OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

AUDIT REPORT

Delivery Scanning Issues – South Station, Newark, NJ

June 11, 2019

Report Number DRT-AR-19-003

OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

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MEMORANDUM FOR: MICHAEL P. DEIGNAN
MANAGER, NORTHERN NEW JERSEY DISTRICT

E-Signed by Hilderbrand, Sherry
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FROM: Sherry A. Hilderbrand
Director, Delivery and Retail Response Team

SUBJECT: Audit Report – Delivery Scanning Issues – South Station, Newark, NJ (Report Number DRT-AR-19-003)

This report presents the results of our review of delivery scanning issues at the South Station, Newark, NJ (Project Number 19RG021DRT000).

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

Attachment

cc: Corporate Audit and Response Management
Kevin L. McAdams
Eric D. Chaves

Background

This report presents the results of our self-initiated audit of Delivery Scanning Issues - South Station, Newark, NJ (Project Number 19RG021DRT000). The objective of this audit was to evaluate the delivery scanning process on select routes at the South Station – Newark, NJ.

The South Station is in the Northern New Jersey District of the Northeast Area. The South Station has 19 delivery routes with 28 city carriers (23 Full Time Regular carriers and five city carrier assistants) and five clerks. We selected the South 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 that occurred at the delivery unit property instead of the intended delivery address. The unit had 12,435 STC scans that occurred at the delivery unit between January and March 2019 (see Table 1). The scans occurred on multiple routes and were intended for multiple delivery addresses throughout the timeframe.

Table 1. Stop-The-Clock Scans at Delivery Unit

January	February	March	Total
3,891	3,749	4,795	12,435

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

Objective, Scope and Methodology

The objective of this audit was to evaluate the package delivery scanning process on select routes at the South Station in Newark, NJ.

We reviewed STC “delivered” scans that occurred at the delivery unit and delivery metrics such as mail arrival, distribution up time, delayed mail, and carriers return to the office time. We also reviewed customer reviews of the unit posted on Yelp! and Google websites. Additionally, we conducted observations at the delivery unit from May 1 through May 2, 2019, analyzed the scan status of mailpieces at the carrier cases and notice left area, and interviewed unit management and employees.

We relied on computer-generated data from the PTR system. We did not test the validity of controls over this system; 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 April through June 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 discussed our

observations and conclusions with management on May 23, 2019 and included their comments where appropriate.

Finding # 1: Package Delivery Scanning

We determined unit employees were improperly scanning packages at the unit and were not following package scanning and handling policies.

We analyzed the Global Positioning System data in the PTR system which showed employees scanned 12,435 packages at the South Station rather than at the appropriate delivery point between January and March 2019. Per Postal Service policy,[1] city carriers must perform accurate STC scans for packages at the point of delivery.

Carriers stated they performed these scans because management instructed them to scan packages at the unit for businesses with large quantity of packages instead of at the delivery location as required.

In addition to our analysis of PTR scans, we also conducted an observation on May 1, 2019, and judgmentally selected 47 packages that were in the unit before the carriers arrived for the day to review their scanning and tracking data. Of the 47 packages we identified, 32 were at the carrier cases and 15 were in the notice left area. We found two of 47 packages did not have a STC scan to show visibility to the customers and five packages were scanned as "delivered" at the unit instead of the delivery point.

According to Postal Service policies,[2] the Postal Service's goal is to make sure mail is delivered to the correct address with proper service, which includes scanning every mail piece ensuring 100 percent visibility throughout the process.[3]

The package scanning issues occurred because local management did not adequately enforce scanning procedures. In addition, employees were not following procedures when delivering multiple packages to a single address. Specifically, employees did not create a Firm Sheet,[4] when delivering six or more scanned packages to a single address.[5] Management stated the unit had not been using firm sheets. During our audit district management took corrective action and instructed the South Station and its carriers to create and print Firm Sheets; therefore, we are not making a recommendation on this issue.

Customers rely on accurate scan data to track their packages in real time. When employees do not scan mail pieces correctly, customers are unable to determine the actual status of their packages. By improving scanning operations, management can

[1] SCANNING at a Glance: Delivering 100 Percent Visibility, August 2011.
[2] Handbook M-41 City Delivery Carrier Duties and Responsibilities, March 1998, Sections 122 and 131.
[3] *SCANNING at a Glance – Delivering 100 Percent Visibility*, August 2011.
[4] 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.
[5] *Handbook PO-610 - Signature Capture and Electronic Record Management: Manager's Guide to Standard Operating Procedures* 2-3.1 Firm Sheet — Creation.

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

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

Finding # 2: Undelivered Mail

Management did not ensure all mail was delivered. During our visit on May 1, 2019, we identified a two-foot tray of undelivered mail from the previous day that was left in a delivery vehicle (see Exhibit 1).

Exhibit 1. Two-Foot Tray of Delayed Mail

Source: OIG photograph taken May 1, 2019 at the South Station

This occurred because management did not perform the routine end of the day monitoring, as required.[6] Delayed mail not only impacts customers who will receive their mail late but will also increase the mail volume for next day's assigned carrier, which may increase overtime usage.

Recommendation #2: We recommend the Manager, Northern New Jersey District, instruct the unit management to perform end of the day monitoring to ensure no mail is left in the carrier vehicles.

[6] AM Standard Operating Procedures II Guidebook, Section 5-7.

Finding # 3 – Post Office Boxes

The unit Post Office (PO) Box section was not properly managed. Specifically, we observed 12 PO Boxes overflowing with mail and the excess mail stored in separate bags on the floor (see Exhibits 2, 3, and 4). This condition occurred because management did not ensure the PO Box clerk monitored customers mail flow and rented PO Boxes large enough to accommodate the customers mail volume, as required.[7]

During our review, we brought this issue to unit management's attention who took corrective action by reviewing the PO Box overflow bags. Management returned to sender eight bags of overflow mail because the customers were inactive and contacted the remaining four active customers. Because of unmonitored PO Boxes, clerks provided additional services to these PO Box customers without the unit collecting the appropriate fees. The active four undersold PO Boxes space resulted in unrecoverable revenue loss of at least $688 for fiscal year 2019.

Exhibits 2 and 3. Examples of PO Boxes with Overflowing Mail

Source: OIG photographs taken May 1, 2019 at the South Station

[7] Postal Operations Manual Section 841.132b PO Box Mail Accumulation Overflow.

Exhibit 4. Specific Example of a PO Box and its Overflow Mail

Source: OIG photographs taken May 1, 2019 at the South Station

<u>Recommendation #3</u>: We recommend the Manager, Northern New Jersey District, instruct the PO Box clerk to monitor the PO Box operations for mail overflow and take appropriate action.

Management's Comments

Management agreed with the recommendations and monetary impact, and stated they agreed that the overflow procedures must be followed to ensure the proper revenue is collected. Management did not indicate agreement or disagreement with Findings 1 and 2.

Regarding recommendation 1, management stated they re-established a process to use firm sheets for business customers. Also, a modified Service Talk was given to carriers to scan all parcels at the point of delivery and a "Scan Parcel Requirement" document was posted in the unit. This was completed May 17, 2019.

Regarding recommendation 2, management stated they are now using a daily vehicle checklist to ensure mail is not left in the vehicles. This was completed May 17, 2019.

Regarding recommendation 3, management stated they provided the PO Box Clerks with a copy of the Frequently Asked Questions for the PO Box Online – Box Overflow. Additionally, management monitors the PO Box section daily to ensure overflow conditions are addressed as required. This was completed May 17, 2019.

Evaluation of Management's Comments

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

We consider recommendations 1, 2, and 3 closed with the issuance of this report.

Appendix A. Management's Comments

UNITED STATES POSTAL SERVICE

June 10, 2019

LAZERICK POLAND
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Delivery Scanning Issues – South Station, Newark, NJ – Report Number DRT-AR-19-DRAFT

The findings and recommendation outlined in the above noted audit report have been reviewed and the response is as follows.

Management agrees that the overflow procedures must be followed to ensure the proper revenue is collected and agrees with the Monetary Impact accessed.

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

Management Response:
We agree with the recommendation. Management in South Station has re-established a process for the utilization of firm sheets for business customers. Also, a modified Service Talk was given to the Carriers to scan all parcels at point of delivery (see attached). Additionally, a "Scan Parcel Requirement" document was posted in the Station as a daily reminder to the Carriers that all parcels must be scanned at the point of delivery.

Target Implementation Date:
Completed – May 17, 2019

Responsible Official:
Manager Customer Services, South Station

Recommendation #2:
We recommend the Manager, Northern New Jersey District, instruct the unit management to perform end of the day monitoring to ensure no mail is left in the carrier vehicles.

Management Response/Action Plan:
We agree with the recommendation. Management at South Station is now utilizing a daily vehicle check list to ensure mail is not left in the vehicles (see attached).

Target Implementation Date:
Completed – May 17, 2019

Responsible Official:
Manager Customer Services, South Station

Recommendation #3:
We recommend the Manager, Northern New Jersey District, instruct the PO Box clerk to monitor the PO Box operations for mail overflow and take appropriate action.

Management Response/Action Plan:
We agree with the recommendation. Managerment at South Station provided the PO Box Clerks a copy of the Frequently Asked Questions for POBOL- Box Overflow (see attached). Additionally, Management monitors the PO Box section on a daily basis to ensure Overflow conditions are addressed as required.

Target Implementation Date:
Completed – May 17, 2019

Responsible Official:
Customer Services, South Station

Michael P Deignan
District Manager, Northern New Jersey

cc: VP Area Operations (Northeast)
(A) Controller (Northeast)
Manager, Operations Programs Support (Northern New Jersey)
Finance Manager (Northern New Jersey)
Manager, Corporate Audit Response Management