AUDIT REPORT

Delivery Scanning Issues – Gracie Station, New York, NY

September 5, 2019

Report Number DRT-AR-19-018

September 5, 2019

MEMORANDUM FOR: LORRAINE G. CASTELLANO
MANAGER, NEW YORK DISTRICT
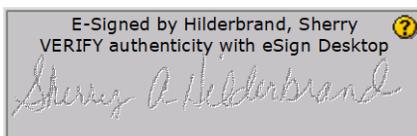
FROM: Sherry A. Hilderbrand
Director, Delivery and Retail Response Team

SUBJECT: Audit Report – Delivery Scanning Issues – Gracie Station,
New York, NY (Report Number DRT-AR-19-018)

This report presents the results of our audit of Delivery Scanning Issues at the Gracie
Station, New York, NY (Project Number 19RG035DRT000).

We appreciate the cooperation and courtesies provided by your staff. If you have any
questions or need additional information, please contact Byron Bustos, Operations
Manager, at bbustos@uspsoig.gov or me at 703-248-2100.

Attachment

cc: Postmaster General
    Vice President, Delivery and Retail
    Vice President, Area Operations
    Corporate Audit and Response Management

Background

This report presents the results of our self-initiated audit of delivery scanning issues at Gracie Station, New York, NY (Project Number 19RG035DRT000). We conducted the audit to provide U.S. Postal Service management with timely information on potential operational risks at the Gracie Station.

Gracie Station is in the New York District of the Northeast Area. The Gracie Station has 90 delivery routes with 143 city carriers (127 full-time regular carriers and 16 city carrier assistants) and 26 clerks (24 full-time regular clerks and 2 Postal Support Employees). Eighty-eight of 90 routes are foot routes — routes delivered by city carriers on foot.

We selected Gracie Station based on our analysis of stop-the-clock (STC) scan data from the Product Tracking and Reporting (PTR) system. Specifically, we used geolocation data to identify packages with STC scans with a scan event of "Delivered" that occurred at the delivery unit property instead of the intended delivery address. The unit had 10,421 scans of "Delivered" at the delivery unit in fiscal year (FY) 2019, Quarter (Q) 3 (see Table 1).

Table 1. Gracie Station FY 2019 Q3 Stop-The-Clock Scans

April	May	June	Total
3,916	3,577	2,928	10,421

Source: U.S. Postal Service Office of Inspector General (OIG) analysis of PTR system data.

Gracie Station carriers deliver to several drop houses. Drop houses are large apartment complexes where building management receives mail from delivery relay drivers and accepts responsibility for sorting and distributing packages to their residents. STC scans occurred on multiple routes and were intended for multiple delivery addresses throughout the timeframe.

During FY 2019, Q3, the station had 466 Enterprise Customer Care (eCC) cases, about 92 percent of which were about "Where Is My Package" and "Where Is My Mail."

Objective, Scope, and Methodology

Our objective was to evaluate the package delivery scanning process on select routes at Gracie Station in New York, NY.

To accomplish our objective, we analyzed delivery metrics such as mail arrival time, distribution up time, carrier return to office time, the number of routes and carriers used to assess performance of delivery operations, and policies and procedures. In addition, we analyzed eCC case data to assess customer concerns. During our site visits on July 23-24, 2019, we interviewed station management and employees, conducted delivery unit observations, reviewed scanning procedures on packages in the notice left area and carrier cases, and evaluated the process completed by delivery supervisory personnel in response to eCC cases. We also inventoried the facility ████████ and physical records of them.

We relied on computer-generated data from the PTR and eCC systems. We did not test the validity of controls over these systems; however, we verified the accuracy of the data by performing various tests and using reasonableness assertions. We determined that the data were sufficiently reliable for the purposes of this report.

We conducted this audit from July through September 2019, in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. We discussed our observations and conclusions with management on August 16, 2019, and included their comments where appropriate.

Finding # 1: Package Delivery Scanning

We determined that unit employees were improperly scanning mailpieces at the unit and not following scanning and handling policies. Unit management and carriers stated that packages are scanned at the delivery unit to ensure all packages prepared for drop houses receive a STC scan to avoid delivery scan failures on the *End of Day* report. Carriers also scanned drop house packages at Gracie Station for convenience since it would take more time to scan them upon arrival at drop houses.

In addition, during our observation on July 23-24, 2019, we judgmentally selected 36 mailpieces that were in the unit before the carriers arrived for the day to review the scanning and tracking data. Of the 36 mailpieces, 11 were located at the carrier cases and 25 were in the notice left area. We identified that 14 (39 percent) had missing or improper scans. Specifically:

- Seven showed a "Delivered" scan but were at the unit.
- Two were scanned as "Addressee Unknown" on July 17, 2019.
- Two were scanned as "No Access" and about an hour later were scanned again as "No Access" with a different scanner ID.

- ▪ Two did not have an STC scan indicating why it had not been delivered.
- ▪ One was scanned as "Vacant" on July 1, 2019.

The package scanning issues occurred because local management did not adequately enforce scanning procedures. The Postal Service's goal is to make sure mail is delivered[1] to the correct address with proper service, which includes scanning every mailpiece to ensure 100 percent visibility throughout the process.[2]

Customers rely on accurate scan data to track their packages in real time. When employees do not scan mailpieces correctly, customers are unable to determine the actual status of their packages. By improving scanning operations, management can potentially improve mail visibility, increase customer satisfaction, and enhance the customer experience and Postal Service brand.

> **Recommendation #1:** We recommend **the Manager, New York District**, instruct unit management to ensure staff follow delivery standard operating procedures for scanning mail pieces.

Finding # 2: Enterprise Customer Care Case Management

We determined the unit could more effectively monitor eCC case data to identify and correct mail service issues. Gracie Station had 466 eCC customer complaints during FY 2019, Q3, and about 92 percent of the complaints related to mail delivery issues (see Table 2).

Table 2. Gracie Station Complaints from eCC cases

Case Type	Where is My Package?	Where is My Mail?	Other	Total
Number of Cases	330	97	39	466
Percentage of Cases	71%	21%	8%	100%

Source: OIG analysis of Application System Reporting (ASR) data.

Additionally, delivery supervisors were not logging eCC cases, performing discussions with Gracie Station carriers, or communicating with management at the New York City – Franklin Delano Roosevelt (NYC-FDR) Station concerning carriers delivering packages for Gracie Station to identify and correct ongoing delivery service issues.

According to station management, packages in their delivery zones that are larger than a shoebox or that weigh more than two pounds are generally not delivered by Gracie Station foot routes but by NYC-FDR Station parcel route carriers with motorized vehicles. However, when customers file eCC complaints for packages delivered by NYC-FDR Station, Gracie Station management receives the eCC complaints to handle

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[1] Where is My Package (WIMP) and Scanning, February 2017.
[2] Postal Service Fact Sheet, *World Class Visibility – Scanning and Postal Service Delivery Done* Right, November 2012.

and address. If needed, Gracie Station management will contact NYC-FDR station for assistance.

This occurred because management did not always monitor eCC cases to identify ongoing delivery service issues or complete the eCC checklists. According to Postal Service policies, supervisors are responsible for monitoring routes with eCC cases[3] and for setting daily expectations for carriers to improve performance on routes.[4]

Ensuring that carriers are aware of policies and managing delivery operations can improve mail delivery service on routes and ultimately increase customer satisfaction and enhance the customer experience.

> **Recommendation #2:** We recommend **the Manager, New York District**, instruct unit management to monitor Enterprise Customer Care cases and use the information, as appropriate, to improve delivery operations.

Finding # 3: Customers' Personal Items

The unit is not handling "lost and found" items within the Postal Service's jurisdiction according to Postal Service procedures. Specifically, we found 113 personal customer items in two retail window drawers including:

- Forty-one customer credit cards
- Thirty-Six Other Items, including:
  - Metro cards
  - Work IDs
  - Medical cards
  - Store loyalty and membership cards
- Twenty-five key chains and multiple loose keys
- Six photo IDs
- Three gift cards
- One check book
- One social security card

This occurred because management was not aware of Postal Service policy regarding "lost and found" items. According to clerks and facility management, these personal items have been stored in these retail drawers for months. Postal Service policy[5] states the Postal Service must "Return to the owners any wallets, bank deposits, or other nonmail matter found in collection boxes or other points within Postal Service jurisdiction, postage-due at the single-piece Standard Mail rates for these articles." If the

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[3] *eCC Leader Standard Work*, dated August 16, 2018.
[4] Handbook M-39, *Management of Delivery Services*, Section 115.2, Using People Effectively.
[5] *Postal Operations Manual* (POM) Section 691.31, Dead Mail-Holding Period, and Section 691.43, Dead Mail-Other Items.

facility is not able to identify the owner, then the rule is to treat the item in question as unidentified.[6]

As a result, there is an increased risk of personal items being lost or stolen, or customers not having the opportunity to recover them if management does not follow the policies for safeguarding lost customer assets.

> **Recommendation #3:** We recommend **the Manager, New York District**, instruct unit management to follow the policy for items found within the Postal Service's jurisdiction.

Finding # 4 ███████ Records

Unit management had not updated its master ██████ inventory list. Specifically, we found the ██████ inventory list had two ███ listed that were not in the ██████. The two extra ████████ on the master list had one with the █████ number and one with the ██████ number based on updated records provided by station management. All ████████ were accounted for, but the list needed updating.

This condition occurred because management did not ensure the ███████ records were updated,[7] as required.[8] ███████ are accountable property[9] and an updated and accurate ██████ inventory protects against potential loss. When there is insufficient oversight and supervision of accountable items such as ████████████, there is an increased risk of mail theft. During our review, we brought this issue to unit management's attention, and they took corrective action by updating the ███████ list and dates on July 24, 2019.

> **Recommendation #4:** We recommend **the Manager, New York District**, instruct unit management to follow the policy for updating the ███████ list.

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[6] POM Section 691.45, Unidentified Items.
[7] *Administrative Support Manual* Issue ████████ █████ ████████████.
[8] POM Section ██████████████████████.
[9] ██

Management's Comments

Management agreed with the findings and recommendations. See Appendix A for management's comments in their entirety.

Regarding recommendation 1, management will follow scanning standard operating procedures including the use of firm sheets. In addition, management held a service talk to all employees on the importance of accurate delivery and scanning at the point of delivery. The "Left Notice" area packages were processed as needed. These actions were completed July 30, 2019.

Regarding recommendation 2, all station supervisors now have two contacts at the NYC-FDR Station to resolve any delivery issues. Also, management created a manual log to track eCC cases. These actions were completed August 3, 2019.

Regarding recommendation 3, management implemented changes to exiting station practices on items found. All lost and found customer belongings identified during our audit fieldwork were removed from the facility pursuant to Postal Service policy. Also, a designated location has been created for station employees to use for customer items left in the lobby. Additionally, specific timeframes have been placed on various items such as misplaced driver licenses and debit/credit cards. These actions were completed July 27, 2019.

Regarding recommendation 4, management updated and corrected the ██████████ log. The log now identifies all ██████████, including ones that are ██████████████. These actions were completed July 27, 2019.

Evaluation of Management's Comments
The OIG considers management's comments responsive to the recommendations in the report.

We consider all recommendations closed with the issuance of this report.

APPENDIX A. MANAGEMENT'S COMMENTS

UNITED STATES
POSTAL SERVICE

September 4, 2019

LAZERICK POLAND
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Delivery Scanning Issues – Gracie Station, New York, NY – Report
            Number DRT-AR-19-DRAFT

The findings and recommendations outlined in the above noted audit report have
been reviewed and we agree with the findings. Our response to the
Recommendations is as follows:

Recommendation #1
We recommend **the Manager, New York District**, instruct unit management to
ensure staff follow delivery standard operating procedures for scanning mail pieces.

Management Response:
We agree with the Recommendation. A Service Talk was given to all employees to
ensure they understand the importance of accurate delivery and scanning at the point
of delivery. Also, all outdated "Left Notice" packages were processed and the"end of
day" process was reinforced with Management employees to ensure proper scans on
all packages. Additionally, Firm Sheets have been created for business customers to
be utilized at the point of delivery.

Target Implementation Date:
Completed – July 30, 2019

Responsible Official:
(A) Station Manager, Gracie Station

Recommendation #2:
We recommend **the Manager, New York District**, instruct unit management to
monitor Enterprise Customer Care cases and use the information, as appropriate, to
improve delivery operations.

- 2 -

Management Response/Action Plan:
We agree with the Recommendation. Management at Gracie Station is in constant communication with FDR Station when parcels are misdeliveried. Additionally, all Supervisors have two contacts in FDR Station in order to resolve any issues with FDR Parcel Post delivery. Lastly, a log has been created indicating how many cases are received and who has the most number of cases based on specific carriers.

Target Implementation Date:
Completed – August 3, 2019

Responsible Official:
(A) Station Manager, Gracie Station

Recommendation #3:
We recommend **the Manager, New York District**, instruct unit management to follow the policy for items found within the Postal Service's jurisdiction.

Management Response/Action Plan:
We agree with the recommendation. All customer belongings that were identified during the Audit were removed from the counterline and handled in accordance with the POM, Section 691.45, Unidentified Items. Going forward, a designated location has been created for employees to utilize for customer items that may have been left in the lobby. Specifically, all Driver's Licenses with a sufficient address will be mailed to the individual at the identified address. All Debit and Credit Cards will be placed in the safe for 10 days awaiting the customer's return. After 10 days, the Card will be sent back to the respective Credit/Debit Card company for their disposition. All other items will be handled in accordance with the POM, Section 691.45, Unidentified Items.

Target Implementation Date:
Completed – July 27, 2019

Responsible Official:
(A) Station Manager, Gracie Station

Recommendation #4:
We recommend **the Manager, New York District**, instruct unit management to follow the policy for updating the ▨▨▨▨ list.

Management Response/Action Plan:
We agree with the recommendation. The ▨▨▨▨ log has been updated and corrected. The log now identifies all ▨▨▨▨▨ including ▨▨▨▨ and any that have ▨▨▨▨ All routes have their assigned ▨ listed on the log for easy identification.

- 3 -

<u>Target Implementation Date:</u>
Completed – July 27, 2019

<u>Responsible Official:</u>
(A) Station Manager, Gracie Station

Lorraine G. Castellano
District Manager, New York

cc: VP Area Operations (Northeast)
    Manager, Operations Programs Support (Northeast)
    Manager Delivery Programs Support (Northeast)
    Manager, Marketing (Northeast)
    Controller (Northeast)
    Area Accounting Manager (Northeast)
    Postmaster Manhattan
    Manager, Operations Programs Support (New York)
    Manager, Corporate Audit Response Management