February 19, 2020

MEMORANDUM FOR: KEVIN L. McADAMS
VICE PRESIDENT, DELIVERY AND RETAIL OPERATIONS

Janet Sorensen

FROM: Janet M. Sorensen
Deputy Assistant Inspector General
  for Retail, Delivery, and Marketing

SUBJECT: Management Alert – Nationwide Delivery Scanning Issues
(Report Number 20-102-R20)

This management alert presents scanning issues identified during our site-specific Delivery and Retail Response team audits. The objective of this alert is to provide U.S. Postal Service officials with immediate notification of the issues identified. The issues outlined in this alert require immediate attention and remediation.

We appreciate the cooperation and courtesies provided by your staff. If you have questions or need additional information, please contact Sean Balduff, Director, Delivery and Retail Response Team, or me at 703-248-2100.

Attachment

cc: Chief Operating Officer and Executive Vice President
Corporate Audit Response Management

Introduction

During site-specific Delivery and Retail Response team (DARRT) audits, we found that U.S. Postal Service employees were sometimes improperly scanning packages at the units and not following package scanning policies. The purpose of this alert is to bring these issues to your attention and make a recommendation for immediate corrective action.

We identified these issues while conducting our performance audits in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audits 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. We discussed our observations and conclusions with management on January 21, 2020 and included their comments where appropriate.

Package Delivery Scanning

During fiscal year (FY) 2019, we reviewed package scanning procedures at 25 Postal Service delivery units to determine if employees were properly scanning packages. During our audits, we found that Postal Service employees were not always following package scanning procedures at 21 of the 25 units. The Postal Service's goal is to ensure mail is delivered to the correct address with proper service, which includes scanning every mailpiece at the point of delivery, obtaining a customer signature when required, and ensuring 100 percent visibility throughout the process.[1] See Appendix A for a list of all issued reports.

We judgmentally selected a combined 1,126 packages at these units that were in the facility before the carriers arrived for the day to review the scanning and tracking data. We found that 423 (38 percent) of these packages had improper scans. Examples of the improper scans included, but are not limited to:

- One hundred and ninety-one (191) packages that were scanned "Delivered" to the addressee, but which were still at the unit. A "Delivered" scan is routinely made when a package is successfully left at the delivery address.

- One hundred and thirteen (113) packages that did not have a stop-the-clock (STC)[2] scan indicating why they had not been delivered. All packages should receive a scan at the time of attempted delivery.

- Six packages that were scanned as "No Access" at points other than the delivery address. A "No Access" scan is routinely made at the delivery point.

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[1] *Scanning at a Glance – Delivering 100 Percent Visibility*, and Delivery Done Right initiative.
[2] A scan event that indicates that the Postal Service has completed its commitment as it applies to service measurement on a mailpiece.

- ▪ Five packages that had multiple "Arrival at Unit" scans on multiple days. Packages should receive an "Arrival at Unit" scan prior to, or not later than, the day after receipt at the delivery unit; multiple scans indicate inefficiency, as the package is being handled multiple times.

In addition, we analyzed geolocation data to identify units with STC scans that occurred at the delivery unit property instead of at the intended delivery address. Based on this analysis, we identified a substantial number of packages being improperly scanned at 11 of the 25 units. Looking at this data nationwide from January 1 through November 30, 2019, we found that of the 3.1 billion STC scans, about 16.5 million occurred at delivery units instead of the intended delivery address (see Table 1). Note that this data excludes scans that could properly be made at a delivery unit, such as "Business Closed" and "Vacation Hold" but, rather, represents scans performed at the delivery unit that should routinely be made at the point of delivery. These improper scans would include any packages listed on a Firm Sheet[3] that were scanned at the unit instead of at the intended delivery address. They would not include scans from Firm Sheets that were properly scanned at the point of delivery.

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[3] A firm sheet is a list of packages for delivery to one address documented with a single barcode. Firm sheets are used to link packages sent to one address on a single form. Postal Service guidance states that firm sheet usage for delivery points that receive 25 or more trackable pieces per day would result in highly increased efficiency. Firm sheets should be scanned at the point of delivery.

Table 1. STC Scans at Delivery Units[4]

Month	Number of STC Scans at Delivery Units	Number of Total STC Scans	Percentage of STC Scans at Delivery Units
January	1,652,704	304,400,370	0.54%
February	1,449,315	263,921,143	0.55%
March	1,544,436	298,645,991	0.52%
April	1,372,329	291,130,510	0.47%
May	1,311,270	289,902,780	0.45%
June	1,253,659	273,128,124	0.46%
July	1,391,122	278,752,694	0.50%
August	1,439,193	284,250,107	0.51%
September	1,418,172	271,661,680	0.52%
October	1,498,388	296,029,237	0.51%
November	2,183,947	298,112,919	0.73%
Total	16,514,535	3,149,935,555	0.52%

Source: U.S. Postal Service Office of Inspector General (OIG) analysis of Product Tracking and Reporting system data.

Per Postal Service policy,[5] carriers must perform accurate STC scans for packages at the point of delivery or use a firm sheet for delivering multiple packages to one address. These package scanning issues occurred because local management did not adequately enforce scanning procedures. We discussed the scans performed at the unit with carriers and found they performed these scans for a variety of reasons, including ease of delivery, to save time, or per management's instructions.

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 the Postal Service brand.

Management has implemented some processes to address scanning issues. For example, as of FY 2018, the Postal Service deployed automated firm sheets using the Passive Adaptive Scanning Systems which facilitated creation of firm sheets and eliminated the need to scan packages a second time.[6] While we recognize the Postal

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[4] Total STC scans consist of scan events 01-Delivered, 02-Attempted, 04-Refused, 53-Receptacle Blocked, 55-No Secure Location, 56-No Authorized Recipient, 57-Unsafe Location. We excluded scans which could be properly made at a unit.

[5] *No Delivery/ No Attempt and Scanning Document*, November 2015, and *Scanning at a Glance - Delivering 100% Visibility*, August 2011.

[6] A cart-mounted, overhead scanning system used in delivery units to scan packages and identify associated delivery routes.

Service has taken actions to improve scanning integrity, we continue to identify incidents of employees not always following scanning policies.

> **Recommendation #1:** We recommend the **Vice President, Delivery and Retail Operations**, enhance ongoing strategies to improve scanning accuracy and enforce compliance.

Management's Comments

Management agreed with the finding and recommendation. Regarding our finding, management stated they had concerns with the OIG's interpretation of the data and noted that they found instances where scans considered errors by the OIG may have been processed correctly. They also stated that the OIG acknowledged instances where large numbers of scanning differences generated for a single address could have been easily resolved with the use of a firm sheet.

Regarding recommendation 1, management stated they will continue to focus on improving technology, developing employees, and establishing standard work requirements through a variety of channels accessible to all delivery units. Management explained in a subsequent conversation that they recently released a new scan report that district management can use to monitor scanning integrity and ensure unit instructions given to carriers are consistent with Postal Service policies. Management is also developing a new training course for front line supervisors that focuses on scanning policies and procedures. In addition, management is in the process of developing new videos and messaging material that will be provided to carriers regarding the importance of proper scanning. Management's target implementation date is October 31, 2020.

See Appendix B for management's comments in their entirety.

Evaluation of Management's Comments

The OIG considers management's comments responsive to the recommendation and the actions taken should resolve the issues identified in the report.

We provided Postal Service management with a list of tracking numbers for packages that were found to be scanned in error. In response, Postal Service management provided one example of a scan that may have been processed correctly. After reviewing the entire listing again, we conservatively reduced the total number of scanning errors by three in our final report. We notified Postal Service management of this change.

Regarding managements comment about the use of firm sheets, the OIG agrees that the use of firm sheets would have easily resolved some of the scanning errors. However, we found that management was not using firm sheets at several units, as required.

The recommendation requires OIG concurrence before closure. The OIG requests written confirmation when corrective actions are completed. Recommendation 1 should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendation can be closed.

Appendix A: FY 2019 DARRT Reports Where Scanning Was Reviewed

Report Title	Report Issuance Date	District	Area	Scanning Issues Reported?
Mail Delivery & Customer Service Issues - Bushwick Station, Brooklyn, NY	2/26/2019	Triboro	Northeast	Yes
Mail Delivery Issues - Barrington Station - Los Angeles, CA	3/6/2019	Los Angeles	Pacific	Yes
Mail Delivery Issues - Graceland Annex - Chicago District	5/13/2019	Chicago	Great Lakes	Yes
Delivery & Customer Service Issues - Silverado Station - Las Vegas, NV	6/11/2019	Nevada-Sierra District	Western	Yes
Delivery Scanning Issues - South Station - Newark, NJ	6/11/2019	Northern NJ	Northeast	Yes
Delivery Scanning Issues - Hayward Main Post Office - Hayward, CA	6/19/2019	Bay Valley	Pacific	Yes
Delivery Scanning Issues - Townsend Carrier Annex - San Francisco, CA	6/19/2019	San Francisco	Pacific	Yes
Delivery Scanning Issues - Carmel Valley Carrier Annex - San Diego, CA	6/21/2019	San Diego	Pacific	Yes
Mail Delivery and Customer Service Issues - College Station - New York, NY	7/3/2019	NY	Northeast	No
Delivery Scanning Issues - Franklin Park Post Office, Franklin Park, IL	7/9/2019	Central IL	Great Lakes	Yes
Mail Delivery Issues - Westside Station - Tallahassee, FL	7/12/2019	Gulf Atlantic	Southern	No
Mail Delivery Issues - Bear Valley - Station Denver, CO	7/12/2019	CO/WY	Western	Yes
Mail Delivery Issues - Cedar Elm Station - San Antonio, TX	7/19/2019	Rio Grande	Southern	Yes
Delivery Scanning Issues - Surprise Station – Surprise, AZ	7/25/2019	AZ	Western	Yes
Mail Delivery Issues - Pleasant Hill Station - Des Moines, IA	7/31/2019	Hawkeye	Western	No
Mail Delivery Issues - Broadview Station - Atlanta, GA	8/6/2019	Atlanta	Capital Metro	Yes
Mail Delivery Issues - West Park Station - Philadelphia, PA	8/12/2019	Philadelphia Metro	Eastern	No
Delivery Scanning Issues - Lakeview Station - Chicago, IL	9/4/2019	Chicago	Great Lakes	Yes
Delivery Scanning Issues - Gracie Station - New York, NY	9/5/2019	NY	Northeast	Yes
Delivery Scanning Issues - Gardena Post Office - Gardena, CA	9/5/2019	Los Angeles	Pacific	Yes

Report Title	Report Issuance Date	District	Area	Scanning Issues Reported?
Delivery & Customer Service Issues - (Redacted) Branch – (Redacted), MD	9/10/2019	Baltimore	Capital Metro	Yes
Mail Delivery Issues - Ypsilanti Post Office - Ypsilanti, MI	9/11/2019	Detroit	Great Lakes	Yes
Mail Delivery Issues – Minuet Carrier Annex - Charlotte, NC	9/19/2019	Mid-Carolinas	Capital Metro	Yes
Delivery Scanning Issues – Stafford Post Office - Stafford, TX	9/20/2019	Houston	Southern	Yes
Delivery Scanning Issues – East Vancouver Carrier Unit - Vancouver, WA	9/27/2019	Portland	Western	Yes

Source: Reports obtained from OIG website.

Appendix B: Management's Comments

KEVIN L. MCADAMS
VICE PRESIDENT, DELIVERY & RETAIL OPERATIONS

UNITED STATES
POSTAL SERVICE

February 10, 2020

LAZERICK POLAND
DIRECTOR, AUDIT OPEATIONS

SUBJECT: Management Alert – Nationwide Delivery Scanning Issues
                    (Report Number DRT-MT-19-DRAFT) (Project Number 20-102)

Thank you for providing the Postal Service with an opportunity to review and
comment on the Audit, "Nationwide Delivery Scanning Issues".

As an initial matter, Management continues to have concerns with the OIG's
interpretation of the data. Follow up analysis conducted by Postal Management
found instances where scans considered erroneous by the OIG - and recorded as
such in the report - may have indeed been correctly processed. OIG itself
acknowledges other occasions where large numbers of scanning differences
generated for a single address/delivery event could have been easily resolved with
the use of a firm sheet. These types of occurrences have the potential for
overstating negative performance.

Management does not contest the instances when scanning procedures were not
followed. However, the report does not fully recognize the efforts made by
Management in changing a scanning culture to one that targets perfection or gives
credit to the level of success achieved in reaching that goal. Management further
argues that United State Postal Service currently has processes in place that
provide instruction, guidance, and resources to address/correct occasions for when
employees provides inaccurate scanning data.

United States Postal Service believes that accurate scan data and package visibility
are essential in today's competitive package market. The USPS team is committed
to providing accurate scanning visibility for its customers and continues to meet that
challenge with improved technology and rigid oversight.

Recommendation 1:
We recommend the Vice President, Delivery and Retail Operations, enhance ongoing
strategies to improve scanning accuracy and enforce compliance.

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<u>**Management Response/Action Plan: Agree**</u>
It is the commitment of the Postal Service to provide scanning that ensures reliable and consistent tracking and delivery information for customer packages. Postal Management is engaged at every level of the Organization to meet that customer requirement. Management will continue its focus on improving technology, developing employees and establishing standard work requirements through a variety of channels that are accessible to all delivery units.

<u>**Target Implementation Date:**</u>
October 2020

<u>**Responsible Official:**</u>
Manager, Strategy and Planning – Delivery Operations

Kevin L. McAdams

cc: David E. Williams
     Manager, Corporate Audit Response Management