Trip Payment Process for Highway Contract Routes.

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
Chief Logistics Officer

Results

Introduction/Objective

This report presents the results of our self-initiated audit of the Late Trip Payment Process for Highway Contract Routes (HCR) (Project Number 22-202). Our objective was to evaluate the U.S. Postal Service's management of the HCR late trip payment process. See [Appendix A](#) for additional information about this audit.

Background

The Postal Service uses HCRs to transport mail and equipment between plants, post offices, and other designated points. When the Postal Service is responsible for delaying an HCR trip, the origin facility must issue a Postal Service (PS) Form 5466, *Late Slip*,¹ to the HCR driver authorizing compensation for the delay. HCR suppliers must consolidate PS Forms 5466 for each route monthly and list them on the claim form when submitting to Postal Service administrative officials (AO).² The claim form must be submitted within 90 days of the issuance of PS Form 5466, summarizing the time and number of hours they were delayed and are claiming. The AO must review and validate each PS Form 5466 for accuracy and ensure all required fields are complete. The AO should also verify the times indicated for each delay against the data in Surface Visibility Web³ before approving the claim for payment.

Once approved, requests for payments are processed through the electronic Service Change Request system (service system). The AO is responsible for making complete, timely, and accurate entries of payment information into the electronic PS Form 5429 (e5429 form), *Certification of Exceptional Contract Service Performed* – a component in the service system – for processing and approving payments. Additionally, the Postal Service uses the Transportation Contract Support System (contract system) to manually process lump sum payments⁴ not processed in the service system.

The number of HCR late trips caused by the Postal Service increased by 121,563 (8.8 percent) from

fiscal year (FY) 2021 to FY 2022. The Postal Service caused suppliers to be late on about 2.9 million trips (see Table 1) and paid about \$28.7⁵ million in payments to suppliers for late trips during FY 2021 and FY 2022 (see Table 2).⁶

Table 1. Late Trips (FY 2021 – FY 2022)

FY	Postal Service Delayed Trips	Difference	Percent Change
2021	1,376,053		
2022	1,497,616	121,563	8.8%
Total	2,873,669		

Source: Surface Visibility Web HCR Supplier Dashboard as of February 21, 2023.

Table 2. Late Trip Payments (FY 2021 – FY 2022)

FY	Paid Source	Number of Payment Transactions	Amount
2021	Service system – e5429	27,033	\$13,399,234
2021	Contract system – Lump sum	645	5,857,260
Total FY 2021		27,678	19,256,494
2022	Service system – e5429	25,474	8,844,244
2022	Contract system – Lump sum	984	615,282
Total FY 2022		26,458	9,459,526
Total		54,136	\$28,716,020

Source: Contract system pay data.

- Late trip claims normally result when an origin facility delays a trip past its scheduled departure time.
- Responsible for monitoring the performance of mail transportation and related services by suppliers.
- A system that provides the Postal Service with real-time data and reporting on the movement and delays of HCRs.
- PS Forms 5429 that could not be processed in the service system are consolidated and manually processed as a lump sum payment in the contract system.
- The late trip payments for FY 2021 and FY 2022 may include prior service. Additionally, late trips caused by Postal Service are not always paid in the same service year.
- The Postal Service paid less in late trip payments for FY 2022 despite the increase in the number of late trips. During the FY 2021 peak season, the Postal Service experienced significant prolonged delays and paid higher rates to suppliers causing an increase in total payments.

The Postal Service requires AOs to use Management Instruction PO-530-2017-1, *Highway Contract Route Exceptional Service Performance Payment Reconciliation*,⁷ to process payments. Below are the specific requirements in the Management Instruction the AOs must adhere to when processing e5429 payments in the service system and lump sum payments in the contract system:

- Must not pay suppliers for more hours than the amount on the claim form or hours issued on PS Form 5466.
- Must review each PS Form 5466 and validate its accuracy and ensure all required fields are complete. The AO verifies the times indicated for each delay against the data in Surface Visibility Web or in the Enterprise Data Warehouse database. The AO also verifies that payments are processed in the correct month with the correct budget account code.
- Must reconcile the departure delay at the origin facility that issued the PS Form 5466 against the actual trip arrival time at the office of destination. The supplier is entitled only to the net amount of the late minutes at the end of the trip.
- Convert the total minutes to decimal hours and enter the decimal hours in the total hours column on the e5429 form.
- Must confirm that the suppliers submitted all required materials, including the claim forms, copies of PS Forms 5466, and supporting documentation.
- Must complete the e5429 forms and submit them no later than 30 days after receipt of a proper invoice.
- Make complete, timely, and accurate entries for payment information in the e5429 component of the service system.
- Process a claim form submitted by suppliers within 90 days of the issuance of PS Form 5466, summarizing the time and number of delay hours claimed.

During our audit, we selected three samples of transactions to review the accuracy of the payments in the service system and the contract system for FY 2021 and FY 2022. The first was a statistical sample of e5429 payment transactions in the service system. The second was a judgmental sample of e5429 payment transactions greater than 200 hours late.⁸ For payment transactions, HCR suppliers consolidate PS Forms 5466 which consist of multiple late trips that could make the total late hours more than 200. The last was a judgmental sample of lump sum e5429 payment transactions in the contract system.

Finding #1: e5429 Payments in the Service Change Request System

We found that the Postal Service could improve its management of the late trip payment process for suppliers. Specifically, the Postal Service did not always review and validate the accuracy of e5429 forms and payments in the service system. We reviewed a statistical sample of 208 of the 52,446 payment transactions for FY 2021 and FY 2022 and found 191 of the 208 (92 percent) transactions were not in compliance with multiple policies outlined in the Management Instruction:

“We reviewed a statistical sample of 208 out of 52,446 payment transactions and found 191 (or 92 percent) transactions were not in compliance with multiple policies outlined in the Management Instruction.”

- 80 transactions did not include the supporting PS Form 5466 issued to the supplier by the Postal Service for the late trips.
- 44 transactions were paid to the supplier without submission of the claim forms.
- 136 transactions had incomplete claim forms submitted by suppliers or were not completed by the AOs to document the payment review and verification. See [Appendix B, Figure 1](#).
- 101 transactions were incorrectly paid due to missing supporting documentation, late minute calculation errors, duplicate payments, multiple legs of the trip included for payments, or the last

⁷ This Management Instruction, dated August 31, 2017, contains information for Postal Service officials directly involved in the reconciliation of payment to suppliers.
⁸ The transactions greater than 200 hours were based on whole numbers without a decimal point. We judgmentally selected over 200 hours with no decimal point because it provided a reasonable assessment of these transactions.

leg of the trip was not used to determine the total allowable late minutes. See [Appendix B, Figure 2](#) and [Figure 3](#).

- 145 transactions were not reconciled to Surface Visibility Web based on last destination scans for accurate payment processing.
- 64 transactions did not include a claim or submission date to determine if the claim was submitted within 90 days. Additionally, one claim form was submitted over the 90-day requirement. See [Appendix B, Figure 4](#).
- 47 transactions were paid over 30 days past the claim submission date and 59 transactions were missing receipt dates by the Postal Service. See [Appendix B, Figure 5](#).
- 1,217 trips⁹ did not have the Surface Visibility Web destination scans for verification and determination of the correct late minutes. Additionally, 141 of the 1,217 trips did not have the trip numbers on the claim forms or PS Forms 5466.

Additionally, we reviewed a judgmental sample of 55 payment transactions¹⁰ greater than 200 hours late and determined 43 (78 percent) transactions were incorrectly paid. We identified the following issues that were not compliant with multiple policies within the Management Instruction:

- 12 transactions, totaling \$344,496, were overpaid to suppliers due to late minutes not being accurately converted to decimal hours or entered incorrectly in the service system for payment. See [Appendix B, Figure 6](#) and [Figure 7](#). During our audit, management took corrective action to recover the overpayments by adjusting errors in the service system.
- 12 transactions, totaling \$125,984, were incorrectly recorded as regular service instead of late trip service.¹¹
- 19 transactions, totaling \$28,806, did not reconcile to the supporting documentation for the total late hours paid.

These issues occurred because the AOs did not always perform their roles and responsibilities efficiently and in accordance with the requirements outlined in the Management Instruction and management did not always monitor compliance or hold the AOs accountable. Additionally, suppliers were using a variety of claim forms that lacked the required, detailed trip information.¹² Furthermore, scans were not performed for some of the inbound trips at the receiving facilities resulting in trip information not being available in Surface Visibility Web and making it difficult to validate trip information against the supplier claim forms.

When the prescribed policies and procedures for the payment process are not followed, inaccurate payments to suppliers are made. Consequently, we estimated the Postal Service incurred about \$19.7 million in unsupported questioned costs¹³ during FY 2021 and FY 2022.

“Develop a plan to periodically monitor compliance and provide refresher training on the late slip payment process requirements”

Recommendation #1

We recommend the **Vice President, Logistics**, and **Vice President, Transportation Strategy**, develop a plan to periodically monitor compliance and provide refresher training to administrative officials and contracting personnel on the late slip payment process outlined in Management Instruction PO-530-2017-1, *Highway Contract Route Exceptional Service Performance Payment Reconciliation*.

Recommendation #2

We recommend the **Vice President, Logistics**, develop and implement a standardized supplier claim form.

Recommendation #3

We recommend the **Vice President, Logistics**, perform periodic reviews to ensure final trip destination scans are performed in Surface Visibility for highway contract trips.

⁹ A payment transaction may consist of consolidation of multiple late trips and delayed hours.

¹⁰ The 55 transactions were excluded from the 52,446 statistically sampled payment transactions.

¹¹ AOs were unable to provide the contract agreements for these services.

¹² The detailed trip information required on the claim form includes date, delayed and final destination facility, trip number, actual scheduled departure and arrival time, late minutes claimed and allowed, supplier name, AO name and signature, and certification date.

¹³ A subset of questioned costs that are called into question because of missing or incomplete documentation, or because of failure to follow required procedures.

Finding #2: Lump Sum Payments in the Transportation Contract Support System

We found that the Postal Service could improve its management of the lump sum payment process for suppliers. Specifically, the Postal Service did not always review and validate the accuracy of the e5429 forms in the contract system. We selected a judgmental sample of 163¹⁴ of the 1,629 lump sum payment transactions in the contract system for FY 2021 and FY 2022 and found the Postal Service did not follow multiple policies within the Management Instruction for all 163¹⁵ sampled transactions as follows:

- 162 transactions were not reviewed for completeness when the supplier submitted claim forms including PS Form 5466, trip information, and late minutes or hours claimed.
- 30 transactions contained calculation errors, duplicate payments, and payments were made for multiple legs of the same trip.
- 162 transactions were not reviewed and reconciled with the Surface Visibility Web data for late minutes against the amounts claimed by suppliers.
- 122 transactions, representing 1,843 late trips, were approved at flat rates ranging from \$600 to \$4,500 per trip and 2,715 late trips were approved with a rate per hour that ranged from \$50 to \$92 without justification or supporting documentation. See [Appendix B, Figure 8](#) and [Figure 9](#).
- 33 transactions were submitted over the 90-day requirement or did not have the date of submission on the claim to determine if it was submitted timely. For example, a supplier submitted claim form for service performed as far back as November 2018. See [Appendix B, Figure 10](#).
- 105 transactions with multiple routes, cost segments, finance numbers, or service types¹⁶ were processed incorrectly by being combined into one payment transaction.

In addition, we found that 1,596 (or 98 percent) of the 1,629 transactions were recorded using 19 different budget account codes in the contract system, which resulted in about \$6.0 million recorded to the wrong budget account codes.

These issues occurred because management did not monitor or hold contracting personnel accountable for not following the Management Instruction for lump sum payments. Specifically, personnel were not held accountable for failing to segregate routes; using incorrect cost segments, finance numbers, and service types; and using improper budget account codes when processing lump sum payments. Additionally, the Postal Service did not have a policy for adding supporting documentation and a justification when contracting personnel did not use the correct contract rates in the contract system.

Since the Management Instruction for the lump sum payment process is not always being followed, it results in inaccurate payments to suppliers and creates opportunities for fraud, waste, and abuse. Additionally, using incorrect budget account codes and cost segments and underreporting payments could result in management using incorrect data to make business decisions. Due to the lack of adequate supporting documentation for the payments, we estimated the Postal Service incurred about \$5.4 million in unsupported questioned costs for FY 2021 and FY 2022.

Recommendation #4

We recommend the **Vice President, Transportation Strategy**, implement periodic reviews to ensure the correct budget account code, routes, cost segments, and service types are used when late slip payments are entered in the Transportation Contract Support System.

Recommendation #5

We recommend the **Vice President, Transportation Strategy**, develop and issue a Standard Work Instruction to require the inclusion of supporting documentation and a justification when correct late slip rates in the Transportation Contract Support System are not used.

Management's Comments

Management agreed with the findings, recommendations, and monetary impact. See [Appendix C](#) for management's comments in their entirety.

Regarding recommendation 1, management stated they will redistribute Management Instruction, PO-530-2017-1, and provide a service talk on the responsibilities of the AOs for the late trip

¹⁴ The 163 lump sum payment transactions represented payments over \$10,000.

¹⁵ One transaction had two payments due to rate adjustment, therefore only 162 transactions had trip information.

¹⁶ Other service types were extra trips and detour.

performance and payment process. The target implementation date is April 30, 2023.

Regarding recommendation 2, management stated they recognize the need for standardization of the claim form and will reiterate to the field to use the form in Management Instruction, PO-530-2017-1. They will distribute the form via email to the field and the form will also be available to download. The target implementation date is April 30, 2023.

Regarding recommendation 3, management stated they will continue to focus on scanning improvement. Additionally, they will share examples of improvements to scanning, daily scorecard updates, and areas where Regional Logistics Directors are working with Processing Directors to improve scanning performance. The target implementation date is April 30, 2023.

Regarding recommendation 4, management stated they will provide a service talk on the importance of using correct budget account codes, route numbers, cost segments and service types when processing late slip payments in the contract system. Additionally, management stated Surface Transportation will migrate to a new contract writing

system in 2024 and Surface Transportation's role in entering budget account codes in the contract system will end. The target implementation date is April 30, 2023.

Regarding recommendation 5, management stated they will provide a service talk on the inclusion of supporting documentation and a justification when late slip payment rates differ from the rates maintained in the contract system. The target implementation date is April 30, 2023.

Evaluation of Management's Comments

The U.S. Postal Service Office of Inspector General (OIG) considers management's comments responsive to the recommendations and corrective actions should resolve the issues identified in the report.

All recommendations require OIG concurrence before closure. 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.

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Appendix A: Additional Information

Scope and Methodology

The scope of this project was a nationwide review of payment data for FY 2021 and FY 2022. To accomplish our objective, we:

- Interviewed Logistics and Transportation Strategy personnel regarding the payment process in e5429 in the service system and lump sum payments in the contract system. Documented the payment process and requirements.
- Determined how the hourly rate is established for payment calculation.
- Obtained and analyzed HCR pay data in the contract system to determine the costs of payment transactions during FY 2021 to FY 2022. Selected three samples for review:
 - Selected a statistical sample of 208 from a total of 52,446 e5429 payment transactions using the OIG standard of a 95 percent confidence level in the service system, excluding transactions with greater than 200 hours late without decimal points and any associated adjustments.
 - Selected a judgmental sample of 55 e5429 payment transactions in the service system that were greater than 200 hours late and had no decimal points and any associated adjustments.
 - Selected a judgmental sample of 163 from a total of 1,629 lump sum payment transactions in the contract system greater than \$10,000 per payment transaction.

- Reviewed supporting documents for the three samples to determine if the transportation and contracting personnel followed the Management Instruction and whether payments were processed accurately and supported in the service system and the contract system. Determined if AOs and contracting personnel verified the late minutes claimed by the suppliers against the data in Surface Visibility Web.

We conducted this performance audit from October 2022 through April 2023 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 April 4, 2023, and included their comments where appropriate.

We assessed the reliability of the contract system for payment data by interviewing Postal Service officials, testing selected data fields, comparing data to e5429 payment data in the service system, reviewing and tracing the sample payment transactions to the source documents in the service system and data in Surface Visibility system. We determined that the data were sufficiently reliable for the purposes of this report.

Prior Audit Coverage

Report Title	Objective	Report Number	Final Report Date	Monetary Impact
<i>Trips Operating More Than Four Hours Late</i>	To assess the effectiveness of the USPS management of HCR and PVS trips operating more than four hours late.	21-116-R22	11/08/2021	\$16,530,844
<i>Management of Highway Contract Route Contractor Failures at the New Jersey International Network Distribution Center</i>	To assess the management of HCR irregularities due to contractor failure at the New Jersey International Network Distribution Center.	21-075-R21	03/30/2021	\$0

Appendix B: Examples of Noncompliance With the Management Instruction

Figure 1 shows the supplier and AO did not complete the required highlighted information on the supplier claim form before approving the payment.

Figure 1. Incomplete Supplier Claim Form

CONTRACTOR DELAY CLAIM FORM

Contractor: [REDACTED] HCR: [REDACTED]

Contractor Use Only				Administrative Official Use Only			
Driver's Name	Date of S465	Postal Facility (Delay Point)	Delay Trip #	Amount of Delay Claimed	Scheduled Arrival Time	Actual Arrival Time	Time Approved By Administrative Official
[REDACTED]	11/21/20	Summerville, SC		90			
	11/22/20	"		20			
	11/23/20	"		100			
	11/24/20	"		90			
	11/25/20	"		90			
	11/26/20	"		90			
	11/27/20	"		90			
	11/28/20	"		90			
	11/29/20	"		20			
	11/30/20	"		100			

* Holiday *

Total Time Claimed (minutes): 780 Total Time Allowed: _____
 Requested \$ Amount: _____

If additional space is needed, use another sheet of paper or form showing contractor & route #.
 Note: CLAIMS MUST BE TURNED IN TO THE ADMINISTRATIVE OFFICIAL WITHIN 90 DAYS.

Contractor Signature: _____ Date: _____

Administrative Postmaster or Designee: I certify that the above trips have been delayed as shown above and that I have access to such supporting documents.

Administrative Official Signature: _____ Post Office, Zip Code: _____ Date: _____

Source: e5429 in the service system.

Figure 2 shows the supplier claimed late minutes twice. The AO approved the duplicate payment.

Figure 2. Duplicate Payment for Same Trip

[REDACTED]

DELAY CLAIM FORM (PS FORM 5466)

Contractor Use Only		Administrative Official Use				
Date of Delay	Postal Facility (Delay Point)	Delay Trip #	Amount of Delay Claimed	Scheduled Arrival at Final	Actual Arrival Time at Dest	Time Approved by Administrative Office
5/29/2018	Taylor	126	40	0:40+	0:15+	40
5/30/2018	Southgate	30	15	0:15+	0:55+	15
5/30/2018	Taylor	126	30	0:15+	0:15+	30
5/31/2018	Taylor	126	15	0:15+	0:15+	15
5/31/2018	New Boston	123	15	0:15+	0:15+	15
6/4/2018	Southgate	30	15	0:15+	0:15+	15
6/4/2018	Southgate	30	15	0:15+	0:15+	15
6/4/2018	Taylor	126	35	0:15+	0:15+	55
6/5/2018	Southgate	30	15	0:25+	0:15+	15
6/6/2018	Allen park	124	15	0:15+	0:15+	15
6/6/2018	Southgate	30	15	0:15+	0:15+	15

Source: e5429 in the service system.

Figure 3 shows the supplier claimed late minutes for multiple legs of the trip. The AO incorrectly approved the payment when the supplier was only entitled to the net amount of the late minutes at the end of the trip.

Figure 3. Multiple Legs Paid for Same Trip

Contractor: [REDACTED] HCR# [REDACTED]

Contractor Use Only				Administrative Official Use		
Date of 5466	Postal Facility Delay Point	DELAY TRIP #	AMOUNT OF DELAY	SCHEDULED ARRIVAL TIME	ACTUAL ARRIVAL TIME	TIME APPROVED BY ADMIN OFFICIAL
8/1/2021	Lehigh Valley P&DC	5 A	44	705	749	44 - A
8/3/2021	Bethpage, NY P&DC	308	21	330	351	21 - B
8/3/2021	Mid Island, NY P&DC	308	27	230	257	27 - B
8/3/2021	Bethpage, NY P&DC	308	21			X
8/3/2021	Lehigh Valley P&DC	2 A	31	730	801	31 - A
8/3/2021	JSM/DMV	8	45	1400	1445	45 - A
8/3/2021	Lehigh Valley P&DC	304	18	600	618	18 - B
8/4/2021	Lehigh Valley P&DC	5 A	15	705	720	15 - A
8/4/2021	Lehigh Valley P&DC	302	6	610	616	6 - B
8/5/2021	Lehigh Valley P&DC	301	129	400	609	129 - A
8/5/2021	Lehigh Valley P&DC	304	31	600	631	31 - B
8/6/2021	Lehigh Valley P&DC	301	134	400	614	134 - A
8/6/2021	Lehigh Valley P&DC	304	20	600	620	20 - B
8/6/2021	Harrisburg P&DC	1 A	45	520	605	45 - A
8/7/2021	Lehigh Valley P&DC	5	38	705	743	38 - A
8/7/2021	Harrisburg P&DC	307	9	230	239	9 - A
8/10/2021	Mid-Island, NY P&DC	308	41	230	311	41 - B
8/10/2021	Bethpage, NY P&DC	308	36	330	406	36 - B
8/10/2021	Lehigh Valley P&DC	308	40	430	710	40 - B
8/11/2021	Lehigh Valley P&DC	304	20	600	620	20 - B

Source: e5429 in the service system.

Figure 4 shows the supplier and AO did not complete the date fields as required to determine the timely submission of the claim form.

Figure 4. Claim Form without Submission Review Date

Attach the 5466 with this cover sheet. If additional space is needed, use another sheet.

TOTAL TIME CLAIMED 146 min Minutes TOTAL TIME ALLOWED 146 Minutes

TOTAL AMOUNT CLAIMED _____ TOTAL AMOUNT ALLOW _____

Contractor Original Signature _____ Date _____

I certify that the above trips have been delayed as shown above and I have access to such supporting documents.
Any 5466 received after 90 days of delay, will be returned. No payment due.

Administrative Official / Postmaster (or Designee) _____ Administrative Signature _____

Post Office Zip Code _____ Date _____

Source: e5429 in the service system.

Figure 5 shows the AO did not process the supplier claim within the 30-day requirement. The claim was received on July 27, 2020, and was processed on November 4, 2020, which was 70 days late.

Figure 5. Claim Processed Over 90 Days


TOTAL AMOUNT CLAIMED 285 285 TOTAL TIME CLAIMED 285

Attach the 5466 with this cover sheet. If additional space is needed, use another sheet.

Contractor Original Signature _____ Date 7-17-20

I certify that the above trips have been delayed as shown above and I have access to such supporting documents.
Any 5466 received after 90 days of delay will be returned. No payment due.

Administrative/official Postmaster or designee (Signature) _____ Post Office, Zip Code _____ (Date) 11/4/20



Source: e5429 in the service system.

Figure 6a shows the supplier claimed 2,550 minutes and the AO approved. In Figure 6b, the AO input 2,550 hours in the service system instead of entering 42.5 hours, resulting in an overpayment of \$85,608 to the supplier.

Figure 6a. Hours Conversion Error

HCR SUPPLIER CLAIM FORM FOR LATE SLIP (PS FORM 5466) DELAYS
 Excess waiting time at USPS Facilities
 SUBMISSION DATE: **02/01/21**

NOTE: All claims for late slip delays must be submitted to the Administrative Office within 90 days of issuance.

Supplier: _____
 HCR Number: _____

LATE SLIP OCCURRENCE TIME FRAME
 From: 12/01/20 To: 12/31/20

RECEIVED
 FEDERAL MAIL
 1 2 3 4 5 6 7 8 9 10 11 12 PM

SUPPLIER USE ONLY						***USPS USE ONLY***							
A	B	C	D	E	F	G	H	I	J				
DATE OF TRIP / LATE SLIP FORM 5466	DELAY LOCATION POSTAL FACILITY CODE	DELAYED TRIP NUMBER	SCHEDULED DEPART	ACTUAL DEPART	AMOUNT OF DELAY (MINUTES)	TRIP FINAL DESTINATION FACILITY CODE	SCHEDULED ARRIVAL @ TRIP FINAL DESTINATION	ACTUAL ARRIVAL @ TRIP FINAL DESTINATION	ALLOWED DELAYED MIN INTO TRIP FINAL DESTINATION	COMMENTS			
1	12/04/20	Jackson MS P&DC	802	600	703	63.00	395	11:15	11:46	31.00			
2	12/05/20	Jackson MS P&DC	802	600	711	71.00	395	11:15	12:05	50.00			
3	12/08/20	Jackson MS P&DC	802	600	807	127.00	395	11:15	11:47	32.00			
4	12/09/20	Jackson MS P&DC	802	600	857	177.00	395	11:15	12:53	38.00			
5	12/10/20	Memphis STC	802	145	201	16.00	390	5:45	5:45	0			
6	12/10/20	Jackson MS P&DC	802	600	735	95.00	395	11:15	12:22	67.00			
7	12/11/20	Memphis STC	802	145	156	11.00	390	5:45	6:00	15.00			
8	12/11/20	Jackson MS P&DC	802	600	800	120.00	395	11:15	12:03	132.00			
9	12/12/20	Jackson MS P&DC	802	600	836	156.00	395	11:15	13:16	121.00			
10	12/16/20	Gulfport MS P&df	801	145	155	10.00	390	5:45	6:05	20.00			
11	12/16/20	Jackson MS P&DC	802	600	706	66.00	395	11:15	10:54	0			
12	12/17/20	Gulfport MS P&df	801	145	151	6.00	390	1:45	1:51	6.00			
13	12/17/20	Jackson MS P&DC	802	600	727	87.00	395	11:15	12:26	71.00			
14	12/19/20	Memphis STC	802	145	236	51.00	390	5:45	7:02	77.00			
15	12/20/20	Memphis STC	802	420	530	70.00	390	5:45	9:21	216.00			
16	12/22/20	Memphis STC	801	1000	1638	247.00				247.00			
17	12/22/20	Jackson MS P&DC	802	600	808	128.00	395	11:15	12:05	50.00			
18	12/24/20	Memphis STC	801	1000	709	1269.00				1269			
19	12/30/20	Memphis STC	802	145	216	31.00	390	5:45	6:11	26.00			
20	12/30/20	Jackson MS P&DC	802	600	635	35.00	395	11:15	10:51	0			
21	12/31/20	Memphis STC	802	145	230	45.00	390	5:45	6:28	43.00			
22	12/31/20	Jackson MS P&DC	802	600	659	59.00	395	11:15	11:54	39.00			
Total Delay Minutes Claimed					2940.00		Validated Total Delay Minutes					2550.00	

Supplier (or designee): The amount requested accurately reflects the contract adjustment for which the supplier believes the Postal Service is liable. I am duly authorized to present this claim form for late slips delays on behalf of the supplier. The supporting data are accurate and complete to the best of my knowledge and belief.

Supplier/Designee Signature: _____ DATE: 1-30-2021

USPS Administrative Official (or designee) Signature & Date: _____

USPS Facility Name: _____

Source: e5429 in the service system.

Figure 6b. Service Change Request System Print Screen

5429 Details											
Certification Details											
Service Code	Cost Segment	Rate Type	Pay Type	Unit Rate	Units	Amount	Finance Number	Budget Account Code	Earliest 5397 Received	Latest 5397 Received	Select
Late Slips	A	Special	LATE SLIP - HIRED DRIVER RATE	34.1405\$	2550	\$87,058.48	27-3150	53133	12/04/2020	12/31/2020	<input type="checkbox"/>

Source: e5429 in the service system.

Figure 7a shows the supplier claimed 1,102 minutes and the AO correctly converted the minutes to hours. However, Figure 7b shows it was incorrectly entered as 1,102 hours instead of 18.37 hours in the service system, resulting in an overpayment of \$22,365 to the supplier.

Figure 7a. Hours Input Error in Service Change Request

E

HCR SUPPLIER CLAIM FORM FOR LATE SLIP (PS Form 5466) DELAYS

Late Slip Occurrence Time Frame

Supplier: [REDACTED] Submission Date: 5/3/21 From: 4/1/2021
 HCR Number: [REDACTED] To: 4/30/2021

SUPPLIER USE ONLY						***USPS USE ONLY***			
A	B	C	D	E	F	G	H	I	J
Date of Trip/Late Slip Form 5466	Delay Location Postal Facility/Code	Delayed Trip #	Scheduled Depart	Actual Depart	Amount of Delay (MINUTES)	Trip Final Destination Facility Code	Scheduled Arrival @ Trip Final Destination	Actual Arrival @ Trip Final Destination	Allowed Delayed MIN into Trip Final Destination
1-Apr	Cin PDC	1	910	945	35	45068	7:35	6:07A	35
2-Apr	Cin PDC	1	910	1005	55				55
3-Apr	Cin PDC	1	910	1030	80				80
6-Apr	Cin PDC	1	910	1005	55				55
7-Apr	Cin PDC	1	910	955	45				45
8-Apr	Cin PDC	1	910	950	40				40
9-Apr	Cin PDC	1	910	1013	63				63
10-Apr	Cin PDC	1	910	1015	65				65
13-Apr	Cin PDC	1	910	1010	60				60
14-Apr	Cin PDC	1	910	1010	60				60
15-Apr	Cin PDC	1	910	945	35				35
16-Apr	Cin PDC	1	910	914	4				4
20-Apr	Cin PDC	1	910	1021	71				71
21-Apr	Cin PDC	1	910	1025	75				75
22-Apr	Cin PDC	1	910	940	30				30
23-Apr	Cin PDC	1	910	1029	79				79
24-Apr	Cin PDC	1	910	955	45				45
27-Apr	Cin PDC	1	910	1018	68				68
28-Apr	Cin PDC	1	910	1029	79				79
29-Apr	Cin PDC	1	910	940	30				30
30-Apr	Cin PDC	1	910	938	28				28
Total Delay Mins Claimed:					1102				

Validated Total Delay Mins: 1102
 Administrative Official (or designee) I certify that the above trips have been delayed as shown in Column "J" and that I have access to supporting documents.
 [REDACTED] USPS Administrative Official Signature
 [REDACTED] Facility Name
 5/11/21 Date

I certify that the claim is made in good faith; that the supporting data are accurate and complete to the best of my knowledge and belief; that the amount requested accurately reflects the contract adjustment for which the supplier believes the Postal Service is liable; and that I am duly authorized to certify the claim for this contract.
 [REDACTED] Supplier Signature

Source: e5429 in the service system.

Figure 7b. Service Change Request System Print Screen

5429 Details											
Certification Details											
Service Code	Cost Segment	Rate Type	Pay Type	Unit Rate	Units	Amount	Finance Number	Budget Account Code	Earliest 5397 Received	Latest 5397 Received	Select
Late Slips	A	Special	LATE SLIP - HIRED DRIVER RATE	20.63993	1102	\$22,744.21	38-1605	53138	06/03/2021	05/03/2021	<input type="checkbox"/>

Source: e5429 in the service system.

Figure 8 shows the per trip rates claimed by the supplier ranging from \$600 to \$4,500, which was approved by contracting officers without appropriate supporting justification and documentation in the contract system.

Figure 8. Approved Late Trip Rates

A	B	C	D	E	F	
1	Order Number	BOL Number	Detention	Shipper Location Name	Pickup Time	Consignee Location Name
2	[REDACTED]	[REDACTED]	1,500.00	440CA - CLEVELAND OH CHR	12/17/20 14:00	07H - NEW JERSEY STC
5	[REDACTED]	[REDACTED]	3,000.00	270 - GREENSBORO P&DC	12/18/20 10:00	07H - NEW JERSEY STC
72	[REDACTED]	[REDACTED]	4,500.00	640 - KANSAS CITY P&DC	12/17/20 15:00	30H - ATLANTA STC

Route	Trips	Per Trip	Total
[REDACTED]	190	\$ 800.00	152,000
[REDACTED]	92	\$ 800.00	73,600
[REDACTED]	184	\$ 800.00	147,200
[REDACTED]	562	\$ 800.00	449,600
[REDACTED]	368	\$ 800.00	294,400
[REDACTED]	144	\$ 800.00	115,200
Total	1,540		1,232,000

Route	Trips	Per Trip	Total
[REDACTED]	22	\$ 600.00	\$ 13,200
[REDACTED]	35	\$ 600.00	\$ 21,000
[REDACTED]	91	\$ 600.00	\$ 54,600
[REDACTED]	35	\$ 600.00	\$ 21,000
Total	183		\$ 109,800

Source: Contract system.

Figure 9 shows the supplier claimed a rate of \$92 per hour on five trucks for 24 hours over a period of 21 days and the contracting officers approved it without appropriate supporting justification and documentation in the contract system.

Figure 9. Approved Per Hour Late Trip Rates

REF: HCR [REDACTED]

[REDACTED]

Below includes the amount due per our agreement regarding the massive Christmas hauling delays at the Atlanta STC from 11/28/2020 through 12/22/2020.

5 trucks [REDACTED] X 24 hours = 120 hours
 120 hours X 21 days = 2,520 hours
 2,520 hours X \$92.00 per hour = \$231,840.00

The total amount due for HCR [REDACTED] is \$231,840.00.

Source: Contract system.

Figure 10 shows the supplier submitted a claim form on March 4, 2021, to the contracting officer for service performed as far back as November 2018, which was over the 90-day requirement.

Figure 10. Claim Submitted Over 90 Days

CONTRACTOR: [REDACTED] HCR# [REDACTED]

CONTRACTOR DELAY CLAIM FORM 1

DATE	Postal Facility (Delay Point)	Delay Trip Number	Amount of Delay Claimed	Scheduled Arrival Time	Actual Arrival Time	Time Approved by Administrative Official
11/1/2018	Bethpage (NY) P&DC	406	102			
11/1/2018	Newgistics Inc	7112	82			
11/1/2018	Greater Newark (NJ) P&DC	7113	54			
11/1/2018	Northern NJ Metro P&DC	7612	16			
11/1/2018	Trenton (NJ) P&DC	8522	35			
11/1/2018	Greater Newark (NJ) P&DC	8849	46			
11/2/2018	Bethpage (NY) P&DC	406	100			
11/2/2018	Kennedy (NY) AMC	418	32			
11/2/2018	Greater Newark (NJ) P&DC	901	56			
11/2/2018	Greater Newark (NJ) P&DC	7113	49			
11/2/2018	Greater Newark (NJ) P&DC	8849	25			
11/3/2018	Bethpage (NY) P&DC	406	102			
11/3/2018	Westchester (NY) P&DC	F1504	63			
11/3/2018	Greater Newark (NJ) P&DC	8849	21			
11/3/2018	Northern NJ (NJ) Stc	9006	24			
11/5/2018	Newgistics Inc	7112	31			
11/5/2018	Northern NJ Metro P&DC	7640	23			
11/6/2018	Bethpage (NY) P&DC	406	100			
11/6/2018	Greater Newark (NJ) P&DC	7105	17			
11/6/2018	Newgistics Inc	7112	76			
11/6/2018	Greater Newark (NJ) P&DC	7113	51			
11/6/2018	Greater Newark (NJ) P&DC	8507	54			
11/6/2018	Greater Newark (NJ) P&DC	8849	26			
11/6/2018	Northern NJ (NJ) Stc	9010	55			
11/7/2018	Bethpage (NY) P&DC	406	100			
11/7/2018	Westchester (NY) P&DC	1534	41			
11/7/2018	Westchester (NY) P&DC	1536	91			
11/7/2018	Greater Newark (NJ) P&DC	1507	22			
11/7/2018	Greater Newark (NJ) P&DC	1905	15			
11/7/2018	Newgistics Inc	7112	84			
11/7/2018	Greater Newark (NJ) P&DC	7113	55			

TOTAL TIME CLAIMED 325.08 TOTAL TIME ALLOWED _____
 REQUESTED \$ AMOUNT \$12,207.82

If Additional Space is needed, Use another sheet of paper showing contractor and route number.
 "I certify that the claim is made in good faith; that the supporting data are accurate and complete to the best of my knowledge and belief; that the amount requested accurately reflects the contract adjustment for which the supplier believes the Postal Service is liable; and that I am fully authorized to certify the claim for this contract."

Contractor: [REDACTED] (Signature) 12/19/18 (Date)

Administrative Postmaster (or Designee): I Certify that the above trips have been delayed as shown above and that I have access to such supporting documents.

 Administrative Postmaster (Signature) Post Office, Zip Code (Date)

Source: Contract system.

Appendix C: Management's Comments



04/20/23

JOHN CIHOTA

DIRECTOR, AUDIT SERVICES

SUBJECT: *Management Response: Late Trip Payment Process for Highway Contract Routes 22-202-DRAFT*

Thank you for providing the Postal Service with an opportunity to review and comment on the findings and recommendations contained in the draft audit report, Late Trip Payment Process for Highway Contract Routes.

Vice President of Logistics and Transportation Strategies agree with the findings in this report as it relates to improvements needed within the processes to manage the late trip payment process and lump sum payment processes for HCR Suppliers

Vice President of Logistics and Transportation Strategies also agree with the calculations used towards monetary impact.

Following are our comments on each of the five recommendations.

Recommendation [1]:

We recommend the **Vice President, Logistics, and Vice President, Transportation Strategy**, develop a plan to periodically monitor compliance and provide refresher training to administrative officials and contracting personnel on the late slip payment process outlined in Management Instruction PO-530-2017-1, Highway Contract Route Exceptional Service Performance Payment Reconciliation.

Management Response/Action Plan:

Management **agrees** with this recommendation.

Management will redistribute Management Instruction – PO-530-2017-1, Highway Contract route Exceptional Service Performance Payment Reconciliation, to all Logistics EAS and provide a service talk to summarize the responsibilities of the Administrative Official as it pertains to the Late trip performance process.

Target Implementation Date: 04/30/2023

Responsible Official:

Senior Director, Surface Logistics

Recommendation [2]:

We recommend the **Vice President, Logistics**, develop and implement a standardized supplier claim form.

Management Response/Action Plan:
Management **agrees** with this recommendation.

Attachment A in Management Instruction PO-530-2017-1 is provided as an example of a supplier claim form. Management recognizes the need for standardization and the example listed provides all the inputs necessary to submit a claim for payment. We will reiterate to the field to utilize the form in the management instruction. The form will be distributed to the field via email and will be readily available to download for the field.

Target Implementation Date: 04/30/2023

Responsible Official:
Senior Director, Surface Logistics

Recommendation [3]:
We recommend the **Vice President, Logistics**, perform periodic reviews to ensure final trip destination scans are performed in Surface Visibility for highway contract trips.

Management Response/Action Plan:
Management **agrees** with this recommendation.

Management has been and will continue to focus on scanning improvement. Management will share examples of improvements to scanning indicators to SPLY, will supply examples of daily updates via our Director Scorecard, and an example of where the Regional Logistics Directors are working with their Processing Directors to improve scanning performance.

Target Implementation Date: 04/30/2023

Responsible Official:
Senior Director, Surface Logistics

Recommendation [4]:
We recommend the Vice President, Transportation Strategy, implement periodic reviews to ensure the correct budget account code, routes, cost segments, and service types are used when late slip payments are entered in the Transportation Contract Support System.

Management Response/Action Plan:
Management partially agrees with this recommendation.

Transportation Strategy will provide a service talk to staff informing of the importance of using correct budget account code, route number cost segment and service type in making late slip payments through TCSS. Transportation Strategy has only a custodial role in updating budget account numbers in the Transportation Contract Support System (TCSS). Surface Transportation will migrate over to ILE and the new contract writing system in 2024 – at that point the Surface Transportation role entering budget account numbers in TCSS will end.

Target Implementation Date: 04/30/2023

Responsible Official:

Director, Surface Transportation CMC

Recommendation [5]:

We recommend the **Vice President, Transportation Strategy**, develop and issue a Standard Work Instruction to require the inclusion of supporting documentation and a justification when correct late slip rates in the Transportation Contract Support System are not used.

Management Response/Action Plan:

Management **agrees** with this recommendation.

Transportation Strategy will provide a service talk to staff emphasizing the inclusion of supporting documentation and a justification in instances where late slip payment rates differ from the rate maintained in TCSS.

Target Implementation Date: 04/30/2023

Responsible Official:

Director, Surface Transportation CMC

E-SIGNED by PETER ROUTSOLIAS
on 2023-04-17 09:24:08 CDT

Peter Routsolias
Vice President, Transportation Strategy

Digitally signed by Robert
Cintron
Date: 2023.04.17 14:54:16
-0400

Robert Cintron
Vice President, Logistics

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