



AUDIT REPORT

Mail Delivery and Customer Service Operations – Katy Carrier Annex, Katy, TX

December 15, 2020



Report Number 20-299-R21



December 15, 2020

MEMORANDUM FOR: CHENISE LEDOUX
MANAGER, HOUSTON DISTRICT

FROM: Sean Balduff
Director, Delivery and Retail Response Team

A handwritten signature in black ink, reading "Sean Balduff", is positioned below the "FROM:" field.

SUBJECT: Audit Report – Mail Delivery and Customer Service
Operations – Katy Carrier Annex, Katy, TX
(Report Number 20-299-R21)

This report presents the results of our audit of Mail Delivery and Customer Service Operations – Katy Carrier Annex, Katy, TX.

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

Attachment

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

Background

This report presents the results of our self-initiated audit of Mail Delivery and Customer Service Operations at the Katy Carrier Annex in Katy, TX (Project Number 20-299). The Katy Carrier Annex is in the Houston District of the Southern Area. This audit was designed to provide U.S. Postal Service management with timely information on potential scanning and mail delivery risks at the Katy Carrier Annex.

The unit has 48 city routes, 32 rural routes, and seven contract routes delivered by 62 city carriers, 49 rural carriers, and seven contract carriers. We chose the Katy Carrier Annex based on the number of stop-the-clock¹ (STC) scans occurring at the delivery unit.

Objective, Scope, and Methodology

Our objective was to evaluate select mail delivery and customer service operations at the Katy Carrier Annex in Katy, TX.

To accomplish our objective, we reviewed delivery metrics including the number of routes and carriers, mail arrival time, amount of reported delayed mail, package scanning, distribution up-time,² and carriers returning to office time. During our site visits on September 28 - October 1, 2020, we reviewed unit safety and security procedures, mail conditions, and Voyager card and arrow lock key³ security procedures. We analyzed the scan status of mailpieces at the carrier cases and in the “Notice Left”⁴ area and interviewed unit management and employees.

We relied on computer-generated data from the Product Tracking and Reporting System. We used geolocation data to identify STC scans that occurred at the delivery unit property instead of the intended delivery address. Each delivery unit is required to scan all arriving barcoded items as “Arrival at Unit”. Employees are also required to scan items at the time of attempted delivery using the appropriate STC scan. Although we did not test the validity of controls over this system, we assessed the accuracy of the data by reviewing existing information, comparing data from other sources, and interviewing Postal Service officials knowledgeable about the data. Therefore, we determined the data were sufficiently reliable for the purposes of this report. We conducted this audit from September through December 2020, in accordance with generally accepted government auditing standards. Those standards require that we

¹ A scan event that indicates the 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”, “No Access”, and “Business Closed”.

² The time of day when clerks have completed distributing mail to carrier routes after mail has arrived from the processing & distribution center.

³ 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 lock. Arrow lock keys are accountable property and subject to strict controls.

⁴ The area of a postal facility where letters or packages that the carriers were unable to deliver are stored for customer pickup.

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 November 30, 2020 and included their comments where appropriate.

Finding #1: Unreported Delayed Mail

The station manager did not report delayed mail in the Customer Service Daily Reporting System (CSDRS) as required.⁵ Specifically, during our site visit on September 29 - October 1, 2020, we identified 11 containers of Standard Flats that should have been delivered on September 28, the day before our arrival at the unit. (see Figure 1).

Figure 1. Containers of Delayed Standard Flats



Source: U.S. Postal Service Office of Inspector General (OIG) photo taken September 29, 2020.

Postal Service policy⁶ states that all units must report delayed mail through CSDRS as soon as they become aware of the delay. Houston District management also required delivery unit managers to report delayed mail to the Manager, Post Office Operations (MPOO), to attempt to efficiently resolve the issue. The station manager stated that she believed she needed the district manager's permission to report delayed mail in CSDRS. However, district personnel stated that the station manager does not need district management's permission to report delayed mail in CSDRS.

⁵ *CSDRS Guidelines and Definitions*, dated September 2016 states that all mail that remains in a delivery unit after the carriers have left the office to begin their street duties should be reported.

⁶ *CSDRS Guidelines and Definitions*, dated September 2016.

For the delayed mail we identified, the station manager notified the MPOO of the delayed mail on the day it should have been reported as delayed; however, she did not believe she had permission to report the delayed mail until she spoke to the MPOO the following day when we arrived at the unit.

Inaccurate reporting of delayed mail provides management at local, district, area, and headquarters levels with an inaccurate status of mail delays and can result in improper action or no action taken to address potential issues.

Recommendation #1: We recommend the **Manager, Houston District**, instruct all delivery units in the Houston District to follow Postal Service policy to report delayed mail in the Customer Service Daily Reporting System when it is present in unit operations.

Finding #2: Package Delivery Scanning

Delivery unit employees improperly scanned packages at the unit rather than at the delivery point. Our data analysis of scans performed between June and August 2020 showed that STC scans for 38,710 packages occurred at the delivery unit (see Table 1).

Table 1. STCs at Delivery Unit

| June | July | August | Total |
|--------|--------|--------|--------|
| 14,799 | 10,302 | 13,609 | 38,710 |

Source: OIG analysis of Postal Service PTR system data.

Our analysis of the scans identified one acting supervisor⁷ who accounted for almost 16,000 of the 38,710 STC scans performed at the unit (about 40 percent). The acting supervisor stated that they used an In-Office Mobile Delivery Device⁸ (MDD) scanner to make STC scans at the delivery unit based on guidance from a prior supervisor to ensure the end-of-day (EOD)⁹ report was cleared of committed mail each day by 8:00 p.m. Another acting supervisor explained that they adjusted the time settings of the In-Office MDD scanner to a different time zone, used the barcode of another employee to log into the scanner, and made STC scans for parcels listed on the EOD report. This made it appear that the scans occurred earlier in the day and were made by a carrier instead of the supervisor. We referred these scanning practices to the OIG's Office of Investigations.

We informed Postal Service Delivery Operations headquarters management of the time zone modifications occurring at the Katy Annex with the MDD scanner. They implemented corrective action by restricting MDD scanner time zone changes to area

⁷ The acting supervisor was a 204b, which is a temporary probationary supervisor. They carry the same authority and responsibilities of a full supervisor but with a different pay rate and the option to return to their craft if they choose not to make a career out of supervising.

⁸ A handheld mobile scanning device that carriers use to improve real-time delivery scanning capabilities by providing tracking information for customers. An In-Office MDD Scanner does not have a cell signal and relies on the Wi-Fi signal at the unit to transmit scan events.

⁹ The End-of- Day (EOD) Report lists "at risk" mailpieces that have not yet received an STC scan.

coordinators and developed an exception report to monitor all time zone changes. The OIG will continue to monitor this issue as we conduct future site-specific audits.

OIG also conducted on-site observations at the unit on the morning of September 29, 2020, before carriers arrived for the day. During our observations, we judgmentally selected 81 packages (51 were in the carrier cases and 30 were in the “Notice Left” area) for review of their scanning and tracking data. Of the 81 packages we reviewed, 37 of the 51 packages in the carrier cases and 22 of the 30 packages in the “Notice Left” area were missing an STC scan, had improper scans, or were not handled correctly. Specifically:

- Eighteen of the 51 packages at the carrier cases and six of the 30 packages in the “Notice Left” area had a “Delivered” scan. A “Delivered” scan should only be made when a package is successfully left at the delivery address.
- Fifteen of the 30 packages in the “Notice Left” area should have been returned¹⁰ to the sender including two that should have been returned 20 months prior to our visit.
- Ten packages in the carrier cases that were attempted to be delivered by the carrier should have been in the “Notice Left” area to allow for customer pick up.
- Five packages in the Carrier Cases were given an STC scan at the unit instead of the delivery point (three “No Access” and two “No Secure Location” scans).
- Three packages in the carrier cases should have been returned to the sender — two had scans for insufficient address and one had a scan for return to sender.
- Two packages (one in the “Notice Left” area and another at a carrier case) did not have STC scans to let the customer know the reason for non-delivery.

These issues occurred because district and local management did not adequately monitor and enforce package scanning and handling procedures. The station manager stated that she began working at this unit five weeks prior to our visit and had been dealing with other issues. She added that she did not realize that there were any improper scanning and handling issues.

The Postal Service’s goal is to ensure proper delivery attempts for mailpieces to the correct address with proper service,¹¹ which includes accurate scanning of mailpieces at the point of delivery,¹² thus ensuring 100 percent visibility throughout the process.

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

¹⁰ *Notice Left and Return Guidelines, Postal Bulletin 22211*, dated July 2007.

¹¹ *Delivering a Positive Customer Experience - Delivery Done Right* stand-up talk.

¹² *Where Is My Package (WIMP) and Scanning*, February 2019.

potentially improve mail visibility, increase customer satisfaction, and enhance the customer experience and the Postal Service brand.

Recommendation #2: We recommend the **Manager, Houston District**, ensure that employees follow standard operating procedures for scanning, periodically review and monitor scan data for compliance, and provide personnel with refresher training on package scanning and handling procedures.

Finding #3: Distribution Completion

On two of the three days of our visit, management directed the Distribution Up-Time (DUT) scan to be made before distributing the mail to all carriers. Our analysis showed that of the 26 delivery days in August, the DUT scan was made early 24 times, made on time once, and made 12 minutes late once. However, based on our observations and interviews with unit personnel, mail was rarely completely distributed on time.

The station manager stated this occurred because she believed the scan should be done at 10:30 regardless of whether all mail has been distributed. However, Houston District management stated that the expectation is that the DUT scans be made when the distribution of the mail to the carriers was completed. Inaccurate reporting of distribution completion provides management at local, district, area, and headquarters levels with inaccurate status of mail delivery readiness and can result in improper actions taken to address potential issues.

Recommendation #3: We recommend the **Manager, Houston District**, instruct the **Postmaster, Katy** and **Katy Carrier Annex Management**, to monitor distribution operations and ensure mail distribution is completed prior to the Distribution Up Time scan being made to ensure proper visibility of mail delivery readiness.

Finding #4: Safeguarding of Assets

Katy Carrier Annex management did not properly manage and safeguard Postal Service assets including arrow lock keys, Voyager Fleet cards, and mail delivery vehicles.

Accountable Items

We reviewed the unit's inventory log for arrow lock keys and conducted a physical inventory of the keys at the unit. Six of the 81 arrow lock keys on the inventory log were missing. The station manager stated that some arrow lock keys were reported lost to the Inspection Service prior to her arrival at the unit, but did not know how many keys were reported and whether they were the same keys we identified as missing. However, she could not provide evidence of this notification. Additionally, there was no clerk dedicated to checking in the arrow lock keys when carriers return from street delivery. Postal Service policy states that when carriers return from their routes, clerks should be available to check in accountable items as efficiently and promptly as possible.

We also reviewed the Voyager Fleet card inventory log maintained at the unit. The inventory listed 67 Voyager Fleet cards; however, we only found 60 cards at the unit. Unit management was not aware of the missing cards prior to our review. Since becoming aware of the situation, the station manager stated that the missing cards were cancelled, and new cards were ordered. Postal Service policy states that Voyager Fleet cards are accountable items and should be treated as such and they should never be carried by off-duty personnel or left in unattended vehicles or other locations with unrestricted access.¹³

These conditions occurred because unit management did not provide sufficient oversight of the accountable items. The station manager stated she was unable to give the responsibility for accountable items to a clerk because other duties took priority. When there is insufficient oversight and supervision of accountable items such as arrow lock keys and Voyager Fleet cards, there is an increased risk of mail theft and management cannot prevent potentially fraudulent charges and unauthorized purchases.

Delivery Vehicles

We inspected delivery vehicles on the morning of our site visit on September 29, 2020 and found that 23 of the 62 (37 percent) unattended vehicles were not secured. One of the unlocked vehicles contained undelivered mail from the prior delivery day (see Figure 2).

¹³ *Standard Work Instructions (Quick Reference): U.S. Bank Voyager Fleet Card Management for Site Managers*, Revision February 2019.

Figure 2. Undelivered Mail Inside Delivery Vehicle

Source: OIG photo taken September 29, 2020.

This condition occurred due to insufficient management oversight. Specifically, unit management did not ensure carriers were securing and locking their vehicles at the end of the day and were not following the PM Activity Checklist which includes verifying that vehicles are locked and secured. When vehicles are left unlocked, there is an increased risk that they could be vandalized or stolen.

Recommendation #4: We recommend the **Manager, Houston District**, instruct the **Katy Carrier Annex management**, to follow procedures to ensure arrow lock keys, Voyager Fleet cards, and delivery vehicles are safeguarded and properly managed.

Management's Comments

Management agreed with all findings and recommendations in the report. See [Appendix A](#) for management's comments in their entirety.

Regarding recommendation 1, management stated that they directed all Customer Service Operations Managers and Post Office Operations Managers to instruct their unit management on proper CSDRS reporting procedures for delayed mail volumes and obtaining certifications of completion for their respective group or area. In addition, management will conduct virtual and on-site audits to identify at-risk units, observe any delayed mail volumes, and validate appropriate entries in CSDRS. Management's target implementation date is December 31, 2020.

Regarding recommendation 2, management stated that they directed all unit managers to follow the Right Scan, Right Place and Right Time process during the month of

October 2020. Management also stated that they directed the Manager, Operations Programs Support, to monitor and report instances of inaccurate scanning. Management's target implementation date was October 13, 2020.

Regarding recommendation 3, management stated that they instructed the Katy Postmaster and the manager of the Katy Carrier Annex to scan the DUT after processing all mail for delivery. In addition, Operations Programs Support is monitoring DUT scans daily and completing virtual audits to ensure all mail is processed prior to making the DUT scan. Management's target implementation date was October 30, 2020.

Regarding recommendation 4, management stated that they directed the manager of the Katy Carrier Annex to follow procedures to ensure all arrow lock keys, Voyager cards, and vehicles are accounted for daily. Management also stated that they directed the station manager to institute a nightly vehicle checklist to ensure vehicles are secured and free of mail and mail transporting equipment. Management's target implementation date is January 8, 2021.

Evaluation of Management's Comments

The OIG considers management's comments responsive to the recommendations in the report.

All recommendations require OIG concurrence before closure. Consequently, the OIG requests written confirmation when actions are completed and supporting documentation for those actions that have already been completed. Recommendations should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendations can be closed.

Appendix A. Management's Comments

DISTRICT MANAGER
HOUSTON DISTRICT



December 14, 2020

JOSEPH E. WOLSKI
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Mail Delivery and Customer Service Operations – Katy Carrier Annex, Katy, TX.
Project Number 20-299-DRAFT

Thank you for the opportunity to respond to the Office of Inspector General (OIG) draft audit report "Mail Delivery and Customer Service Operations – Katy Carrier Annex, Katy, TX (Project Number 20-299-DRAFT)." We agree with the findings and recommendations of the OIG per the action plans shown below.

Recommendation #1:

We recommend the Manager, Houston District, instruct all delivery units in the Houston District to follow Postal Service policy to report delayed mail in the Customer Service Daily Reporting System (CSDRS) when it is present in unit operations.

Management Response/Action Plan:

Houston District Management agrees with Recommendation #1.

The District Manager, Houston District, has directed all Customer Service Operations Managers (CSOM) and Post Office Operations Managers (POOM) to instruct their Unit management on the proper reporting procedures in CSDRS for Delayed/Curtailed volumes and obtain certifications of completion for their respective group or area. For the next five weeks, five or more virtual and on-site audits will be conducted to identify at risk units, observe any curtailed or delayed volumes, and validate appropriate entries in CSDRS.

Target Implementation Date:

December 31st, 2020

Responsible Official:

District Manager, Houston District

Recommendation #2:

We recommend the Manager, Houston District, ensure that employees follow standard operating procedures for scanning, periodically review and monitor scan data for compliance, and provide personnel with refresher training on package scanning and handling procedures.

Management Response/Action Plan:

Houston District Management agrees with Recommendation #2.

District Manager directed all Unit Managers to follow Right Scan, Right Place and Right Time process on individual Telecoms during the month of October 2020. District Manager has directed Manager, Operations Programs Support, to report upon Scandalous Scans, Scanning Variances, "No Access" and "Mis-sent" scans in order to monitor and identify instances of inaccurate scanning.

Target Implementation Date:

October 13th, 2020

Responsible Official:

District Manager, Houston District

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NORTH HOUSTON TX 77315-0800
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Recommendation #3:

We recommend the Manager Houston District, instruct the Postmaster, Katy and Katy Carrier Annex Management, to monitor distribution operations and ensure mail distribution is completed prior to the Distribution Up Time scan being made to ensure proper visibility of mail delivery readiness.

Management Response/Action Plan:

Houston District Management agrees with Recommendation #3.

The Postmaster of Katy and the Manager of Katy Carrier Annex have been instructed by the District Manager to scan the Distribution Up Time (DUT) after all mail for delivery has been processed. Operations Programs Support is monitoring DUT scans daily and completing Virtual Audits to ensure all mail processed prior to scan being made.

Target Implementation Date:

October 30th, 2020

Responsible Official:

District Manager, Houston District

Recommendation #4:

We recommend the Manager Houston District, instruct the Katy Carrier Annex Management, to follow procedures to ensure arrow lock keys, Voyager Fleet cards, and delivery vehicles are safeguarded and properly managed.

Management Response/Action Plan:

Houston District Management agrees with Recommendation #4.


District Manager has directed the Katy Carrier Annex Manager to follow arrow key procedures including conducting a semi-annual arrow key inventory, reconciling to prior inventories, and reporting broken, lost, or stolen keys appropriately. The Katy Carrier Annex Manager will ensure all arrow keys, Voyager cards, and vehicles are accounted for daily by verifying a clerk has cleared each arrow key or Voyager card user. Manager was directed to institute nightly vehicle checklist to ensure vehicles are secured and free of mail and mail transporting equipment.

Target Implementation Date:

January 8th, 2021

Responsible Official:

District Manager, Houston District



Cherise LeDoux
District Manager, Houston District