



November 16, 2007

KATHLEEN AINSWORTH  
VICE PRESIDENT, DELIVERY AND RETAIL

SUBJECT: Audit Report – Function 4 Business Plan Process  
(Report Number MS-AR-08-002)

This report presents the results of our review of the Function 4 Business Plan Process (Project Number 06XG050DR000). Our objectives were to determine whether U.S. Postal Service management completed all the scheduled Function 4 on-site reviews, implemented the review recommendations at units where the reviews were completed, and updated the Automated Workforce Projection System (AWPS) with workload information from the on-site and administrative reviews. This audit follows up on our review of the implementation of the Delivery and Retail Standard Operating Procedures (SOP), conducted in fiscal year 2006.

Postal Service management did not complete all the scheduled Function 4 on-site reviews, did not always implement the review recommendations at units where the reviews were completed, and did not always update AWPS with workload information. We estimate the annual value of recommended budget reductions in units that did not implement the on-site review recommendations at approximately \$2.7 million. In addition, the information in AWPS, which management uses for operational planning, may not be accurate because officials did not always update the system with workload information.

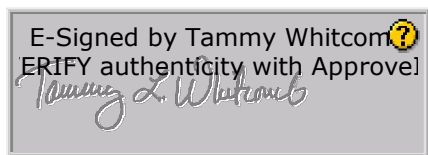
We recommended the Vice President, Delivery and Retail, coordinate with the Vice Presidents, Area Operations to instruct the cluster Function 4 Project Managers to adhere to the Function 4 on-site review schedule and ensure that qualified teams are available to conduct the targeted reviews, as scheduled. In addition, we recommended the vice presidents instruct area officials to monitor performance and track the clusters' adherence to the approved Function 4 Business Plans. We also recommended the Vice President, Delivery and Retail, coordinate with the Vice Presidents, Area Operations to instruct area managers to provide AWPS training to field officials so that they are aware of the requirement to update the system, and to ensure the field offices update the AWPS workload annually.

Management did not indicate agreement or disagreement with our findings and recommendations. However, their planned initiatives are responsive to the

recommendations and should correct the findings. Management's comments and our evaluation of these comments are included in the report.

The OIG considers all 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 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 Robert Mitchell, Director, Sales and Service, or me at (703) 248-2100.



Tammy Whitcomb  
Deputy Assistant Inspector General  
for Revenue and Systems

#### Attachments

cc: Patrick R. Donahoe  
William P. Galligan  
Vice Presidents, Area Operations  
Frederick J. Hintenach  
Annette P. Raney  
Katherine S. Banks

## TABLE OF CONTENTS

### Part I

<b>Introduction</b>	1
Background	1
Objectives, Scope, and Methodology	3
Prior Audit Coverage	3

### Part II

<b>Audit Results</b>	4
Conducting the On-Site Reviews and Implementing the Review Recommendations	4
Recommendations	6
Management's Comments	6
Evaluation of Management's Comments	6
Updating the Automated Workforce Projection System Recommendations	6
Management's Comments	7
Evaluation of Management's Comments	7
<b>Appendix A. Scope and Methodology</b>	8
<b>Appendix B. Prior Audit Coverage</b>	10
<b>Appendix C. Implementation of the On-Site Review Recommendations</b>	12
<b>Appendix D. Computation of the Value of Recommended Budget     Adjustments for Units that did not Implement the     Function 4 Review Recommendations</b>	13
<b>Appendix E. Percentage of Units Without Automated Workforce     Projection System Updates</b>	14
<b>Appendix F. Management's Comments</b>	15

## INTRODUCTION

---

### Background

Function 4 operations include supervisory and nonsupervisory workhours expended by employees in support of customer service activities at post offices, stations, and branch operations. Customer service activities include automated and manual distribution of mail, post office window and vending equipment services, and miscellaneous administrative and Computerized Forwarding System<sup>1</sup> operations. In fiscal year (FY) 2006, Function 4 customer service operations represented \$9.2 billion in salaries, overtime, and benefits for 119,881 employees nationwide who worked 231,740,297 workhours.

In its April 2006 – 2010 *Transformation Plan*, the Postal Service committed to reducing its cost by \$1 billion each year through 2010. One initiative aimed at achieving this goal is the Function 4 Business Plan program. The program uses a standardized methodology to develop and execute a Function 4 Business Plan that aligns FY budget expectations with identified workhour savings opportunities. The Function 4 Business Plan has four phases, including development of the business plan; prereview of organizational requirements; Function 4 on-site reviews<sup>2</sup> or Automated Workforce Projection System<sup>3</sup> (AWPS) administrative reviews;<sup>4</sup> and implementation and integration of the results into the operating budget and the staffing planning systems.

Development of the business plan begins at the cluster<sup>5</sup> level 6 months before the start of each FY and coincides with release of preliminary budget expectations. A cross-

---

<sup>1</sup> A system used by the Postal Service to provide mail redirection and address correction.

<sup>2</sup> The on-site Function 4 review focuses primarily on establishing or updating information on the unit's workload, staffing level, and employee schedules in the AWPS and the Retail Data Mart.

<sup>3</sup> The AWPS is a national model and reporting system that plans, trends, manages, and reports Function 4 complements at the operating unit, district, area, and national level. AWPS is the official data source for the standard Function 4 Review Process.

<sup>4</sup> In AWPS administrative reviews, current or baseline workload in the AWPS is updated with current year assumptions, trends, and impacts. This process captures the net impact of distribution volume and other workload changes related to automation enhancements, general volume fluctuation, or changes in the operating plan. AWPS administrative reviews are an annual requirement for all major units not selected for an on-site Function 4 review in the current year.

<sup>5</sup> The Postal Service has 80 district offices, each of which is led by a district manager responsible for retail, delivery, and administrative support for a network of local post offices and their employees. Senior plant managers are responsible for mail processing at one or more mail processing plants that sort the mail for local post offices within each district's service area. Each district manager and senior plant manager reports to one of nine vice presidents of area operations. Each district office and the processing facilities in its service area constitute a performance cluster.

functional committee of core district leadership develops an integrated and chronological plan that details expected savings from the selected Function 4 reviews. The end result of the development phase is a quantified action plan that aligns to the Function 4 budget expectations and authorized staffing level for the FY.

The organizational phase begins when area officials approve the finalized Function 4 Business Plan. The organizational phase should begin no later than 30 days before the start of the FY. This phase includes one-time activities that officials must complete before the start of the new FY and ongoing actions and steps that must be taken before conducting an on-site Function 4 review.

The on-site or administrative review process is the actual completion of the on-site Function 4 reviews and the annual AWPS administrative review process. In the Function 4 Business Plan development phase, the cluster creates a list of units for on-site reviews. The projected savings opportunity identified in the plan aligns with workhour reductions assigned to the cluster in the operating budget allocation. The AWPS administrative review refers to updating the current or baseline workload in the AWPS with current year assumptions, trends, and impacts. This process is an annual requirement for all First-Class units not targeted for an on-site Function 4 review.

Finally, the implementation phase refers to the steps required to fully integrate the Function 4 review results into the budgeting, performance management, and staffing planning systems at the local and national level. This phase begins at the exit conference and includes integrating the annualized earned hours identified in the Function 4 Review process into the operating budget. The implementation phase also includes developing an authorized staffing level based on earned workhours and monitoring systems that track progress towards the identified expectations for workhour and staff reductions.

In a memorandum dated September 30, 2005, the Vice President, Delivery and Retail, required all delivery and retail units to implement delivery and retail standard

operating procedures (SOP) beginning in FY 2006. A key component of the standardization effort is the Function 4 business plan process.

---

**Objectives, Scope, and Methodology**

Our objectives were to determine whether Postal Service management officials completed all the scheduled Function 4 on-site reviews; implemented the review recommendations at units where the reviews were completed; and updated the AWPS with workload information from on-site and administrative reviews. See Appendix A for our audit scope and methodology.

---

**Prior Audit Coverage**

In FY 2006, the OIG reviewed implementation of the delivery and retail SOP. Our summary report provided the results of our separate audits in each of the nine Postal Service areas. We reported the number of Function 4 reviews that had been completed at the time of our review. However, we did not determine whether officials completed all the Function 4 on-site reviews scheduled to be conducted in FY 2006 because the fiscal year had not ended. In addition, we did not determine whether officials implemented the review recommendations at units where the reviews were completed, or whether they updated AWPS with workload information from the on-site and administrative reviews. See Appendix B for further information on our prior audit coverage related to our audit objectives.

## AUDIT RESULTS

---

Postal Service management did not complete all the scheduled Function 4 on-site reviews, and did not always implement the review recommendations at units where the reviews were completed. In addition, although AWPS was updated approximately 90 percent of the time in the areas we reviewed, improvements are needed to ensure AWPS is consistently updated with workhour and staffing information.

---

### **Conducting the On-Site Reviews and Implementing the Review Recommendations**

District officials in the Great Lakes (GLA) and Southeast (SEA) Areas did not complete all their planned on-site reviews for FY 2006. Of the on-site reviews planned, officials in the GLA completed 123 of 278 (44 percent) and the SEA completed 151 of 338 (45 percent).

In addition, when reviews were conducted, review recommendations often were not implemented. We sampled 55 of the 123 completed GLA reviews and 59 of the 151 completed SEA reviews. Officials did not implement the review recommendations at 11 of 55 GLA units we sampled and five of 59 SEA units we sampled. For the 16 units that did not implement the recommendations from on-site reviews, the total budget adjustments recommended were 38,352 hours (23,704 for GLA and 14,648 for SEA). We project 37 of the total 274 units for which reviews were completed did not implement the review teams' recommendations. We also project 73,620 hours (46,240 for GLA and 27,380 for SEA) in budget adjustments were recommended for the 37 projected units that did not implement the recommendations. The annual value of the projected 73,620 hours at the fully-loaded labor rate is \$2.7 million (\$1.7 for the GLA and \$1 million for the SEA) in workhour savings. (See Appendix D.)

District officials in the GLA and SEA stated they did not complete the scheduled on-site reviews primarily because of a lack of resources. Unit management in the GLA also gave various other reasons for not implementing the recommendations, including disagreeing with the review findings and delayed exit conferences.

Unit management in the SEA stated they needed additional time to implement the on-site review recommendations because Hurricane Katrina adversely affected their units

and management could not implement the recommendations as scheduled.

According to the SOP, the district Function 4 integrated operations business plan committee<sup>6</sup> is responsible for developing the Function 4 business plan. Each member of the committee is accountable for service performance, systems, and processes, which must be integrated in the Function 4 business plan to meet organizational targets.

The district Function 4 project manager ensures that the plan materializes; that functional responsibilities are met; and that the on-site review results are fully integrated into the budget, staffing plans, and performance management processes. The project manager also coordinates the planned Function 4 review schedule and ensures that qualified teams are available to conduct the scheduled reviews.

The area manager for operations support reviews and approves each cluster's Function 4 business plan. Area officials also oversee implementation of the Function 4 business plan at the cluster level, monitor performance, and track adherence to approved district plans.

If officials do not complete the scheduled Function 4 on-site reviews, Postal Service officials will not be able to update the standard earned workhour and staffing information in the AWPS for those units. Management uses the information in AWPS for operational planning. In addition, the Postal Service may lose the opportunity to capture workhour savings and productivity efficiency at units where the on-site reviews are not completed, or where on-site reviews are completed but the review recommendations are not implemented.

---

<sup>6</sup> The Function 4 integrated operations business plan committee is a cross-functional core management team that includes the district managers for operations program support, finance, human resources, in-plant support, and marketing, and the senior operations managers.



<b>Recommendations</b>	<p>We recommend the Vice President, Delivery and Retail, coordinate with the Vice Presidents, Area Operations, to instruct:</p> <ol style="list-style-type: none"> <li>1. The cluster Function 4 project managers to adhere to the Function 4 on-site review schedule and ensure qualified teams are available to conduct scheduled reviews.</li> <li>2. Area officials to monitor performance and track the clusters' adherence to the approved Function 4 business plans.</li> </ol>
<b>Management's Comments</b>	<p>Management did not indicate agreement or disagreement with our finding and recommendations 1 and 2. Management stated they plan to replace AWPS with a new system, Customer Service Variance (CSV). CSV will enable area and district officials to monitor completion of reviews as well as review performance trends. Management also stated they plan to revise the Function 4 business plan process to incorporate the use of CSV and to address the roles and responsibilities of the Function 4 project managers. Management plans to implement these actions by the end of December 2007. Management's comments, in their entirety, are included in Appendix F.</p>
<b>Evaluation of Management's Comments</b>	<p>Management's planned actions are responsive to recommendations 1 and 2 and should correct the issues identified in the finding.</p>
<b>Updating the Automated Workforce Projection System</b>	<p>District officials in the GLA and SEA did not always update AWPS with workload information. As shown in Appendix E, GLA officials had not updated the AWPS for 10.7 percent of their units, and SEA officials had not updated the AWPS for 9.8 percent.</p> <p>We interviewed officials from six districts in the GLA and SEA to determine why they did not update AWPS annually with information from the administrative reviews. The officials were either temporarily assigned to the Function 4 Coordinator position or not aware of the requirements to update the AWPS system annually for smaller First-Class offices.</p> <p>The Function 4 business plan SOP requires area officials to</p>

provide AWPS training and support for district officials and ensure that district officials update workloads in the AWPS annually. The SOP also requires district officials to maintain data integrity within the AWPS model and ensure AWPS workload data is updated annually for every unit. Officials must update AWPS based on the results of the Function 4 on-site reviews. The SOP also requires officials to perform administrative reviews and update AWPS with the workload profile for every Function 4 unit not scheduled for an on-site review.

Officials must update the unit workload profile in AWPS because the model calculates earned workhours and staffing requirements based on this information. If officials do not update AWPS, the model may calculate unit earned workhours and staffing requirements using inaccurate information. Postal Service managers use information in AWPS to make staffing and operational decisions.

---

**Recommendations**

We recommend the Vice President, Delivery and Retail, coordinate with the Vice Presidents, Area Operations, to instruct area officials to:

3. Provide district officials with Automated Workforce Projection System training so they are aware of the requirements to update the system with the Function 4 on-site and administrative reviews.
4. Ensure that district offices update the Automated Workforce Projection System workload annually for every unit.

---

**Management's  
Comments**

Management did not indicate agreement or disagreement with recommendations 3 and 4 because they plan to replace AWPS with CSV. AWPS will sunset at the end of December 2007. However, management plans to provide training on the CSV model by the end of the first quarter of FY 2008. Additionally, management indicated that the CSV model will automatically feed into the system for workload and all other data. Management plans to implement these actions by the end of December 2007.

---

**Evaluation of  
Management's  
Comments**

Management's planned actions are responsive and should correct the issues identified in the findings.

## APPENDIX A. SCOPE AND METHODOLOGY

Our audit covered the FY 2006 consolidated Function 4 business plans for districts in the GLA and SEA. We judgmentally selected the GLA and SEA because they ranked third and fourth when we considered Postal Service areas that had actual workhours exceeding planned workhours. Actual workhours exceeded planned workhours by 1.9 million in the GLA and 1.5 million in the SEA. (See the table, Actual Compared to Planned Function 4 Workhours, below.)

The Capital Metro and Western Areas ranked first and second when we considered Postal Service areas that had actual workhours exceeding planned workhours. However, we did not select Capital Metro because the area was being reorganized during our audit. We excluded the Western Area because headquarters exempted it from Function 4 business plan on-site reviews in FY 2006.<sup>7</sup>

### Actual Compared to Planned Function 4 Workhours

Area	FY 2006 Function 4 Workhours Budget Reduction	FY 2006 Anticipated Savings from Function 4 Reviews	FY 2006 Planned Function 4 Workhours (a)	FY 2006 Actual Function 4 Workhours (b)	Variance (a) – (b)
Capital Metro	681,343	120,800	11,009,777	19,694,160	-8,684,383
Western <sup>8</sup>	1,430,965	0	26,998,344	33,048,150	-6,049,806
Great Lakes	1,212,069	200,693	25,309,848	27,275,747	-1,965,899
Southeast	1,329,961	213,358	27,814,916	29,335,586	-1,520,670
Southwest	930,084	254,939	23,171,916	24,212,206	-1,040,290
New York	1,141,565	455,300	24,354,160	25,021,328	-667,168
Northeast	1,029,885	190,442	19,183,086	19,825,708	-642,622
Pacific	1,888,782	770,557	32,242,073	27,998,411	4,243,662
Eastern	1,198,587	205,414	31,600,206	25,329,001	6,271,205
Total	10,843,241	2,411,503	221,684,326	231,740,297	-10,055,971

Source: FY 2006 district Function 4 business plans and area consolidated Function 4 business plans.

To accomplish our objective, we:

- Reviewed the Postal Service's Strategic Transformation Plan, 2006 – 2010. We also reviewed the Postal Service's policies and procedures related to Function 4 business plans.

<sup>7</sup> Headquarters exempted the Western Area from performing on-site reviews in FY 2006 because area management instituted a web-based tool, CSV, to monitor Function 4 operations and identify budget expectations. Western Area officials developed and used the CSV system to provide data online for area managers to conduct daily reviews of retail units' performance instead of costly on-site reviews.

- Interviewed the Function 4 program officers at Postal Service Headquarters, GLA, and SEA and labor relations officers at the GLA and SEA offices to obtain an understanding of the Function 4 business plan process, including adjustments to staffing levels.
- Reviewed the FY 2006 consolidated Function 4 business plan for the GLA and SEA and the approved plans for districts in the GLA and SEA.
- Reviewed the listing of completed Function 4 on-site reviews completed in FY 2006 in the GLA and SEA.
- Reconciled the planned on-site reviews to the actual reviews completed to determine whether GLA and SEA officials completed the scheduled on-site reviews.
- Statistically selected 55 postal units from a universe of 123 completed Function 4 on-site reviews in the GLA to determine whether they implemented the recommendations from the on-site reviews.
- Statistically selected 59 postal units from a universe of 151 completed Function 4 on-site reviews in the SEA to determine whether they implemented the recommendations from the on-site reviews.
- Reviewed documentation and interviewed officials at selected post offices, stations, and branch operations to determine whether they implemented the recommendations from the completed on-site reviews and achieved recommended workhour savings.
- Obtained and reviewed the tracking mechanism that program officials at Postal Service Headquarters, GLA, and SEA use to monitor Function 4 business plan reviews.
- Reconciled on-site and administrative reviews for GLA and SEA units to AWPS to determine whether officials updated the AWPS workload.

We conducted this audit from August 2006 through November 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 findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. We relied on data obtained from Postal Service officials and the AWPS. We did not directly audit the AWPS, but performed a limited data integrity review to support our data reliance. We discussed our observations and conclusions with management officials in September 2007 and included their comments where appropriate.

## APPENDIX B. PRIOR AUDIT COVERAGE

*Delivery and Retail Standard Operating Procedures - National Capping Report* (Report Number DR-MA-07-003, dated February 22, 2007).<sup>9</sup> This report presented the results of the review of the implementation of the Delivery and Retail Standard Operating Procedures in the Capital Metro, Eastern, Great Lakes, New York Metro, Northeast, Pacific, Southeast, Southwest, and Western Postal Service areas. All nine U.S. Postal Service areas and selected district and delivery and retail units within the Capital Metro, Great Lakes, Southeast, and Southwest areas implemented the Delivery and Retail SOP for city and rural delivery and Function 4 operations. Officials also certified delivery and retail units under Morning Standard Operating Procedures (AMSOP) and Rural Delivery Standard Operating Procedures (RDSOP) and conducted Function 4 reviews. Although all nine Postal Service areas implemented the City Delivery Operations SOP, we identified areas for improvement in AMSOP, integrated operating plans (IOP), volume recording, Delivery Point Sequencing, and matching workhours to workload.

We recommended the Vice Presidents, Area Operations direct area managers in delivery program support to develop a plan to help level 22 and above units achieve AMSOP certification by the end of FY 2006. We also recommended Area Vice Presidents direct district managers to follow SOP for revising IOPs, measure mail volume, and follow policies for matching workhours to workload. Further, we recommended that Area Vice Presidents direct managers to identify all units with 10 or more rural routes for certification or self-review. Finally, we recommended that Area Vice Presidents direct district managers to require unit managers to staff retail window operations using the Retail Data Mart Window Operations Survey. Area and district officials agreed with the findings and recommendations in our nine individual reports, and management implemented corrective actions to address the findings. Therefore, we did not make any recommendations in, or require management's comments to, this capping report.

*Management of Retail Workhours in Relation to the Workload – New York Area, Triboro District* (Report Number DR-AR-06-006, dated August 9, 2006). The retail managers in the Brownsville, Bushwick, Cadman, and Flatbush postal facilities could not support approximately 46 percent of their retail associates' window service workhours with the related workload from January through May 2005. In addition, unit managers were not adequately reviewing applicable reports to match workhours to the related workload for optimum staffing and to determine the correct workhour charges. Further, unit management did not adequately use Point-of-Service machines to record the number and types of transactions by time of day. The Triboro District incurred overtime expenses totaling \$20,166 for 75 days in a 5-month period because window service

---

<sup>9</sup> We issued a separate report for each of the nine Postal Service areas. This report summarizes the results of our review for all nine Postal Service areas.

employees recorded overtime hours before and after the retail counter was open. We reported \$20,166 as unsupported unrecoverable costs in our *Semiannual Report to Congress*. Management agreed with our findings and the \$20,166 in unsupported unrecoverable questioned costs. We did not make any recommendations because management took corrective actions during our audit.

*Function 4 - Customer Service Operations* (Report Number DR-AR-04-014, dated September 30, 2004). The report concluded that the Postal Service could improve customer service operations by fully using the standardized Function 4 reviews and sharing proven practices. The OIG recommended the Acting Vice President, Delivery and Retail, require district and area personnel to use the results of the standardized reviews to develop and implement corrective actions for identified deficiencies; require headquarters management to identify and share proven practices with appropriate managers in the area, district, and field offices; and reemphasize adherence to guidelines for Standardized Function 4 customer service reviews and establish core requirements, which must be followed in the reviews. Postal Service management agreed with our findings and recommendations.

### APPENDIX C. IMPLEMENTATION OF THE ON-SITE REVIEW RECOMMENDATIONS













<b>Great Lakes Area</b>	
	<b>Number of Units</b>
Implemented or in the process of implementing the results of Function 4 on-site reviews	32
Did not implement Function 4 on-site review recommendations	11
Reviews completed in FY 2007	2
No recommendations <sup>10</sup>	10
<b>Total – Great Lakes Area</b>	<b><u>55</u></b>
<b>Southeast Area</b>	
Implemented or in the process of implementing the results of Function 4 on-site reviews	42
Did not implement Function 4 on-site review recommendations	5
No recommendations	<u>12</u>
<b>Total – Southeast Area</b>	<b><u>59</u></b>

Source: OIG analysis of data and interviews with Postal Service officials at statistically selected sites

---

<sup>10</sup> The Function 4 review report did not make any recommendations.

**APPENDIX D. COMPUTATION OF THE VALUE OF RECOMMENDED BUDGET ADJUSTMENTS FOR UNITS THAT DID NOT IMPLEMENT THE FUNCTION 4 REVIEW RECOMMENDATIONS**

	<b>Sample</b>	<b>Projection to the Universe</b>
<b>Great Lakes Area</b>		
Number of units	55	123
Units that did not implement the on-site review recommendations	11	25
		
		
<b>Value of recommended budget adjustments</b>	<b>\$870,885</b>	<b>\$1,698,858</b>
<b>Southeast Area</b>		
Number of units	59	151
Units that did not implement the on-site review recommendations	5	13
		
		
<b>Value of recommended budget adjustments</b>	<b>\$530,442</b>	<b>\$991,704</b>

Source: FY 2006 field budget; FY 2006 district Function 4 business plans and area consolidated Function 4 business plans, on-site review reports, and OIG analysis of data and interviews with Postal Service officials at statistically selected sites



## APPENDIX E. PERCENTAGE OF UNITS WITHOUT AUTOMATED WORKFORCE PROJECTION SYSTEM UPDATES

Cluster/District	Total Number of Units in the District/Cluster	Number of Units Without AWPS Updates	Percentage of Units with No AWPS Updates
<b>Great Lakes Area</b>			
Greater Michigan	452	117	25.9
Central Illinois	595	86	14.5
Gateway	698	74	10.6
Greater Indiana	669	56	8.4
Lakeland	563	36	6.4
Detroit	162	9	5.6
Chicago	74	3	4.1
Southeast Michigan	156	1	0.6
Northern Illinois	216	1	0.5
<b>Total</b>	<b>3585</b>	<b>383</b>	<b>10.7</b>
<b>Southeast Area</b>			
South Florida	135	47	34.8
North Florida	308	77	25.0
South Georgia	391	76	19.4
Central Florida	206	37	18.0
Alabama	618	59	9.5
Suncoast	230	6	2.6
Mississippi	391	6	1.5
Tennessee	650	9	1.4
Atlanta	349	3	0.9
<b>Total</b>	<b>3278</b>	<b>320</b>	<b>9.8</b>

Source: OIG analysis of AWPS data

## APPENDIX F. MANAGEMENT'S COMMENTS

KATHY AINSWORTH  
VICE PRESIDENT, DELIVERY AND RETAIL



KIM H. STROUD

SUBJECT: Transmittal of Draft Audit Report - Function Four (F4) Business Plan Process (Report Number MS-AR-07-DRAFT) - (Project Number 06XG050DR000)

The offices of Delivery and Retail and Customer Service Support reviewed the above subject draft audit report and have provided the following responses:

**OIG Recommendation 1:**

We recommend the Vice President, Delivery and Retail coordinate with the Vice Presidents, Area Operations to instruct:

- The cluster F4 project managers to adhere to the F4 on-site review schedule and ensure qualified teams are available to conduct scheduled reviews.

**Response:**

The F4 Business Plan process is being revised to incorporate the use of the Customer Service Variance (CSV) model. A revised work instruction will be developed to incorporate roles and responsibilities of F4 project managers.

**Target Completion Date:** End of Quarter 1, Fiscal Year 2008

**OIG Recommendation 2:**

We recommend the Vice President, Delivery and Retail coordinate with the Vice Presidents, Area Operations to instruct:

- Area officials to monitor performance and track the clusters' adherence to the approved F4 Business Plans.

**Response:**

The F4 Business Plan process is being revised to incorporate the use of the CSV model. The plans include creating an editor to select locations to perform on-site reviews and schedule dates for the fiscal year. CSV will include the ability for area and district personnel to monitor compliance to completion of reviews, as well as review performance trends.

475 L'ENFANT PLAZA SW ROOM 7017  
WASHINGTON, DC 20260-1600  
202-268-6500  
FAX: 202-268-3331  
www.usps.com

- 2 -

**Target Completion Date:** End of Quarter 1, FY2008

**OIG Recommendation 3:**

We recommend the Vice President, Delivery and Retail coordinate with the Vice Presidents, Area Operations to instruct area officials to:

- Provide district officials with Automated Workforce Projection System (AWPS) training so they are aware of the requirements to update the system with the F4 on-site and administrative reviews.

**Response:**

AWPS will be discontinued at the end of December 2007. Further training for AWPS will not be provided. Training on the CSV model will be provided by the end of Quarter 1, FY2008.

**Target Completion Date:** December 31, 2007

**OIG Recommendation 4:**

We recommend the Vice President, Delivery and Retail coordinate with the Vice Presidents, Area Operations to instruct area officials to:

- Ensure that district offices update the AWPS workload annually for every unit.

**Response:**

AWPS will be discontinued at the end of December 2007. Further maintenance of that application will no longer be required by district offices. The CSV model will automatically feed into the system for workload and all other data.

**Target Completion Date:** December 31, 2007



Kathy Ainsworth

cc: Vice Presidents, Area Operations