



October 11, 2007

JO ANN FEINDT  
VICE PRESIDENT, GREAT LAKES AREA OPERATIONS

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SUBJECT: Audit Report – Timely City Delivery – Chicago District  
(Report Number DR-AR-08-001)

This report presents the results of our audit of city delivery operations in the Chicago District (Project Number 07XG018DR000). Our objective was to determine whether mail was delivered in a timely manner. This audit is one of several conducted based on a request from the Postmaster General and Chief Executive Officer and a congressional request.

The audit confirmed that during the period September 2006 to June 2007, the Chicago District had difficulty with timely mail delivery. Specifically, delivery performance indicators showed office performance was well below standards, street performance was at an all time low, delayed mail volume had increased dramatically, and the percentage of mail arriving in delivery sequence at the units was much lower than the national average.

Several factors which contributed to delivery performance challenges in the Chicago District are discussed in this report. Over the last 2 years the U.S. Postal Service Office of Inspector General (OIG) had discussed similar issues in three audit reports issued to the Chicago District and the Great Lakes Area. Management had agreed with the recommendations in these reports but had not always taken timely action to address or correct these issues.

As a result of these issues, the Chicago District received complaints from customers, suffered the lowest service scores in the nation, and was the subject of negative media coverage regarding poor delivery service due to missed, late, and inconsistent deliveries.

We made four recommendations in this report. Management agreed with our recommendations and has initiatives in progress, completed, or planned addressing the issues in this report. Management's comments and our evaluation of these comments are included in the report.

The OIG considers all of the recommendations significant, and therefore requires OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. These recommendations should not be closed in the follow-up tracking system until the OIG provides written confirmation the recommendations can be closed.

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

E-Signed by Colleen McAntee  
[VERIFY authenticity with Approve]  
*Colleen McAntee*

Colleen A. McAntee  
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#### Attachments

cc: Kathleen Ainsworth  
Jacqueline Krage  
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## EXECUTIVE SUMMARY

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### Introduction

This report presents the results of our audit of city delivery operations in the Chicago District. The report responds to the Postmaster General and Chief Executive Officer and congressional requests to review mail service problems in the Chicago District. Our objective was to determine whether mail was delivered in a timely manner.

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### Results in Brief

The audit confirmed that during the period September 2006 to June 2007, the Chicago District had difficulty with timely mail delivery. Specifically, delivery performance indicators showed office performance was well below standards, street performance was at an all time low, delayed mailed volume had increased dramatically, and the percentage of delivery sequenced mail was much lower than the national average.

Several factors contributed to delivery performance challenges in the Chicago District. First, according to area and district officials, supervisors did not have the skills and training necessary to manage day-to-day operations. Second, the district had high numbers of vacant carrier and supervisor positions. In addition, there were many vacant routes due to injured employees on limited- and light-duty. Further, management had not implemented Standard Operating (SOP) Procedures, and route inspections had not been performed in approximately 3 years. Lastly, management had not implemented an Address Management System (AMS) quality review program or ensured edit books were updated.

As a result, the Chicago District received complaints from customers, suffered the lowest service scores in the nation, and was the subject of negative media coverage regarding poor delivery service due to missed, late, and inconsistent deliveries.

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### Management Corrective Actions

The Postal Service acknowledged the service issues in Chicago and took a number of actions to remedy the situation. Delivery performance indicators showed a slight improvement in Quarter 3, fiscal year 2007, suggesting that management's actions might indicate a positive impact on performance.

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<b>Summary of Recommendations</b>	<p>We recommended the District Manager/Postmaster, Chicago District, implement Delivery SOP in all delivery units and provide appropriate oversight to ensure delivery unit SOPs are in place, operating as intended, and achieving desired results.</p> <p>We also recommended the Vice President, Great Lakes Area, validate that the Chicago District has implemented SOP in all delivery units and provides appropriate oversight to ensure the Chicago District is monitoring delivery unit performance.</p>
<b>Summary of Management's Comments</b>	<p>Management agreed with our findings and recommendations. Management provided detailed actions for each of the recommendations. We have included management's comments, in their entirety, in Appendix B.</p>
<b>Overall Evaluation of Management's Comments</b>	<p>Management's comments are responsive to our recommendations. Management's actions in progress, completed, or planned should correct the issues identified in the report.</p>

## INTRODUCTION

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### Background

The Chicago District has 48 Delivery Operations Information System (DOIS) delivery units and 2,462 city delivery routes. As of June 2007, the district has 3,462 city carriers and 189 supervisors authorized to perform city delivery to over one million delivery points.

In December 2006, the Chicago District began receiving negative media coverage about mail delays. This negative media attention expanded during calendar year 2007 and elected representatives requested the U.S. Postal Service take immediate corrective action. Subsequently, the Postal Service committed considerable resources<sup>1</sup> to correct delayed mail problems. The Postmaster General and Chief Executive Officer made a commitment to resolve delayed mail problems in the Chicago District and requested a U.S. Postal Service Office of Inspector General (OIG) review.

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### Objective, Scope, and Methodology

Our objective was to determine whether mail was delivered in a timely manner. To accomplish our objective, we reviewed documentation and applicable policies and procedures such as Handbook M-39, *Management of Delivery Services*; Handbook M-41, *City Delivery Carriers Duties and Responsibilities*; and Delivery and Retail Standard Operating Procedures (SOP). We visited the Great Lakes Area and Chicago District offices to interview managers. We also interviewed officials responsible for Customer Service Operations Managers; and the Walk Every Route, Collections, and Address Quality Improvement teams.<sup>2</sup> We judgmentally selected the [REDACTED], [REDACTED], and [REDACTED] [REDACTED] to visit based on discussions with area and district officials and our review of delivery performance indicators such as the Office Efficiency Indicator (OEI), Percent to Standard, Street Efficiency Indicator (SEI), and Carriers Return Percentages for fiscal year (FY) 2007 year to date data.

We reviewed and analyzed performance data from Web-Enabled Enterprise Information System (WebEIS) and Web Complement Information System (WebCOINS) to confirm issues affecting mail delivery in the Chicago District. Using data from these systems, we analyzed delivery performance

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<sup>1</sup> The Postal Service dedicated over 150 personnel from across the country to assist the Chicago District.

<sup>2</sup> These represent the four teams established by the Postal Service to implement the March 2007 planned actions to address delivery operations issues in the Chicago District.

indicators, city carrier vacancies, customer service supervisor vacancies, growth in delivery points, Delivery Point Sequencing (DPS) percentages and volumes, and parcel volumes. We did not directly audit the systems, but discussed with Postal Service officials the relevance of the data to delivery performance during our fieldwork.

We conducted this performance audit from April through October 2007 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 finding and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our finding and conclusions based on our audit objective. We discussed our observations and conclusions with management officials on July 17, 2007, and included their comments where appropriate.

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**Prior Audit Coverage**

The OIG has several on-going audits specifically addressing timeliness of mail service and financial accountability in the Chicago District. In addition, we conducted three related reviews in FYs 2005 and 2006. These reports identified opportunities to improve management of delivery and retail operations in the Chicago District and/or the Great Lakes Area. For more details see Appendix A.

## AUDIT RESULTS

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### **Assessment of the Timeliness of City Delivery Operations in the Chicago District**

The audit confirmed that during the period September 2006 to June 2007, the Chicago District had difficulty with timely mail delivery. Delivery performance indicators showed:

- Office performance was well below standards.
- Street performance was at an all time low.
- Delayed mailed volume had increased dramatically.
- DPS mail percentages were much lower than the national average.

While there were many different factors that contributed to delivery performance challenges, we noted the following issues during the audit:

- According to area and district officials, supervisors did not always have the skills and training necessary to manage day-to-day operations.
- Management did not timely fill city carrier and supervisor vacant positions. These vacancies, as well as the number of limited- and light-duty employees, created a high number of vacant delivery routes.
- Management had not implemented delivery SOP.
- Supervisors had not performed route inspections in approximately 3 years.
- Management had not implemented an Address Management System (AMS) quality review program or ensured edit books were updated.

The OIG had previously identified and reported several of the issues noted in this review to the Chicago District and the Great Lakes Area. As we detail in Appendix A, management had agreed with the recommendations in these reports but had not always taken timely action to address or correct all of these issues.

As a result, the Chicago District received complaints from customers, suffered the lowest service scores in the nation, and was the subject of negative media coverage regarding poor delivery service due to missed, late, and inconsistent deliveries.



Once the significance of the Chicago District service issues surfaced, management took aggressive action to:

- Provide a delivery refresher course for all supervisors.
- Assign each supervisor a mentor.
- Hire approximately 200 part-time flexible carriers.
- Establish a pool of 50 carriers for immediate replacement.
- Deploy Walk Every Route Teams (WERT) to conduct route reviews and update AMS and edit books for each route.

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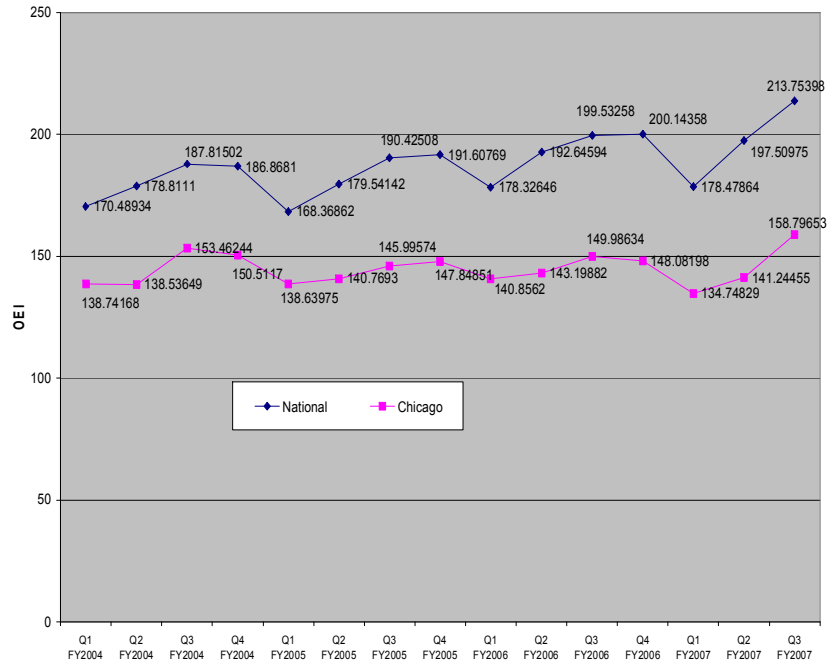
Delivery Performance      Delivery performance indicators<sup>3</sup> showed that city carriers used more time in the office per delivery than the national average. The Chicago District's OEI had been well below the national average for some time, and reached its lowest level during Quarter 2, FY 2007 as shown in Chart 1. At this point, the Chicago District's OEI was 44 points lower than the national average.

Additionally, the Percent to Standard indicator was well out of the norm as compared to the national average, with Chicago District delivery units using increasingly more office time to case mail than established standards in the first two quarters of FY 2007. Chart 2 shows that in Quarter 2, FY 2007, the Chicago District was at 123.81, which was 23.81 points higher than the target of 100 or below.

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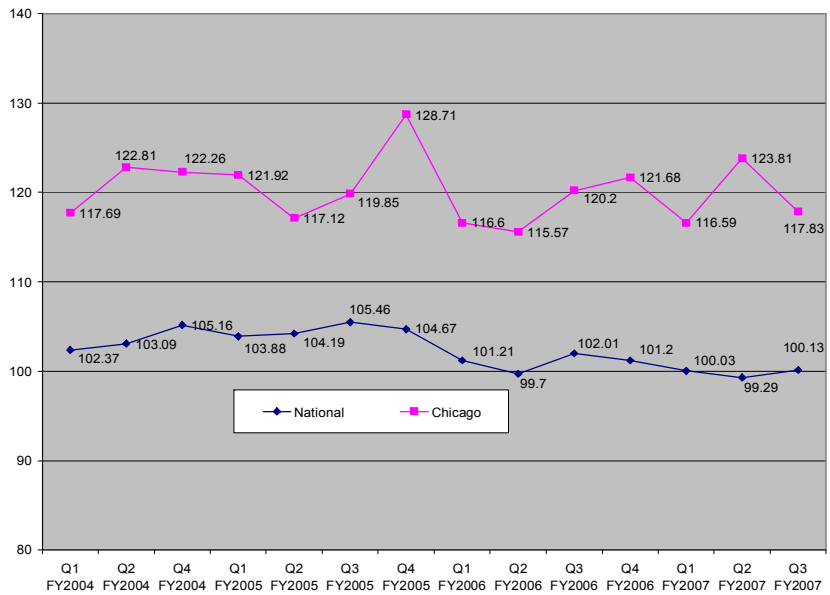
<sup>3</sup> The Postal Service uses the OEI and Percent to Standard to measure office performance. The OEI shows letter carriers in the Chicago District used more time in the office per delivery. The Percent to Standard shows that letter carriers in the Chicago District are not as productive as carriers in the other districts within the Great Lakes Area when casing mail based on the city letter carrier casing standard.

**Chart 1. Office Efficiency Index for the Chicago District versus National – Quarter 1, FY 2004 through Quarter 3, FY 2007**



Source: WebEIS

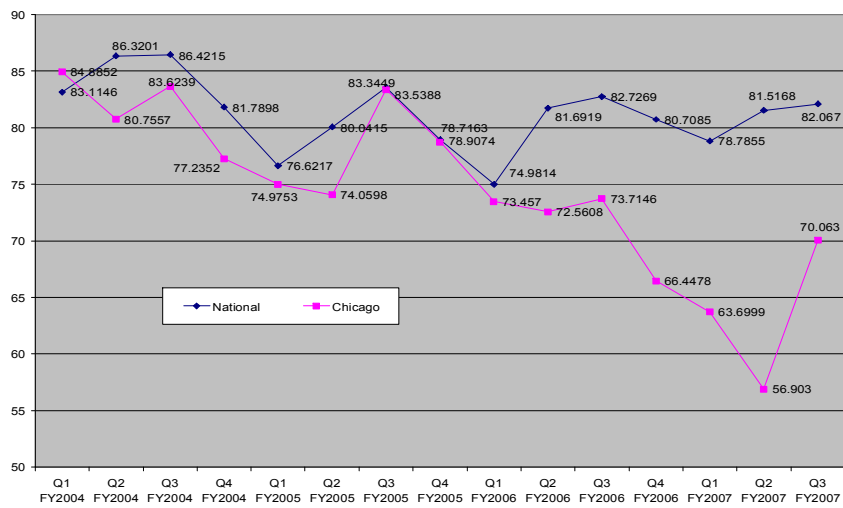
**Chart 2. Percent to Standard for the Chicago District versus National – Quarter 1, FY 2004 through Quarter 3, FY 2007**



Source: WebEIS

Also, Carrier Return Percentage, which measures the percentage of carriers returning from the street to the office by the target of 5 p.m., began to decline in Quarter 3, FY 2006. By Quarter 2, FY 2007, only 56.90 percent of the carriers were returning by 5 p.m., which was 24.6 percent lower than the national average. (See Chart 3.) The national goal is 98 percent of carriers back by 5 p.m. and 100 percent back by 6 p.m.

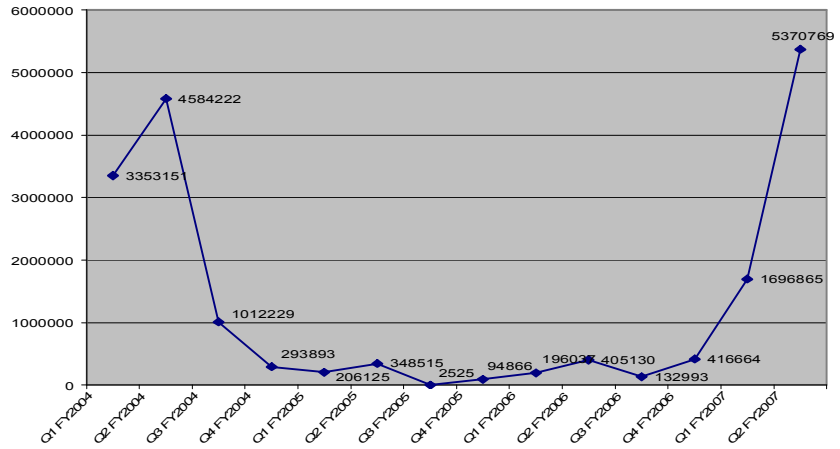
**Chart 3. Carrier Return Percentage Ranking for the Chicago District versus National – Quarter 1, FY 2004 through Quarter 3, FY 2007**



Source: WebEIS

Further, delayed mail volume increased dramatically at the delivery units, beginning in Quarter 4, FY 2006, which impacted city carriers' office performance and ultimately street performance. (See Chart 4.)

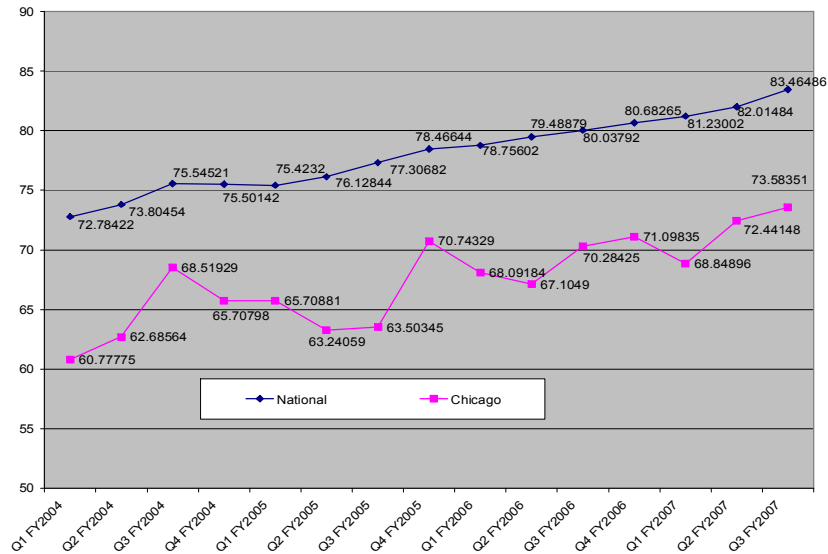
**Chart 4. Delayed Mail Volume in the Chicago District From Quarter 1, FY 2004 Through Quarter 2, FY 2007**



Source: WebEIS

Finally, the Chicago District’s DPS percentage had been much lower than the national average since Quarter 1, FY 2004. In Quarter 2, FY 2007, the Chicago District’s DPS percentage of 72.44 was 9.57 points less than the national DPS percentage of 82.01, as shown in Chart 5. Mail arriving at the delivery units in DPS reduces carrier office time.

**Chart 5. Delivery Point Sequence Percentage for the Chicago District versus National – Quarter 1, FY 2004 through Quarter 3, FY 2007**



Source: WebEIS

All of the delivery indicators discussed above started to show slight improvements during Quarter 3, FY 2007. This trend suggests that the aggressive on-going management actions to address the Chicago District delivery issues may be having a positive affect on performance.

**Contributing Factors to Delivery Performance**

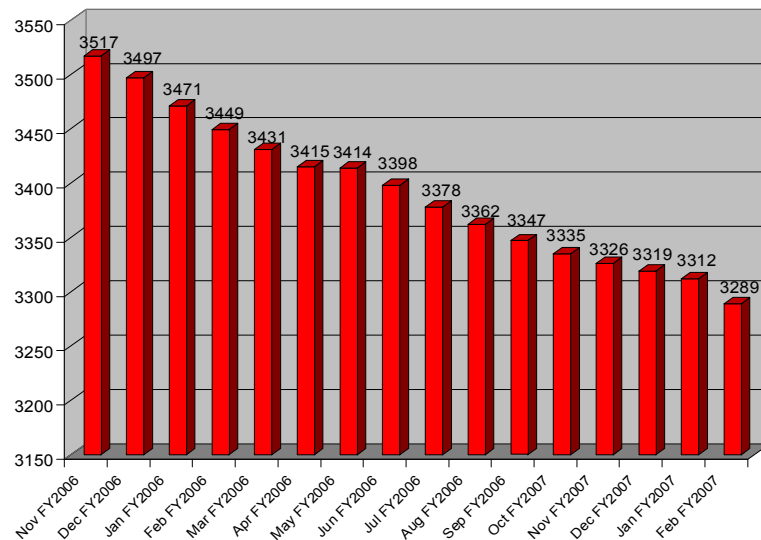
The following sections discuss factors that contributed to the delivery performance issues in the Chicago District.

Supervisory Skills and Training – According to area and district officials, delivery supervisors and managers did not always have the skills and training necessary to manage day-to-day operations. District officials stated unit delivery managers do not always use DOIS reports to make decisions on matching workload with available resources and route adjustments. All units in the Chicago District are equipped to use DOIS, but district officials stated that some managers do not know how to use DOIS to manage their delivery operations.

At the three delivery units we visited, supervisors indicated they knew how to use DOIS. However, none of the supervisors used DOIS reports to manage daily delivery operations. These delivery units had both new and experienced supervisors. The supervisors stated that they focused on getting the mail delivered rather than using the DOIS reports to manage day-to-day operations.

To assist managers and supervisors with day-to-day operations within their delivery units, district officials are providing all supervisors in the Chicago District with a refresher training contained in the Delivery Management Academy for Supervisors (DMAS). DMAS includes basic delivery management functions, DOIS management, daily carrier management, and customer service operations. In addition, when supervisors and managers return from the DMAS training, they will receive one-on-one mentoring and on-the-job training from supervisors and managers from the Greater Indiana and Greater Michigan Districts. At the time of our audit, district officials had trained approximately 118 supervisors and managers.

Vacant Positions/Limited- and Light-Duty – Area, district, and unit officials stated the shortage of delivery personnel was a major contributor to delivery operational issues in the Chicago District. The number of city letter carriers declined from 3,517 in November 2005 to 3,289 in February 2007, as shown in Chart 6. Also, delivery unit supervisor vacancies totaled 34 for the district. According to WebCOINS data, in the Great Lakes Area, the Chicago District ranks first in the total number of part-time flexible carrier vacancies, third in the total number of regular carrier vacancies, and third in the total number of supervisor customer service vacancies.

**Chart 6. Total City Carriers, Full-Time and Part-Time Flexible in the Chicago District**

Source: WebEIS

To fill a city carrier vacancy, delivery unit officials submit a request to the district Manager Operations Program Support (MOPS). The MOPS develops the Delivery Service Staffing Analysis<sup>4</sup> to ensure a new position is warranted and forwards the information to the District Complement Committee. If officials can justify the position, the district committee will forward the request to the Area Complement Committee for final recommendation. This final recommendation is forwarded to the Area Vice President for approval. If the position is an outside hire, which adds to the complement, the area must approve the action. However, if the position is an internal reassignment, the district has the authority to make the final hiring decision.

Although this formal hiring process was in place, it did not appear to be effective given the number of personnel vacancies. Area and district officials indicated the hiring process was not always followed. In discussions with area officials, we were told the area did not receive any hiring requests from district officials in FY 2006 or early FY 2007. According to current district human resources officials, on many occasions, hiring requests from unit officials were verbal instead of written, as required. As a result, documentation supporting past hiring requests was not

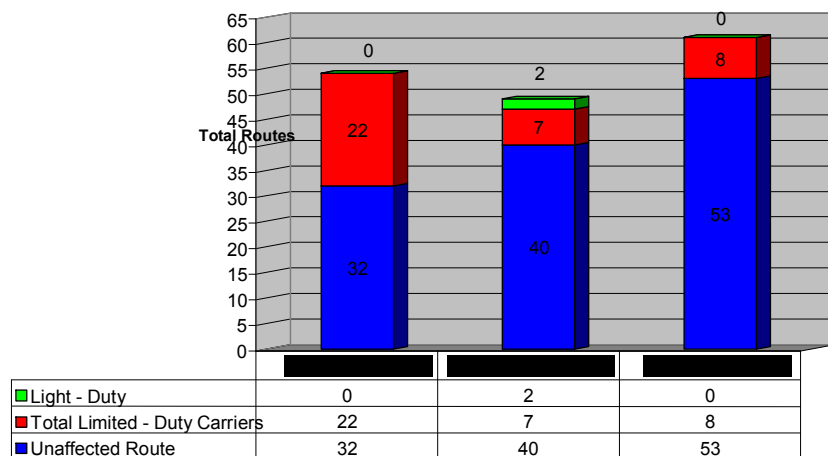
<sup>4</sup> The Great Lakes Area's process for justifying filling vacant carrier positions.

available at the district office or delivery units. Given the absence of documentation, we were unable to determine the reason for the high number of unfilled carrier positions or why this issue had not been addressed earlier.

Compounding the impact of the number of vacancies in the Chicago District was a high number of limited- and light-duty employees at each delivery unit. The Chicago District had a total of 327 limited-duty and 22 light-duty carriers. These employees continue to occupy full-time carrier positions, but they are unable to work a full assignment due to an injury or illness. In some cases, limited-duty employees may be able to case their mail and pull down their route in the office, but they are unable to walk their route to deliver the mail.

Unit officials explained that having limited- and light-duty employees requires them to split routes daily. For example, supervisors at the [REDACTED] had to split 15-20 routes daily. When carriers have to split routes, they are normally required to case mail for multiple routes, which causes them to leave the office late and impacts their return to the office. Chart 7 shows the limited- and light-duty carriers at the three units visited during the audit.

**Chart 7. Limited- and Light-Duty Carriers For Units Visited**



**Source: Chicago District Human Resources**

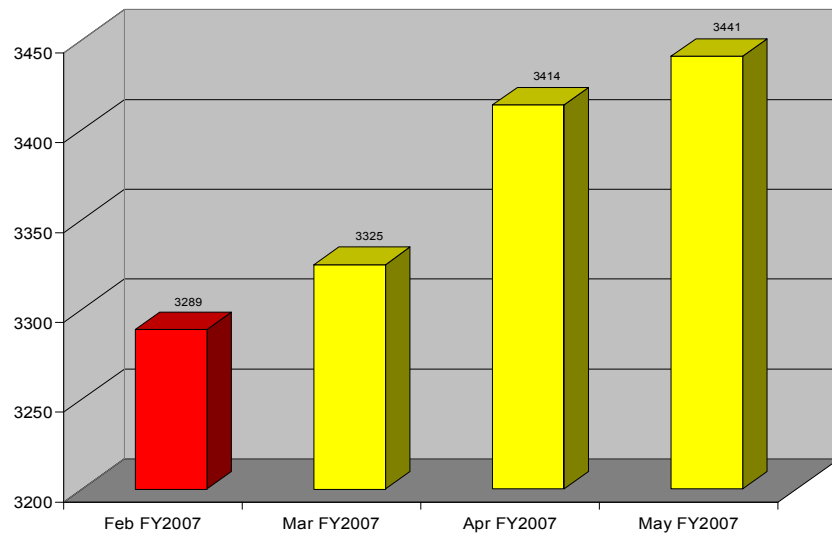
When management places an employee on medical restriction due to an accident on the job, the supervisor or manager should complete a Postal Service (PS) Form 2499X, Limited Duty Job Offer Assignment. Injury



compensation officials will then work with district operations personnel to determine where they can place the limited-duty employee. It is the responsibility of the supervisor or manager to check the medical status of the employee by asking for medical documentation from their doctor and submitting a new PS Form 2499X every 30 days. However, according to district officials, approximately 60 percent of delivery unit supervisors and managers were not following this process.<sup>5</sup>

To assist unit officials with high numbers of carrier and supervisor vacancies and limited- and light-duty employee issues, district officials have hired approximately 200 part-time flexible carriers. (See Chart 8.)

**Chart 8. Change in City Carrier Complement due to Hiring in Chicago District**



Source: WebEIS

District officials also established a pool of approximately 50 carriers they plan to use for immediate replacement purposes. Each recently hired carrier will attend training conducted by Northern Illinois and Central Illinois District officials. Chicago District officials will decide where to place these new employees within the district.

In addition, district officials are in the process of deciding whether to hire casuals to assist with mail delivery. Since casuals normally report to work at 10 a.m. to pick up mail already cased and pulled down directly to the street, their

<sup>5</sup> The OIG may conduct a follow-up review on the management of limited- and light-duty employees.

assistance would work well when limited-duty carriers cannot carry the mail for their routes. The limited-duty employees will prepare the mail for delivery and the casual employees will deliver the mail.

Standard Operating Procedures – Area, district, and unit officials had not implemented required SOP in the Chicago District delivery units. The Postal Service implemented SOPs in FY 2006 and required areas to establish a review process to validate that the programs were in place and operable. Procedures applicable to delivery units included: Morning SOP (AMSOP), Integrated Operating Plan (IOP), DPS, and matching workhours to workload.

All city delivery DOIS units at level 22<sup>6</sup> and above were required to be AMSOP certified<sup>7</sup> by September 30, 2006. AMSOP standardizes the management processes of city delivery carrier morning office procedures and incorporates the IOP, which improves the mail flow between the processing plants and delivery units. The plan develops accountability with an established schedule of dispatches from the plant to each of its delivery units. The plan also identifies the types of mail on each dispatch, tracks daily dispatch arrivals, and provides district managers with a cross-function, end-to-end overview of their operations that will facilitate better operating results.

According to area officials, only one of the 48 delivery units in the Chicago District was AMSOP certified. We visited the [REDACTED], [REDACTED], and [REDACTED] and none were AMSOP certified. Additionally, none maintained copies of their IOP. However, officials did know the approximate arrival times for each dispatch and the types of mail assigned to each dispatch, but the arrival times were inconsistent. Without an IOP, it was not possible to determine the correct scheduled arrival time of each dispatch and conduct a follow-up on discrepancies with the processing plant. Unit officials stated that, while the early morning dispatches generally arrived at the expected time, the types of mail on each dispatch often did not match the schedule. A supervisor at one of the units indicated the

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<sup>6</sup> Level 22 is a grade level assigned to the postmaster of a post office based on the total number of workload service credits attributed to the facility. The credits are based on a combination of the responsibility of the postmaster, the number of employees, the size of the facility, and various operations performed within each post office.

<sup>7</sup> District program managers conduct a certification audit of a city delivery unit's operations to determine if supervisors are matching workhours to workload, time and attendance reports, office configuration, and use of authorized overtime. Units must achieve a score of 95 or greater for certification.

DPS truck often arrives from the Cardiss Collins Processing and Distribution Center at 9 a.m., however, most of the mail is usually on the 9 a.m. dispatch instead of the earlier dispatches, as required.

Unit officials indicated they have had problems with the arrival of the DPS mail truck and the condition of the mail. During our observations, each unit's DPS mail truck consistently arrived later than anticipated and contained not only DPS mail but also caseable mail. This caseable mail required additional processing by the clerks before the carriers could case it for delivery, impacting office time. In addition, the unit received the following types of mail which clerks had to manually sort for the carriers:

- Caseable mail that had not been run on the appropriate machine.
- M-Record<sup>8</sup> mail on the DPS dispatch.
- Code Red Mail that had priority over all other mail.<sup>9</sup>

Increasing the DPS percentage in delivery units is another major component of the SOP. As noted earlier, the percentage of DPS mail arriving at the Chicago District delivery units was much lower than the national average. An increase in the DPS percentage equates to decreasing cased letter volume and time spent by carriers in the office, with a resulting increase in the amount of time available for actual delivery of the mail.

Workload management is a delivery SOP. One of the supervisor's primary responsibilities is to match workhours to workload. Matching workhours to workload assists supervisors in managing overtime. Supervisors are required to address and document unauthorized overtime by completing PS Form 1017-B, Unauthorized Overtime Record.<sup>10</sup> In addition, they are required to ensure the information on PS Forms 3996, Carrier – Auxiliary Control,

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<sup>8</sup> Mail for multiple delivery points, such as high-rise buildings. There are many address changes at locations with multiple delivery points; therefore, the address information is not accurate in AMS. Carriers will put in M-Record requests to have mail for the multiple delivery points taken out of DPS so the carrier can case the mail based on knowledge of the route. Carriers casing M-Record mail results in more time in the office.

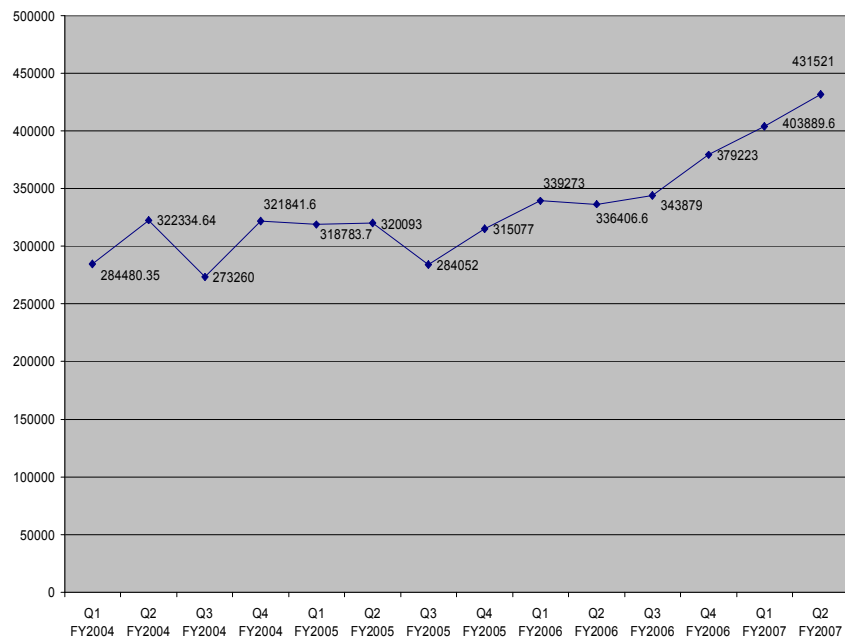
<sup>9</sup> Chicago District mail processing and transportation issues that had an impact on delivery units are discussed in other OIG reports (Timeliness of Mail Processing at the Chicago, Illinois Cardiss Collins Processing and Distribution Center, Report Number NL-AR-07-012, dated September 28, 2007 and The Impact of Transportation on Chicago District Performance, Report Number NO-AR-07-008, dated September 28, 2007).

<sup>10</sup> Documents the reasons for unauthorized overtime after the carrier returns from their route in the remarks section on the form.

is based on DOIS projections and sound supervisory knowledge of the workload.

Area officials indicated that they review opportunity reports, which show penalty overtime for the units. However, district officials stated they have not made unauthorized overtime their focus because of other issues such as getting the mail delivered and dealing with carrier shortages. According to district officials, unauthorized overtime is now at 45 percent for FY 2007. As shown in Chart 9, the district’s overtime increased to approximately 431,521 hours by Quarter 2, FY 2007.

**Chart 9. Overtime for Chicago District - Quarter 1 FY 2004 through Quarter 2, FY 2007**



Source: WebEIS

Route Inspections – According to area, district, and unit officials, supervisors had not performed route inspections to re-evaluate routes and maintain regularity of deliveries in approximately 3 years.

According to Handbook M-39, in order to achieve and maintain an appropriate daily workload for delivery units and routes, management is required to make at least annual route and unit reviews consisting of an analysis of

workhours, volumes, and possible deliveries. The route base street time is established during the route inspection. This information is then recorded in DOIS and management uses it to make decisions in day-to-day delivery operations. Management also uses it to calculate efficiency indicators for street performance.

Supervisors at the units we visited stated that street observations and route inspections were not performed due to supervisor shortages.

The WERT is conducting PS Form 3999, Inspection of Letter Carrier Route, reviews on as many delivery routes in the Chicago District as possible. According the WERT officials, they are only conducting reviews for one day for each route. As of July 17, 2007, the WERT had conducted PS Form 3999 reviews on 2,321 (94 percent) of the routes. According the WERT, the completed PS Form 3999 reviews will be provided to district officials for their review in deciding whether possible route adjustments are needed. In addition, these reviews will assist district officials with identifying areas of opportunity for improvement and deficiencies on the routes.

AMS Reviews/Edit Book Updates – In the Chicago District, the AMS database had not been timely updated or corrected. This impacted mail delivery resulting in missed and incorrect deliveries on many of routes and out-of-sequence DPS mail. In addition, carriers did not properly maintain and update edit books. As a result, the AMS database information was not accurate in the Chicago District. This occurred because management had not implemented a delivery AMS quality review program to evaluate the quality and accuracy of the district AMS.

In 1994, the Postal Service established the AMS to capture, correct, and complete address information to enhance the efficiency of mail processing and delivery through automation.

To date, the WERT has identified 71,048 AMS database corrections; corrected over 3,600 secondary addresses; and corrected 34,231 operational errors such as missing addresses, wrong addresses, and out-of-sequence mail.

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<b>Audit Comment</b>	On-going management actions are addressing many of the issues raised in this report. The OIG plans to monitor management progress in resolving the Chicago District mail service issues and conduct follow-up work in FY 2008.
<b>Recommendations</b>	<p>We recommend the District Manager/Postmaster, Chicago District:</p> <ol style="list-style-type: none"><li data-bbox="602 537 1382 606">1. Implement Delivery Standard Operating Procedures in all delivery units.</li><li data-bbox="602 648 1395 758">2. Provide appropriate oversight to ensure delivery unit Standard Operating Procedures are in place, operating as intended, and achieving desired results.</li></ol> <p>We recommend the Vice President, Great Lakes Area:</p> <ol style="list-style-type: none"><li data-bbox="602 869 1365 978">3. Validate that the Chicago District has implemented Delivery Standard Operating Procedures in all delivery units.</li><li data-bbox="602 1020 1386 1083">4. Provide appropriate oversight to ensure the Chicago District is monitoring delivery unit performance.</li></ol>
<b>Management's Comments</b>	<p>Management agreed with our findings and recommendations.</p> <p>District management detailed actions taken or planned to implement AMSOP, increase DPS, match workhours to workload, conduct route inspections and correct AMS database errors during FY 2008. District management stated that they would ensure appropriate oversight is given to ensure that SOPs are in place and effective.</p> <p>Area management stated they had reviewed and concurred with the Chicago District's plans to implement delivery SOP. Area management indicated they planned to validate SOP compliance throughout FY 2008. Area management also stated they planned to oversee district performance by reviewing performance reports and on-site support activity to validate compliance.</p>

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**Evaluation of  
Management's  
Comments**

Management's comments are responsive to our recommendations. Management's actions in progress, completed, or planned should correct the issues identified in the findings.

## APPENDIX A PRIOR AUDIT COVERAGE

*Address Management System (AMS) Information – Great Lakes Area* (Report Number DR-AR-06-008, dated September 30, 2006). The report found Postal Service officials in the Great Lakes Area, Chicago, Gateway, and Lakeland Districts effectively managed delivery AMS quality review results for approximately 10 percent of their routes. However, opportunities exist for area officials to implement best management practices from the New York Metro Area's New York District to improve the quality of AMS data to process and deliver the mail. We found approximately 129,668 AMS data errors may exist in the three districts reviewed because street reviews were not conducted for 8,770 routes. Management agreed with our findings and recommendations and the \$2,678,506 in funds put to better use. Management actions included: (1) providing training in AMS quality street reviews to all delivery supervisors or appropriate designees, (2) establishing an annual district schedule of AMS quality street reviews and directing delivery supervisors or appropriate designees to review delivery routes annually, and (3) establishing a tracking system for street reviews. We made three significant recommendations, and all were closed with the issuance of the report.

*Delivery and Retail Standard Operating Procedures – Great Lakes Area* (Report Number DR-MA-06-008, dated September 29, 2006). The report found that Great Lakes Area, selected districts, and delivery and retail unit officials implemented the Delivery and Retail SOP for city and rural delivery and Function 4 operations. Implementation included training supervisors and managers, developing action steps for “vital few” units, and outlining future plans to complete remaining reviews and certifications by the end of FY 2006. Officials also certified delivery and retail units under AMSOP and Rural Delivery SOP (RDSOP) and conducted Function 4 reviews. Based on our review of the city and rural delivery and Function 4 SOP, the Great Lakes Area implemented each component except for selected aspects of AMSOP, IOP, DPS, matching workhours to workload, and RDSOP. During our review, officials implemented corrective actions to improve the DPS component and certify units with 10 or more rural routes under RDSOP.

Area management developed a more restrictive timeline plan for each of their districts along with definitive program completion dates for units to achieve AMSOP certification status. Regarding IOP discrepancies, management planned to work with the districts in identifying problematic resolution processes and coordinating with local program designees, improved procedures and redefined accountabilities required to meet service standards and reduce costs by no later than October 31, 2006.

Management also planned to disseminate an area directive to all district offices by no later than October 31, 2006, relative to compliance expectations regarding utilization of PS Form 1017-B and carrier feedback documentation. Further, management took action to ensure that the RDSOP workload analyses and logs are not only established and maintained at the Central Illinois and Greater Indiana Districts, but also throughout



the remaining districts in the Great Lakes Area. We made five recommendations; two were significant and both are closed.

*City Letter Carrier Operations – Chicago District* (Report Number DR-AR-05-019, dated September 29, 2005). The report outlined opportunities to improve management of city letter carrier operations in the Chicago District. Delivery facility supervisors and managers did not adequately match workhours with workload. We projected the sample results for a total of 78,248 unjustified hours over the 5-month period from September 1, 2004, through January 31, 2005, that were not supported by volume or workload, equating to unrecoverable costs of \$2,020,200. We also noted supervisors and managers did not always view DOIS reports in a timely manner to manage operations, consistently use Managed Service Points to monitor city letter carriers' street time to correct negative trends, or properly document letter carriers' unauthorized overtime occurrences and take corrective action. All actions on these recommendations were closed.

## APPENDIX B MANAGEMENT'S COMMENTS

JO ANN FEINDT  
VICE PRESIDENT, GREAT LAKES AREA OPERATIONS



October 10, 2007

KIM H. STROUD  
DIRECTOR, AUDIT REPORTING, OIG

SUBJECT: Draft Audit Report – Timely Delivery – Chicago District  
Report Number (DR-AR-07-DRAFT)

This is the Great Lakes Area's response to the OIG audit report of September 10, 2007. Management agrees with the audit findings. Actions taken or planned in response to the numbered recommendations one and two are detailed in the response submitted separately from the Chicago District Manager. Actions taken or planned in response to numbered recommendations three and four are as follows:

### Recommendation 3:

#### **Validate that the Chicago District has implemented Delivery Standard Operating Procedures in all delivery units.**

The Great Lakes Area has reviewed and concurred with the plans from the Chicago District to implement delivery SOP procedures. The Area delivery programs support department will validate compliance throughout FY 2008 through the designated AMSOP Coordinator. This will be accomplished by working directly with the standardization program managers in Chicago, by generating frequent progress/status reports for each station, and by providing on-site support to assist with completion.

Additionally, regular performance reports will be used to facilitate meetings and telecons to support the capture of savings opportunities presented through standardization.

Currently the Great Lakes Area has coordinated a team of AMS Specialists to conduct follow up AMS reviews to standardize and improve the AMS database process. This work will continue for until Chicago has reached adequate AMS accuracy and has demonstrated the ability to maintain their AMS database.

### Recommendation 4:

#### **Provide appropriate oversight to ensure the Chicago District is monitoring delivery performance.**

The Great Lakes Area has reviewed and concurred with the plans from the Chicago District to ensure of proper monitoring of delivery performance. The response from the Chicago District identifies specific functional performance indicators. The Area delivery programs staff has assigned individual contacts to work with the Chicago District on the critical strategies for FY 2008. The Area oversight will include coordinated work for each strategy with the District counterpart, the generation of regular reports to track timeline progress, and on-site support activity to validate compliance.

  
for Jo Ann Feindt

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DISTRICT MANAGER/POSTMASTER  
CHICAGO PERFORMANCE CLUSTER



October 4, 2007

Kim Stroud  
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Subject: Draft Audit Report – Timely City Delivery – Chicago District (Report Number  
(DR-AR-07-DRAFT)

This is the Chicago District's response to the OIG audit report of September 10, 2007. Management agrees with the audit findings. Actions taken or planned in response to the numbered recommendations are as follows:

**Recommendation 1**

**Implement Delivery Standard Operating Procedures in all Delivery units.**

**Response**

The Chicago District will proceed with activities in support of achieving AMSOP certification of Level 22 and above offices beginning in October, FY 2008. Our plan is to work to certify three stations in each of Quarters 1, 2, and 3, and five (5) in Quarter 4. Improvements made during FY 2007 position the District to expect increases in the number of stations that are certified during FY 2008. These include implementation of Integrated Operating Plans (IOP) in our stations. Earlier dispatches of mail to stations with more predictable mail composition have contributed to incremental improvements in the carrier returning indicator. During week 51, FY 2007 84.6% of carriers returned by 17:00. The IOPs will be implemented in additional matrix groups during FY 2008. Additionally, as information please note that the AMSOP work will be aligned with Function 4 (clerical operations) reviews.

Two DPS Coordinators have been named for Chicago, one each on the Plant and District sides. These individuals have as their mission for FY 2008 the increase of DPS mail to 77% in Quarter 1, 79% in Quarter 2, 83% in Quarter 3 and 87% by the end of Quarter 4. This will be achieved through database corrections, process improvements targeted to improve mailflow into automation, and more.

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Matching workhours to workload is a key strategy for improvement. The use of DOIS and the CD-POM (Pivoting Opportunity Model) application are crucial to these efforts. Weekly “opportunity” meetings require management’s attendance to discuss poor performance with the District Manager, POOM, Manager, Operations Programs, and Manager, Finance. Included in discussion is the requirement to authorize overtime.

Route Inspections are planned for FY 2008 in Chicago. The requirement for each unit is that they walk each of their routes annually, with an eye toward improving data used to make decisions. As part of the process, a group of Managers called Team Leaders were trained by Postal experts and will be used to facilitate the route walking. Additionally, the FY 2008 District Planning Model includes scheduled Route Count & Inspections in two units (April and May, 2008) and Minor Route Adjustments in 6 units (January (2), February (2), March (1) and April (1).

AMS database corrections have been made in large numbers as alluded to in the Draft report. Final numbers indicate that the Walk Every Route Team (WERT ) identified 143,162 corrections to the database.

Additional investments are paying dividends in terms of improved performance. The first, DMAS (Delivery Management) training sessions, saw 196 of Chicago’s Managers and Supervisors travel to Indianapolis to benefit from the added concentration provided by going offsite. The second investment, career hiring, resulted in a net increase of over 200 career carriers brought onto the rolls as compared to February, 2007.

### **Recommendation 2**

**Provide appropriate oversight to ensure delivery unit SOPs are in place, operating as intended, and achieving desired results.**

#### **Response**

Chicago District management will ensure that appropriate oversight is given to ensure that SOPs are in place and effective. POOMs, CSOMs, and Operations Programs Support will monitor and enforce compliance with established SOPs. Structural changes including an increase from four CSOMs to eight CSOMs have been implemented to allow for a more concentrated focus on each unit. Additionally, weekly meetings are held between Managers Distribution and Post Office Operations CSOMs (includes Support Departments and Leadership) to plan and discuss mutual issues. Another effective strategy is the use of Daily Telecon meetings involving P.O. Operations, Plant Operations, Maintenance, and Transportation. These telecons

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cover all operational issues including Carriers back by 1700, Delivery of all First-Class mail, Late Transportation, Service scores, Plant performance, Maintenance performance, and more. Please note that both Missent Mail and Hot Case SOPs have been implemented District-Wide during FY 2007, and a validation sign-off process is also in place to provide a level of reasonable assurance.

  
Gloria E. Tyson  
District Manager/Postmaster

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