



April 28, 2011

DEAN GRANHOLM
VICE PRESIDENT, DELIVERY AND POST OFFICE OPERATIONS

SUBJECT: Management Advisory – Mystery Shopper Program
(Report Number HR-MA-11-002)

This report presents the results of our review of the U.S. Postal Service's Mystery Shopper Program (Project Number 11YG022HR000). This was a self-initiated review conducted in response to an employee complaint received through our Hotline. Our objective was to determine whether the Mystery Shopper Program was compromised because of internal control weaknesses. This review addresses financial risk. See [Appendix A](#) for additional information about this audit.

The Postal Service uses the Mystery Shopper Program as a diagnostic tool to measure conditions that impact customer satisfaction, promote safety, educate customers about products and services, and foster revenue growth. Management includes the program results in the National Performance Assessment (NPA) score, which is part of the Pay for Performance (PFP) evaluation system. The program uses independently contracted individuals to pose as customers (known as mystery shoppers) to evaluate Post Offices. The Postal Service uses a contractor who specializes in providing mystery shopper services to manage the program. The contractor recruits mystery shoppers via its website, and the Post Office evaluations are supposed to be conducted anonymously.

Conclusion

We determined that the integrity and objectivity of the Mystery Shopper Program was compromised, because information regarding the program is posted on the contractor's website where it is accessible to the general public. Specifically, we found that information regarding mystery shop sites, as well as the dates and scenarios of scheduled evaluations, was available to anyone who accessed the contractor's website.

Mystery Shopper Program was Compromised

We found that in January 2011, a Postal Service employee was able to enroll as a mystery shopper on the contractor's website. Although the employee did not complete a Post Office evaluation, the employee was allowed access to information regarding the locations, dates, and scenarios for scheduled mystery shop evaluations. Upon

accessing the information, the employee distributed it to 44 Postal Service unit and retail managers via e-mail. This occurred because the information is available to the general public on the contractor's website.¹ As a result, advance notice of upcoming mystery shop evaluations was accessible, which compromised the objectivity of the program. We also found that three other employees enrolled as mystery shoppers on the contractor's website between November and December of 2010;² however, none completed a Post Office evaluation.

We recommend the vice president, Delivery and Post Office Operations:

1. Modify the Mystery Shopper Program contract and implement internal controls to ensure advance notice of dates, sites, and scenarios for mystery shopper evaluations are not available to Postal Service employees and the general public.
2. Consult with Supply Management to determine whether the Postal Service is entitled to a refund as a result of the contractor allowing unauthorized access to information regarding the mystery shopper program on its website.

Management's Comments

Management agreed with the findings and generally agreed with the recommendations, stating they have taken steps to ensure information about Postal Service shop sites, dates, and scenarios are not made available to employees and the general public. Specifically, the contractor has blocked access to its mystery shopper job boards, and systems were put in place to ensure only individuals with proper authorization can access shopper schedules and other related information. Additionally, management determined that any damages resulting from the objectivity of the Mystery Shopper Program being compromised are immaterial given that the accessibility of information about Postal Service shop sites was isolated and limited in nature. Therefore, management will not seek payment of money, the adjustment or interpretation of contract terms, or other relief related to the mystery shopper contract. See [Appendix B](#) for management's comments, in their entirety.

Evaluation of Management's Comments

The U.S. Postal Service Office of Inspector General (OIG) considers management's comments responsive to the recommendations, and corrective actions should resolve the issues identified in the report. With regard to management's determination that the damages were immaterial, the OIG was not able to determine how isolated or limited in nature the compromise of the Mystery Shopper Program was. However, based on management's response, they have assessed the damage to the Postal Service and

¹ We researched six companies on the Internet that provide mystery shopper services. All six recruit online for mystery shoppers; however, none provided information on shop assignments to the general public. The companies require interested individuals to apply to be mystery shoppers before they provide them with any shop information.

² An additional Postal Service employee who enrolled as a mystery shopper with the previous Mystery Shopper Program contractor continued to receive e-mails about available Post Office shop assignments after the Postal Service awarded the current contract.

are satisfied that the contractor has adequately addressed the issue. As a result, we believe management's actions meet the intent of the recommendation.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Andrea Deadwyler, director, Human Resources and Security, or me at 703-248-2100.



Mark W. Duda
Deputy Assistant Inspector General
for Support Operations

Attachments

cc: Greg G. Graves
Richard W. Rudez
Corporate Audit and Response Management

APPENDIX A: ADDITIONAL INFORMATION

BACKGROUND

The Mystery Shopper Program uses independently contracted individuals who visit Post Offices as customers and document their experiences through a questionnaire. Mystery shopping is intended to provide the Postal Service with an objective view of retail transactions through anonymous third-party assessments of the customer experience. Such assessments are consistent with the postmaster general's emphasis on improving customer service.

According to Postal Service's Handbook PO 209, *Retail Operations Handbook*, mystery shops are conducted at offices that generate \$500,000 or more in annual walk-in revenue or are in the top 20 percent of the highest revenue-producing offices within a district. Using these criteria, mystery shops occur at about 8,800 retail units, eight times a year, for a total fiscal year count of about 70,000.

The Postal Service's mystery shop process involves using a questionnaire that is divided into six weighted categories: waiting time in line, hazardous materials, product offerings, product explanations, promotion and merchandising, and image. Additionally, mystery shopper results provided to the Postal Service include the amount of revenue lost when retail associates do not ask appropriate questions. Further, the information gleaned from "shopped" Post Offices is disseminated through Postal Service systems, such as the Retail Customer Experience folder in the Retail Data Mart of the Enterprise Data Warehouse and through the weekly *Retail Digest*. The Retail Customer Experience folder provides mystery shopper results in various reporting formats. The *Retail Digest* includes recommended dialogue for mystery shopper service talks, as appropriate. Both resources provide useful feedback to postmasters and managers who want to improve the customer experience. As previously stated, program results also measure the effectiveness of retail operations under the NPA, which is part of the PFP evaluation system.³

No current Postal Service employees or those separated from the Postal Service for less than 1 year can act as mystery shoppers based on a written agreement required by the contractor. In addition, Postal Service policy⁴ prohibits management from attempting to identify mystery shoppers in an attempt to discredit shopper evaluations.

³ A web-based system that collects performance-related metrics, such as retail revenue, on-time Express Mail® delivery, and so forth, from source systems across the organization. These metrics are translated into web-based balanced scorecards that can be used to monitor the performance of both the entire enterprise and of individual units across the nation. NPA is a standalone program that supports the PFP program and the Performance Evaluation System.

⁴ PO-209, September 2009.

OBJECTIVE, SCOPE, AND METHODOLOGY

Our objective was to determine whether the Mystery Shopper Program was compromised as a result of internal control weaknesses.

Our scope was the Postal Service's Mystery Shopper Program, including the mystery shop process, the availability of information on mystery shop evaluations, how individuals are recruited as mystery shoppers, and how management uses mystery shopper results.

To accomplish our objective, we reviewed applicable Postal Service policies and regulations. We also obtained and reviewed information posted on the Postal Service's intranet regarding the Mystery Shopper Program. In addition, we conducted an Internet search to obtain and review information on companies that provide mystery shop services. Lastly, we relied on information gathered by our Office of Investigations.

We conducted this between March and April 2011 in accordance with the Council of the Inspectors General on Integrity and Efficiency, *Quality Standards for Inspection and Evaluation*. We discussed our observations and conclusions with management on March 28, 2011, and included their comments where appropriate.

PRIOR AUDIT COVERAGE

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

APPENDIX B: MANAGEMENT'S COMMENTS

DEAN J. GRANHOLM
VICE PRESIDENT
DELIVERY AND POST OFFICE OPERATIONS



April 21, 2011

Lucine Willis
Director, Audit Operations
1735 North Lynn Street
Arlington, VA 22209-2020

SUBJECT: Draft Management Advisory – Mystery Shopper Program
(Report Number HR-MA-11_DRAFT)

Thank you for the opportunity to review and comment on the subject draft audit report. Our responses are as follows:

We recommend the vice-president, Delivery and Post Office Operations:

1. Modify the Mystery Shopper Program contract and implement internal controls to ensure advance notice of dates, sites, and scenarios for mystery shopper evaluations are not available to Postal Service employees and the general public.

RESPONSE:

We agree with the findings. Immediately upon learning of the ability to use internet search engines, specifically "Google" to access the vendor's (BARE) shopper web site and view specific shopper site data, retail operations representatives contacted the vendor, SYNOVATE, and set up a demonstration of the system flaws as conveyed to us by the OIG auditor. A teleconference was set up for the next day to establish corrective procedures required to eliminate unauthorized access. That day the following response was received from the vendor:

"We have taken the following action today (3/31/11) to begin to remedy this situation.

1. *Attached is the immediate action Bare have taken on all USPS job postings, to ensure that if these are accessed via the public web, USPS is somewhat 'blinded.' This of course is only a temporary 'fix'.*

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

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2. Surf Merchants has spent the day working on a program they will release tonight (3/31/11) and test tomorrow morning (4/1/11). The update should block any access to job boards unless you are a bona fide shopper. Our teams will be testing this Friday morning (4/1/11).

I am pleased to report that the full fix WAS put in place last night (4/1/11) and our testing today is proving we have blocked access to Job Boards from the BARE web site. This means that ONLY a bona fide shopper can access the job boards, which includes information about the scheduling, pay rates and overview of the shop etc. No USPS location or member of the public will be able to see any of this information unless they are logged in as a genuine shopper."

The next step is to ask HQ-Retail Operations to re-run tests to see if you are satisfied that this has indeed been resolved to your satisfaction. We have left the Google links online so you can repeat these tests, but once you are satisfied, we will remove these old postings as well to ensure a clean slate".

On both April 2, 2011 and April 3, 2011 the Google link was tested and access was denied, as planned. This fix was validated by Headquarters Retail Operations staff and the OIG auditor.

Currently, systems are in place to assure no one can legitimately access shopper schedules or other related information without proper authorization. Within the vendors process each authorized participant MUST sign up as a shopper and certify they meet the specified criteria to perform shops involving the Postal Service and cannot otherwise obtain schedules or other related data.

2. Consult with Supply Management to determine if the Postal Service is entitled to a refund as a result of the contractor allowing unauthorized access to information regarding the mystery shopper program on their website.

RESPONSE:

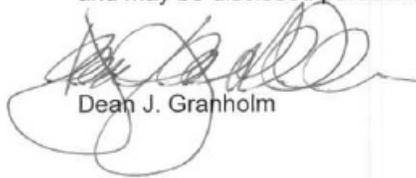
USPS agrees that the objectivity of the Mystery Shopper Program was compromised because the public was able to gain access to information

regarding the locations, dates, and scenarios for scheduled mystery shop evaluations.

Synovate, the prime supplier, rectified this situation on April 1, 2011, as soon as they were made aware of the unauthorized access issue. Synovate's web-site developer for the Mystery Shopper program, Surf Merchants, was able to correct the problem and prevent any further back entry into the Mystery Shopper portal within 24 hours of notification. The issue has been resolved to the satisfaction of the USPS.

The USPS has further determined that any damages resulting from the compromise are immaterial as the scope and magnitude of the event relative to the overall program were isolated and limited in nature. Consequently, USPS will not be seeking, as a matter of right, the payment of money, the adjustment or interpretation of contract terms, or other relief arising under, or relating to, the contract. The USPS believes Synovate's express commitment to prevent the same type of public access from occurring in the future is an adequate and proportionate response to the event.

We do not believe that this report contains any propriety or business information and may be disclosed pursuant to the Freedom of Information Act.



Dean J. Granholm

cc: Corporate Audit & Response Management