

Desoto Carrier Annex, Memphis, TN: Delivery Unit Operations

AUDIT REPORT

Report Number 23-100-3-R23 | June 27, 2023



Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

June 27, 2023

MEMORANDUM FOR: OMAR R. COLEMAN
MANAGER, TENNESSEE DISTRICT

A handwritten signature in black ink, reading "Joseph E. Wolski", is centered below the memorandum header.

FROM: Joseph E. Wolski
Director, Field Operations

SUBJECT: Audit Report – Desoto Carrier Annex in Memphis, TN: Delivery Unit
Operations (Report Number 23-100-3-R23)

This report presents the results of our audit of mail delivery, customer service, and property conditions at the Desoto Carrier Annex in Memphis, TN.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Ricardo Martinez, Operational Manager, or me at 703-248-2100.

Attachment

cc: Postmaster General
Chief Retail & Delivery Officer & Exec Vice President
Vice President, Delivery Operations
Vice President, Retail & Post Office Operations
Vice President, Southern Area Retail & Delivery Operations
Director, Retail & Post Office Operations Maintenance
Corporate Audit and Response Management

Results

Background

This interim report presents the results of our self-initiated audit of mail delivery, customer service, and property conditions at the Desoto Carrier Annex in Memphis, TN (Project Number 23-100-3). The Desoto Carrier Annex is in the Tennessee District of the Southern Area and services ZIP Codes 38103, 38106 and 38126.¹ These ZIP Codes serve about 46,690 people in a predominantly urban area.² This delivery unit has 37 city routes. We judgmentally selected the Desoto Carrier Annex based on the number of Customer 360³ inquiries and Informed Delivery⁴ contacts associated with the unit, undelivered route information, and stop-the-clock (STC)⁵ scans performed at the unit.

Objective, Scope, and Methodology

Our objective was to evaluate mail delivery, customer service, and property conditions at the Desoto Carrier Annex in Memphis, TN.

To accomplish our objective, we focused on five audit areas: delayed mail, package scanning, truck arrival scans, arrow keys,⁶ and property conditions. Specifically, we reviewed delivery metrics, including the number of routes and carriers, mail arrival time,

amount of reported delayed mail, package scanning, and distribution up-time.⁷ During our site visit we reviewed mail conditions; package and truck arrival scanning procedures; arrow key security procedures; and unit safety, security, and maintenance conditions. We also analyzed the scan status of mailpieces at the carrier cases and interviewed unit management and employees. We discussed our observations and conclusions as summarized in Table 1 with management on June 8, 2023, and included their comments, where appropriate.

The Desoto Carrier Annex is one of five delivery units⁸ the U.S. Postal Service Office of Inspector General (OIG) reviewed during the week of May 1, 2023, that are serviced by the Memphis Processing and Distribution Center and the Memphis Mail Processing Annex. We are issuing this interim report to provide the U.S. Postal Service with timely information regarding conditions we identified at the Desoto Carrier Annex. We will issue a separate report⁹ that provides the Postal Service with the overall findings and recommendations for all five delivery units. See [Appendix A](#) for additional information about our scope and methodology.

¹ The unit also services ZIP Code 38136, which is mainly used for post office boxes.

² We obtained ZIP Code information related to population and urban/rural classification from Esri, which is based on Census Bureau information. Of the 46,690 people living in these ZIP codes, 100 percent are considered urban communities.

³ A cloud-based application that enables Postal Service employees to diagnose, resolve, and track customer inquiries.

⁴ Informed Delivery is a free and optional notification service that gives residential customers the ability to digitally preview their letter-sized mail and submit inquiries for mailpieces that were expected for delivery but have not arrived.

⁵ A scan event that indicates the U.S. Postal Service has completed its commitment to deliver or attempt to deliver the mail piece. Examples of STC scans include "Delivered," "Available for Pick-up," and "No Access."

⁶ A distinctively shaped key carriers use to open mail-receiving receptacles such as street collection boxes and panels of apartment house mailboxes equipped with an arrow key. Arrow keys are accountable property and are subject to strict controls.

⁷ Time of day that clerks have completed distributing mail to the carrier routes.

⁸ The other four units were the Collierville Main Post Office, Collierville, TN (Project Number 23-100-1); Cordova Main Post Office, Cordova, TN (Project Number 23-100-2); Germantown Main Post Office, Germantown, TN (Project Number 23-100-4) and Hickory Hill Station, Memphis, TN (Project Number 23-100-5).

⁹ Project Number 23-100.

Results Summary

We identified issues affecting mail delivery, customer service, and property conditions at the Desoto Carrier Annex. Specifically, we found issues with four of the five areas we reviewed (see Table 1).

Table 1. Summary of Results

Audit Area	Issues Identified	
	Yes	No
Delayed Mail	X	
Package Scanning	X	
Truck Arrival Scanning		X
Arrow Keys	X	
Property Conditions	X	

Source: Results of our fieldwork during the week of May 1, 2023.

Employees at the Desoto Carrier Annex scanned incoming trailer/truck barcodes as required.

Finding #1: Delayed Mail

What We Found

On the morning of May 2, 2023, we identified 2,141¹⁰ delayed mailpieces at 15 carrier cases and the workroom floor. Specifically, we identified 1,929 mailpieces at the carrier cases and 212 pieces on the workroom floor. In addition, management did not report in the Delivery Condition Visualization (DCV)¹¹ system undelivered mail carriers brought back. While they reported 254 delayed mailpieces, this represented only 11.86 percent of the delayed mail volume we identified at the unit. See Table 2 for the number of pieces for each mail type and Figures 1 and 2 for examples of delayed mail found at the carrier cases and the workroom floor.

Table 2. Type of Delayed Mail

Type of Mail	Carrier Cases	Workroom Floor	Total OIG Count of Delayed Mail
Letters	1,707	208	1,915
Flats	221	4	225
Packages	1	0	1
Totals	1,929	212	2,141

Source: OIG count of delayed mailpieces identified during our visit May 2, 2023.

Why Did It Occur

Management stated that the unit had delayed mail because carriers sometimes brought mail back due to dog interference or because delivery points were blocked by vehicles or construction. Management stated that carriers annotate on Postal Service Form 1571, Undelivered Mail Report, the reason why mail could not be delivered. However, carriers were not annotating on the form the correct number of undelivered mailpieces. The PM supervisor did not know that he was required to record such mail as delayed in DCV, and the AM supervisor assumed that it had been reported. Further, the customer service

manager did not monitor that the delayed mail counts in DCV were accurate.

Figure 1. Delayed Mail at the Carrier Case



Source: OIG photo taken on May 2, 2023.

Figure 2. Delayed Mail on Workroom Floor



Source: OIG photo taken on May 2, 2023.

¹⁰ OIG estimate based on individual piece counts and Postal Service conversion factors in Management Instruction PO-610-2007-1, Piece Count Recording System.

¹¹ A tool for unit management to manually self-report delayed mail, which provides a snapshot of daily mail conditions at the point in time when carriers have departed for the street.

What Should Have Happened

Management should have monitored and verified that the number of delayed mailpieces in DCV was accurate. Management should have instructed carriers to report on PS Form 1571, and supervisors to report in the DCV system, the number of undelivered mailpieces brought back by carriers. Postal Service Policy¹² states that all types of First-Class Mail, Priority Mail, and Priority Express Mail are always committed for delivery on the day of receipt. In addition, management is required¹³ to report all mail in the delivery unit after the carriers have left for their street duties as either delayed or curtailed in the DCV system. Further, management must update the DCV system if volumes have changed prior to the end of the business day.

Effect on the Postal Service and Its Customers

When mail is delayed, there is an increased risk of customer dissatisfaction, which may adversely affect the Postal Service brand. In addition, inaccurate reporting of delayed mail in the DCV system provides management at the local, district, area, and headquarters levels with an inaccurate status of mail delays and can result in improper actions taken to address issues.

¹² *Committed Mail & Color Code Policy for Marketing Mail* stand-up talk, February 2019.

¹³ *Informed Visibility Delivery Condition Visualization* User Guide, September 2022.

Finding #2: Package Scanning

What We Found

Employees improperly scanned packages at the delivery unit. In total, employees scanned 322 packages at the delivery unit between January and March 2023 (see Table 3). Further analysis of the STC scan data for these packages showed that 77.02 percent of the scans were scanned “Delivered.” This data excludes scans that could be properly made at a delivery unit, such as “Delivered – PO Box” and “Customer (Vacation) Hold” but, rather, represent scans performed at the delivery unit that should routinely be made at the point of delivery.

Table 3. STC Scans at Delivery Unit

Scan Type	Count	Percentage
Delivered	248	77.02%
Delivery Attempted - No Access	68	21.12%
Delivery Exception - Animal Interference	4	1.24%
Refused	2	0.62%
Total	322	100%

Source: OIG analysis of the Postal Service’s Product Tracking and Reporting (PTR) System data. PTR is the system of record for all delivery status information for mail and packages with trackable services and barcodes.

In addition, on the morning of May 2, 2023, before carriers arrived for the day, we selected 16 packages from the carrier cases to review and analyze scanning and tracking history. Of the 16 sampled packages, eight (50 percent) had improper scans, including:

- Four were scanned “Delivery Exception – Animal Interference” but were not scanned at the delivery point. These packages were scanned between 0.3 and 0.5 miles away from the delivery point.

- Three were scanned “Delivery Attempted – No Access” but were not scanned at the delivery point.
- One was scanned “Delivered” which should only be performed when a package is successfully left at the customer’s delivery address.

Why Did It Occur

These scanning issues occurred because unit management did not adequately monitor and enforce proper scanning procedures. Specifically, supervisors stated that carriers routinely scanned packages as “Delivered” in the unit for Callers Services. Management further explained that competing responsibilities, such as managing staffing at the other offices prevented them from consistently reviewing scanning exception reports and following up with carriers.

What Should Have Happened

Management should have monitored scan performance daily and enforced compliance. The Postal Service’s goal is to ensure proper delivery attempts for mailpieces to the correct address with proper service¹⁴ which includes scanning packages at the time and location of delivery.¹⁵

Effect on the Postal Service and Its Customers

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.

¹⁴ *Delivery Done Right the First Time* stand-up talk, March 2020.

¹⁵ *Carriers Delivering the Customer Experience* stand-up talk, July 2017.

Finding #3: Arrow Keys

What We Found

Unit management did not properly manage arrow keys. During our fieldwork observations, we reviewed the unit's inventory log listing 31 arrow keys and conducted a physical inventory of keys at the unit. Although we found 31 keys, the serial numbers did not match for 14.

During our fieldwork observations, we observed that the arrow keys were kept in a secured location. In the morning, before leaving for the street, the carriers properly signed for their arrow keys and upon their return to the unit, they handed their keys to the PM supervisor who notated the inventory log and placed the keys back into the secured location.

Why Did It Occur

The unit recently received 14 new keys to replace lost keys they reported to Inspection Service on March 31, 2023. The manager stated that he planned to update the arrow key log, but prioritized other duties, such as mail delivery and staffing issues.

What Should Have Happened

Management should have properly managed the arrow keys. According to Postal Service policy,¹⁶ management must keep an accurate inventory of all keys and conduct a semiannual physical survey of all building keys.

Effect on the Postal Service and Its Customers

When there is insufficient oversight and supervision of accountable items such as arrow keys, there is increased risk of mail theft. These thefts damage the Postal Service's reputation and diminish public trust in the nation's mail system. Additionally, because arrow keys open mail receptacles, lost or damaged keys can result in undelivered mail.

Management Actions

During our audit, management took corrective action and provided an updated arrow key inventory log that matched the 31 arrow key serial numbers we inventoried on May 4, 2023.

¹⁶ *Administrative Support Manual Issue 13, Sections 273.461, 273.464, and 273.471, July 1999 – updated through February 28, 2023, and USPS Arrow Key Standard Work, January 2022.*

Finding #4: Property Conditions

What We Found

We found safety and maintenance issues at Desoto Carrier Annex including:

Property Safety:

- Blocked electrical panel in the workroom (see Figure 3).
- Unmounted fire extinguishers in the workroom area and hallway to the offices including four fire extinguishers sitting on the floor.
- Missing annual and monthly inspections on all fire extinguishers.
- Rusted railing and crumbling concrete on the steps and landing of the Caller Service entrance (see Figure 4).

Figure 3. Blocked Electrical Panel



Source: OIG photo taken on May 2, 2023.

Figure 4. Rusted and Crumbling Concrete at Caller Service Area



Source: OIG photo taken on May 2, 2023.

Property Maintenance:

- Stained and missing ceiling tiles in the women's locker room, workroom, and offices.
- Rusted/corroded stall walls and dark wax build-up on parts of the floor in the women's restroom.
- Vibrating, loud plumbing in one sink of the men's restroom.
- Rusted ceiling overhang in the dock and Caller Service areas.

Why Did It Occur

Management did not take the necessary actions to verify that property conditions issues were identified and corrected. Management stated that they were aware of some of the property conditions identified during our fieldwork and are currently taking steps to abate some of them.

What Should Have Happened

Management should have provided sufficient oversight of personnel responsible for maintaining facilities, reported safety and maintenance issues as they arose, and followed up for completion. The Postal Service is required to maintain a safe environment for employees and customers. In addition, the Occupational Safety and Health Administration (OSHA) requires employers to provide a safe and healthy workplace free of recognized hazards.¹⁷

Effect on the Postal Service and Its Customers

Management's attention to safety and maintenance efficiencies can reduce the risk of injuries to employees and customers; reduce related costs, such as workers' compensation claims, lawsuits, and OSHA penalties; and enhance the customer experience and Postal Service brand.

Management's Comments

Management agreed with findings 1, 3, 4, and 5 and partially agreed with Finding 2. See [Appendix B](#) for management's comments in their entirety.

Regarding the four parcels scanned as "Delivery Exception – Animal Interference", management stated that scanning the packages 0.3 to 0.5 miles from the delivery point was reasonable.

Evaluation of Management's Comments

Regarding management's assertion that scanning the four packages 0.3 to 0.5 miles from the delivery point is reasonable, Postal Service data showed that the carriers scanned other packages as delivered after passing the intended delivery point, before making their scan of "Delivery Exception – Animal Interference." This demonstrates carriers had the opportunity to scan the four packages in question closer to the location where the delivery attempt occurred, but did not do so.

¹⁷ OSHA Act of 1970 and Handbook EL-801, *Supervisor's Safety Handbook*.

Appendix A: Additional Information

We conducted this audit from April through June 2023, 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

We assessed the reliability of PTR, DCV, Surface Visibility Web, and electronic Facilities Management System¹⁸ data by reviewing existing information, comparing data from other sources, observing operations, and interviewing Postal Service officials knowledgeable about the data. We determined that the data were sufficiently reliable for the purposes of this report.

¹⁸ A custom-built Postal Service system used to manage work orders, contracts, and payments for facility construction, repairs, and alteration contracts, along with real estate contracts.

Appendix B: Management's Comments



June 21, 2023

JOHN CIHOTA
DIRECTOR, AUDIT SERVICES

SUBJECT: Management Response: Desoto Station in Memphis, TN: Delivery Unit Operations
(Report Number 23-100-3)

Thank you for providing the Postal Service an opportunity to review and comment on the findings contained in the draft audit report, Desoto Station in Memphis, TN: Delivery Unit Operations.

Management agrees, in part, with the five findings in the report on delayed mail, package scanning, truck arrival scanning, arrow keys, and property conditions.

Management has begun taking steps to address the five findings.

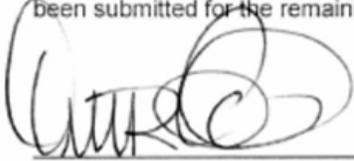
Delayed Mail: On May 1, 2023, Desoto received 2,662 letters, 7,119 flats, and 3,256 parcels for delivery. They reported 254 delayed mail pieces. The OIG identified unreported data was 14.42% of the volume. Management will train carriers on proper use of 1571s. Management will retrain local EAS on the Standard Work for properly reporting delayed mail in DCV. Management continues to pursue recruitment activities in the Tennessee District and post career opportunities weekly until all vacancies are filled.

Package Scanning: From January 1, 2023, to March 31, 2023, Desoto received 171,644 parcels in total for delivery. The 322 identified in this report by the OIG as scanned in the office represents 0.19% of total parcels delivered. The OIG also identified packages scanned as animal interference .3 and .5 miles from the delivery. Animal interference scans are made when it is safe to do so. The point of delivery is where the animal interference is occurring. These scans occurring at .3 and .5 miles from the delivery point is reasonable. Caller Service packages are not taken to the street as they are picked up by the business at the Post Office. Personnel will be retrained on the proper way to scan parcels for non-delivery due to No Access, Weather Delays, and Integrity Scans. The Standard Work for proper scanning due to Weather Delays or No Access is communicated on a regular basis and always in advance of an expected weather event.

Truck Arrival Scanning: Management will retrain personnel on the proper way to scan Truck Arrivals. The Standard Work instructions has also been sent out to all offices and reminders will be sent weekly.

Arrow Keys: The office will be retrained on Standard Work and operating procedures for Arrow Key Management including updating key logs, reporting missing arrow keys to the USPS Inspection Service, returning any broken arrow keys to Topeka, and ensuring arrow keys are verified and secured daily. Recent Gemba's were completed and office in full compliance.

Property Conditions: Two of the eight property conditions have been abated. Work orders have been submitted for the remaining six.

A handwritten signature in black ink, appearing to read 'Omar Coleman', written over a horizontal line.

Omar Coleman
Manager, Tennessee District

cc: *Vice President, Area Retail & Delivery Operations (Southern)*
Manager, Corporate Audit Response Management

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