

March 31, 2003

FRANCIA G. SMITH
VICE PRESIDENT AND CONSUMER ADVOCATE

NICHOLAS F. BARRANCA
VICE PRESIDENT, PRODUCT DEVELOPMENT

VINNIE MALLOY
MANAGER, NEW YORK DISTRICT

SUBJECT: Audit Report – Product Tracking System (Report Number AC-AR-03-005)

This report presents the results of our self-initiated review of the Product Tracking System (Project Number 01YG002AC000). This review included an evaluation of Express Mail manual entries of selected locations within the New York District. Our objectives were to determine whether management controls were adequate to ensure that system measurements contained within the Product Tracking System are reliable and to assess the reliability of the scanning data used to reflect the delivery status of mailpieces.

The process used to measure and report scanning data was adequate. Delivery information for Express Mail reported in the Product Tracking System was being filtered through a series of system code filters. In addition, mailpieces were rejected and excluded from the performance scores, if discrepancies were found. As a result, we believe the process used to gather performance data for Express Mail was reliable. However, we noted that an excessive amount of express mailing delivery data for the New York Metro District was inputted manually and not included in the performance data reported in the Product Tracking System. This occurred because carriers, clerks, and drivers used the manual function to avoid scanning and reporting Express Mail delivery failures. As a result, delivery times for this mail was incorrect. We recommended the Postal Service train delivery personnel in the use of scanners for manual entry in tracking and confirming products and issue guidance to supervisors to investigate falsified delivery times and manual entries that exceed the 5 percent threshold.

While management neither agreed nor disagreed with our recommendations the actions taken or planned should correct the issues identified in the report. Management's comments and our evaluation of these comments are included in the report.

We appreciate the cooperation and courtesies provided by your staff during the audit. If you have any questions or need additional information, please contact Larry Chisley, director, at (813) 261-5218 or me at (703) 248-2300.

B. Wayne Goleski
Assistant Inspector General
for Core Operations

Attachment

cc: Richard J. Strasser, Jr.
John A. Rapp
Ralph J. Moden
Anita J. Bizzotto
Jayne E. Schwarz
Susan M. Duchek

INTRODUCTION

Background

The Product Tracking System incorporates a series of system measurements using delivery scan data and produces a management summary report that reflects the delivery status of Express Mail. The information contained within the Product Tracking System is obtained through a handheld mobile data collection device also known as a “scanner.” The scanner emits an infrared signal that captures the label information and stores it in the scanner for downloading into the Integrated Intelligent Management System. The Integrated Intelligent Management System is a stand-alone personal computer at each unit. Express Mail is the Postal Service’s premium service offering next day delivery by 12 noon or 3 p.m. to most destinations. The Postal Service on time target performance score for Express Mail is 94 percent with improvement for Postal Service quarters three and four. The Postal Service established a 5 percent threshold for manual and multiple deliveries on Express and Delivery Confirmation products.

Objectives, Scope, and Methodology

Our objectives were to determine whether management controls were adequate to ensure system measurements contained within the Product Tracking System are reliable and to assess the reliability of the scanning data used to reflect the delivery status of mailpieces. To accomplish this we reviewed management reports from the Product Tracking System via the Web Enterprise Information System¹ for accounting periods 1 through 12, fiscal year 2002.² To determine how scanners operate, we reviewed the Handheld Scanner Training Guide and policies and procedures for Express Mail performance measures and service standards.

We also used summary data in the Web Enterprise Information System to identify Postal Service districts with the highest percentage of manual entries for Express Mail pieces.³ We conducted on-site visits of selected units in the New York District to discuss Express Mail handling procedures. Sites included Church Street Station, Madison Square Station, Canal Street Station, Grand Central Station,

¹ The Web Enterprise Information System is the Postal Service web based Electronic Information System.

² Dates of that period were September 8, 2001, through August 12, 2002.

³ Summary data from the Web Enterprise Information System was not verified for accuracy and completeness. Our objective did not include a validation of the Web Enterprise Information System.

Radio City Station, and Times Square Station. During these visits we interviewed New York District staff as well as the unit managers, customer service supervisors, clerks, drivers, and carriers at each location. We monitored the acceptance of Express Mail and reviewed information downloaded from scanners.

This audit was conducted from November 2001 through March 2003, in accordance with generally accepted government auditing standards and included such tests of internal controls as were considered necessary under the circumstances. We discussed our conclusions and observations with appropriate management officials and included their comments, where appropriate.

Prior Audit Coverage

Our report, Delayed Express Mail at a Tampa, Florida Facility (Report Number DE-AR-01-003, dated August 10, 2001), found that Express Mail was not always delivered or scanned in a timely manner. Postal Service management attributed these issues to a restriction on the payment of overtime. Postal Service officials stated the restriction was not intended for the Expedited Services Unit and promised to clarify the miscommunication. On a subsequent visit, the restriction had been lifted.

AUDIT RESULTS

Product Tracking System

The process used to measure and report scanning data was adequate. The system included a database that interfaced with customer call centers, retail terminals, the Internet, and other field systems. Handheld scanners were used to extract delivery information that is downloaded to a local computer that transmits to a Postal Service routed network. This information is then put through a series of system code filters⁴ that identifies various events that would stop the clock or reject the mailpiece if there is a conflict. As a result, we believe that delivery information is being properly processed and reported. Although the process used to measure and report scanning data was adequate, we noted that input controls in the New York Metro District needed strengthening because an excessive amount of Express Mail delivery data was inputted manually.

We judgmentally selected and visited six sites in the New York District that exceeded the 5 percent threshold for inputting information into the scanners manually. During accounting period 10, the selected sites had manual entry percentages that ranged from 12 to 48 percent—more than the 5 percent threshold identified by management to be monitored.

Interviews of 31 carriers, clerks, and drivers disclosed that employees feared disciplinary personnel action for late delivery of Express Mail. These employees also stated that management would not accept any excuses for the late delivery of Express Mail and that officials expected all Express Mail to be delivered on time and in accordance with the service standard. As a result, these carriers and drivers used the manual function on their scanner to falsify delivery times giving the appearance that Express Mail packages were delivered on time, when in fact they were delivered after the stated service commitment. We also noted that the manual option was also used even in instances where the Express Mail package arrived on time. Carriers and drivers stated they were concerned with the time it took to key in each mail recipient's name after a delivery. Therefore, they keyed all the names at once using

⁴ The Postal Service uses the Quick Basic Program to perform the actual validation batch process. This program has a summary data file that has 34 exclusionary flags and 57 advisory flags.

the manual option to avoid possible delivery failures. The Handheld Scanner Training User Guide explains that the manual input should only be used when the scanner was not working properly or when a scanner is not available for the clerk or carrier.

Using the manual options to enter the label identification and numbers will have the same effect as a scan, if the employees are unable to access the time of delivery field. However, we found that some carriers, drivers, and clerks interviewed were not aware of this option, even though they stated that they had received some training on the use of the scanners. As a result, the Track and Confirm⁵ information viewed by customers was inaccurate and incorrectly reported on time delivery performance for the six sites visited in the New York District, which could adversely affect customer satisfaction and lead to loss of revenue.

Management stated they were unaware that manual entries for several of their Postal Service retail units were above the 5 percent threshold and their primary concern was on-time delivery scores for Express Mail. District management also stated that the New York District did not have a “no failure policy” with regard to Express Mail delivery and they had never instructed personnel to falsify delivery times. However, district officials stated they planned to reemphasize that the manual scanning feature should only be used when appropriate per district policy.

Recommendation

We recommend the manager, New York District:

1. Train delivery personnel in the use of scanners for manual entry in tracking and confirming products.

**Management's
Comments**

Management neither agreed nor disagreed with the recommendation. Management stated service talks were given to all personnel regarding the inappropriate usage of manual data entry. Correspondence relative to the topic from headquarters, the New York Metro Area, and the New York District was distributed districtwide. Management's comments, in their entirety, are included in the appendix of this report.

⁵ Track and Confirm is the database that is accessed from the Postal Service Internet web page.

Recommendation	2. Issue guidance that requires supervisors to investigate falsified delivery times and manual entries that exceed the 5 percent threshold.
Management's Comments	Management neither agreed nor disagreed with the recommendation. They stated weekly ranking reports are distributed throughout the district. Area reports are reviewed which enable comparison of performance to other districts in the area.
Evaluation of Management's Comments	Management's comments are responsive to recommendations 1 and 2 and the actions taken or planned should correct the issues identified in the report.

APPENDIX. MANAGEMENT'S COMMENTS

DISTRICT MANAGER/POSTMASTER
NEW YORK DISTRICT



March 19, 2003

B. Wayne Goleski
Assistant Inspector General for Core Operations
Office of Inspector General
1735 North Lynn Street
Arlington, VA 22209-2020

SUBJECT: Transmittal of Draft Audit Report – Mail Tracking and Delivery Status
Information System (Report Number AC-AR-03-DRAFT)

Reference is made to the above Draft Audit Report. Our comments regarding the recommendations are as follows:

Recommendation #1: Train delivery personnel in the use of scanners for manual entry in tracking and confirming products.

Response: Service talks were given to all personnel regarding the inappropriate usage of manual data entry. Correspondence relative to the topic from Headquarters, the New York Metro Area, and the New York District was distributed districtwide.

Recommendation #2: Issue guidance that requires supervisors to investigate falsified delivery times and manual entries that exceed the 5% threshold.

Response: Weekly ranking reports are distributed throughout the District. Area reports are reviewed which enable comparison of performance to other Districts in the Area.

As a result of the activity that the New York District has initiated, the District's score for manual scans in AP 6 was 0.82% and 0.74% in AP 7 Week 3. The New York District is now the top performing District in the New York Metro Area.

Vinnie Malloy
Vinnie Malloy

A handwritten signature in cursive script, with the name "Vinnie Malloy" printed below it.

421 EIGHTH AVENUE, ROOM 3018
NEW YORK NY 10199-9998