# Hickory Hill Station in Memphis, TN: Delivery Unit Operations

## AUDIT REPORT
Report Number 23-100-5-R23 | June 27, 2023

**OFFICE OF INSPECTOR GENERAL**
**UNITED STATES POSTAL SERVICE**

June 27, 2023

**MEMORANDUM FOR:**     OMAR R. COLEMAN
MANAGER, TENNESSEE DISTRICT

*Joseph E. Wolski*

**FROM:**     Joseph E. Wolski
Director, Field Operations

**SUBJECT:**     Audit Report – Hickory Hill Station, Memphis, TN: Delivery Unit Operations (Report Number 22-100-5-R23)

This report presents the results of our audit of mail delivery, customer service, and property conditions at the Hickory Hill Station in Memphis, TN.

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

Attachment

cc:  Postmaster General
Chief Retail & Delivery Officer & Executive 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 Hickory Hill Station in Memphis, TN (Project Number 23-100-5). The Hickory Hill Station is in the Tennessee District of the Southern Area and services ZIP Codes 38115, 38125, and 38141. These ZIP Codes serve about 98,465 people in a predominantly urban area.[1] This delivery unit has 26 city routes and 22 rural routes. We judgmentally selected the Hickory Hill Station based on the number of Customer 360[2] inquiries and Informed Delivery[3] contacts associated with the unit, undelivered route information, and stop-the-clock (STC)[4] scans performed at the unit.

## Objective, Scope, and Methodology

Our objective was to evaluate mail delivery, customer service, and property conditions at the Hickory Hill Station in Memphis, TN.

To accomplish our objective, we focused on five audit areas: delayed mail, package scanning, truck arrival scans, arrow keys,[5] 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.[6] 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 in the "Notice Left" area[7] 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 Hickory Hill Station is one of five delivery units[8] 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 Mail Processing Annex. We are issuing this interim report to provide the Postal Service with timely information regarding conditions we identified at the Hickory Hill Station. We will issue a separate report[9] 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.

## Results Summary

We identified issues affecting mail delivery, customer service, and property conditions at the Hickory Hill Station. Specifically, we found issues with all 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.

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1   We obtained ZIP Code information related to population and urban/rural classification from Esri, which is based on Census Bureau information. Of the people living in these ZIP Codes, about 98,399 (99.93 percent) are considered living in urban communities and 66 (.07 percent) are considered living in rural communities.
2   A cloud-based application that enables Postal Service employees to diagnose, resolve, and track customer inquiries.
3   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.
4   A scan event that indicates the Postal Service has completed its commitment to deliver or attempt to deliver the mailpiece. Examples of STC scans include "Delivered," "Available for Pick-up," and "No Access."
5   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 keys are accountable property and are subject to strict controls.
6   Time of day that clerks have completed distributing mail to the carrier routes.
7   The area of a delivery unit where letters or packages that the carriers were unable to deliver are stored for customer pickup.
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); Desoto Carrier Annex, Memphis, TN (Project Number 23-100-3); and Germantown Main Post Office, Germantown, TN (Project Number 23-100-4).
9   Project Number 23-100.

## What We Found

On the morning of May 2, 2023, we identified about 8,067[10] delayed mailpieces at 30 carrier cases and in the flat sorting area. In addition, management did not accurately report this mail as undelivered in the Delivery Condition Visualization (DCV)[11] system. Management reported 5,434 delayed letters from the previous day, representing only 67.36 percent of the delayed mail we identified at the unit. See Table 2 for the number of pieces for each mail type and Figure 1 for examples of delayed mail.

**Table 2. Type of Delayed Mail**

| Type of Mail | Carrier Cases | Flat Sorting Area | Total OIG Count of Delayed Mail |
|---|---|---|---|
| Letters | 2,350 | 5,434 | 7,784 |
| Flats | 283 | 0 | 283 |
| **Totals** | **2,633** | **5,434** | **8,067** |

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

**Figure 1. Examples of Delayed Mail in the Flat Sorting Area**
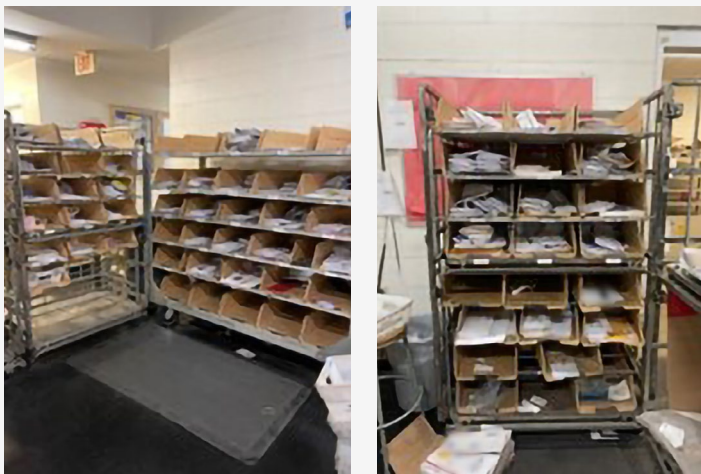


Source: OIG photos taken on May 2, 2023.

## Why Did It Occur

Management stated they received letter mail on the last truck the previous day and did not have time to sort it before the carriers left for the street. The mail was located under packages and was not identified until the clerks were done sorting the packages. Management stated this was the mail they reported in DCV.

Regarding the mail found at the carrier cases, carriers did not deliver the mail from the previous day for various reasons. One carrier stated that they were unfamiliar with the route, another stated the working mail was not sorted before they left for the street, and one stated that the mailbox was blocked. The acting PM supervisor stated he did not report the undelivered mail in DCV because he did not have access and believed the AM supervisor would enter the mail in DCV. However, the AM supervisor stated it was an oversight as she was not aware the carriers had undelivered mail at their cases.

The acting station manager had been at the unit for two months and stated that she was aware of this issue along with many others and was prioritizing their order of completion. As a result of our audit, management took corrective action on May 3, 2023, by implementing a procedure in which all carriers must complete the PS Form 1571, explaining the reason why mail was not delivered upon returning to the unit. Carriers must also place the mail and the form in a designated area so that managers can review them, sign the form, and enter the mail in DCV.

## What Should Have Happened

Management should have verified delivery of all committed mail or accurately accounted for and reported delayed mail delivery volumes in DCV. Postal Service policy[12] 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, managers are required[13] to report all mail

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10   Count of mail included individual piece counts and OIG estimate based on Postal Service conversion factors in Management Instruction PO-610-2007-1, Piece Count Recording System. In addition, we used the U.S. Postal Service delayed mail count reported in DCV on May 1, 2023.
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.
12   *Committed Mail & Color Code Policy for Marketing Mail* stand-up talk, February 2019.
13   *Informed Visibility Delivery Condition Visualization User Guide*, March 2023.

in the delivery unit after the carriers have left for their street duties as either delayed or curtailed in DCV. Further, management must update DCV 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 DCV 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.

# Finding #2: Package Scanning

## What We Found

Employees improperly scanned packages at the delivery unit. In total, employees scanned 313 packages at the delivery unit from January through March 2023 (see Table 3). Further analysis of the STC scan data for these packages showed that 62 percent of them were scanned "Delivery Attempted - No Access to Delivery Location." This data does not include scans that could properly be made at a delivery unit, such as "Delivered - PO Box" and "Customer (Vacation) Hold," but rather, represents scans performed at the delivery unit that should routinely be made at the point of delivery.

In addition, on the morning of May 2, 2023, before carriers arrived for the day, we selected 56 packages[14] to review and analyze scanning and tracking history. Of the 56 sampled packages, 17 (30.36 percent) had missing or improper scans. For example:

- Eleven from the carrier cases had a "Delivery Attempted – No Access to Delivery Location," but were scanned away from the point of delivery.

- Four (three from the carrier cases and one from the "Notice Left" area) were missing STC scans to let the customer know the reason for non-delivery.

- Two from the carrier cases had a "Delivered" scan, which should only be performed when a package is successfully left at the customer's point of delivery.

## Why Did It Occur

These scanning issues occurred because unit management did not adequately monitor and enforce proper package scanning and handling procedures. Management stated most of these scans occurred because they were not aware the carrier was scanning packages for a business that is closed on weekends "Delivery Attempted – No Access to Delivery Location" instead of "Business Closed."

Regarding the 17 packages found at the carrier cases, management did not ensure that carriers were checking in with a supervisor upon return from their street deliveries to determine if all packages were delivered. Management stated they are required to clear all packages daily, ensuring there is an STC scan. However, they did not review the type of scan performed on the packages brought back to the delivery unit, as they were more focused on delivery operations.

## What Should Have Happened

Management should have monitored scan performance daily and enforced compliance. The

## Table 3. STC Scans at Delivery Unit

| STC Scan Type | Count | Percentage |
|---|---|---|
| Delivery Attempted – No Access to Delivery Location | 194 | 61.98% |
| Delivered | 63 | 20.13% |
| Receptacle Full / Item Oversized | 49 | 15.65% |
| Delivery Exception – Animal Interference | 5 | 1.60% |
| No Secure Location Available | 2 | 0.64% |
| **Total** | **313** | **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.

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14   We selected all 26 packages from the carrier cases and judgmentally selected 30 packages from the "Notice Left" area.

Postal Service's goal is to ensure proper delivery attempts for mailpieces to the correct address with proper service,[15] which includes scanning packages at the time and location of delivery.[16]

## 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 the Postal Service brand.

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15  *Delivery Done Right the First Time* stand-up talk, March 2020.
16  *Carriers Delivering the Customer Experience* stand-up talk, July 2017.

# Finding #3: Truck Arrival Scanning

## What We Found

Employees at the Hickory Hill Station did not scan all incoming trailer/truck barcodes,[17] as required. We reviewed data related to morning truck arrival scans January 1 through March 31, 2023, and found that employees did not perform a scan for 169 of 224 (75.45 percent) scheduled incoming trucks. (See Table 4). During our observations on the morning of May 2, 2023, we observed that employees were not scanning the incoming mail trucks.

## Why Did It Occur

Management did not monitor scan performance data to verify that all trucks received an arrival scan. The AM supervisor stated she believed the clerks were scanning the trucks. In addition, one clerk stated he forgot to scan the truck but is aware that trucks are supposed to be scanned. The acting station manager stated she has been at the unit for only two months and is still assessing and prioritizing issues.

## What Should Have Happened

Management should have performed reviews of truck arrival tracking reports to verify that employees were performing all expected truck scans. According to Postal Service Policy,[18] employees must scan the trailer barcode on Postal Service trailer/trucks and Highway Contract Route trucks arriving at the delivery unit during local operating hours.

## Effect on the Postal Service and Its Customers

When employees do not scan the truck barcode, the Postal Service does not receive timely transportation information and is unable to address issues that may be causing mail delays, which could affect customer service.

### Table 4. Truck Arrival Scans from January 1 through March 31, 2023

| Month | Count of Inbound Trips | Count of Missed Scans | Percentage Missing |
|---|---|---|---|
| January | 75 | 62 | 82.67% |
| February | 65 | 48 | 73.85% |
| March | 84 | 59 | 70.24% |
| **Total** | **224** | **169** | **75.45%** |

Source: OIG analysis of data extracted from the Postal Service's Surface Visibility Web (SVWeb) System. SVWeb collects end-to-end data by linking multiple scans of a single asset to create visibility data to support planning, management, and optimization of the surface network.

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17   The trailer barcode on the back door and inside right and left walls of the trailer.
18   *United States Postal Service Standard Operating Procedure – Subject: Trailer Scans at the Delivery Units (DU).*

# Finding #4: Arrow Keys

## What We Found

Unit management did not properly manage arrow keys. On the morning of May 4, 2023, we reviewed the unit's inventory log for arrow keys and conducted a physical inventory of keys at the unit. The inventory log had 26 keys listed, of which 14 keys could not be located. We found 31 keys located at the unit that were not listed on the inventory log. Unit management had not reported any of the missing keys to the U.S. Postal Inspection Service and had not updated the arrow key inventory log in over a year.

In addition, we found that arrow keys were kept secure. We observed the carriers sign out their keys on the inventory log in the morning and return them to the secure location. The PM supervisor verified the keys were returned and signed back in. The keys were housed in a ▮▮▮ that was kept locked in the secure location overnight and brought out for distribution.

## Why Did It Occur

Unit management stated they rely on a clerk to oversee the arrow keys because their focus is on mail delivery operations. However, unit management stated the clerk is new to overseeing arrow keys and was not aware the inventory log needed to be updated and maintained.

In addition, the AM supervisor was aware of the requirement to report missing keys to the U.S. Postal Inspection Service, but stated, to their knowledge, there were no missing keys.

## What Should Have Happened

Management should have verified that arrow keys were properly inventoried and reported any missing keys to the U.S. Postal Inspection Service. According to Postal Service policy,[19] management must keep an accurate inventory of all keys and conduct a semiannual physical survey of all keys. Missing keys must be immediately reported to the U.S. Postal Inspection Service.

## 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.

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19   *Administrative Support Manual* Issue 13, Sections 273.461, 273.464, and 273.471, July 1999 - updated through February 28, 2023.

# Finding # 5: Property Conditions

## What We Found

We found safety, security, and maintenance issues at the Hickory Hill Station, including:

Property Safety:

- Exposed wiring, a low hanging power outlet (see Figure 2), and a cracked light switch.
- Fire extinguishers missing monthly inspections, one not securely mounted, and one blocked.

### Figure 2. Exposed Wiring and Low Hanging Power Outlet
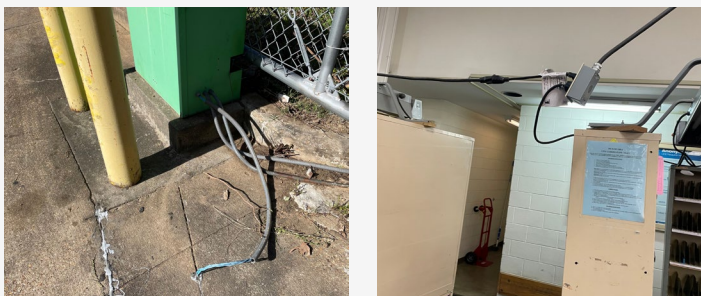


Source: OIG photos taken on May 3, 2023.

Property Security:

- Inoperative electronic gate and damaged perimeter fence leading to the loading dock and employee parking lot (see Figure 3).
- Broken electronic alarm door lock.
- No sign posted in the delivery unit employee parking lot stating that vehicles may be subject to search.

### Figure 3. Unsecured Gate and Perimeter Fence



Source: OIG photos taken on May 3, 2023.

Property Maintenance:

- Leaky pipes and potential mold in the maintenance room (see Figure 4).
- Damaged counter, floors, and PO Boxes in the customer retail area (see Figure 5).
- Overgrown landscaping.

### Figure 4. Leaky Pipes and Potential Mold in Maintenance Room



Source: OIG photos taken on May 3, 2023.

### Figure 5. Damaged Counter and PO Boxes in the Customer Retail Area



Source: OIG photos taken on May 3, 2023.

## Why Did It Occur

Management did not take the necessary actions to verify that property condition issues were corrected because they were not aware of all the issues. However, since the acting station manager's arrival in March 2023, she has submitted two work orders regarding the broken gate into the employee parking

lot. Since September 2022 — and as recently as April 2023 — one Postal Service vehicle has been stolen and five employee vehicles have been vandalized.

## 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.[20]

## Effect on the Postal Service and Its Customers

Management's attention to maintenance, safety, and security deficiencies 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 parcels scanned as "no access away from the delivery point" in finding 2, management stated that if there is no access at the delivery point, the scan cannot be made there.

## Evaluation of Management's Comments

Regarding management's assertion that the carrier cannot scan at the no access point, we believe the carrier should have scanned "Delivery Attempted – No Access to Delivery Location" at the location where they determined there was no access point. In our sample of 26 packages from the carrier cases, we determined 11 were scanned between 0.5 and 6 miles away from the point of delivery.

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20 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, SVWeb, and electronic Facilities Management System[21] 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.

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21   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.

**UNITED STATES POSTAL SERVICE**

June 21, 2023

JOHN CIHOTA
DIRECTOR, AUDIT SERVICES

SUBJECT: Management Response: Hickory Hill Station in Memphis, TN: Delivery Unit
Operations (Report Number 23-100-5)

Thank you for providing the Postal Service an opportunity to review and comment on the findings
contained in the draft audit report, Hickory Hill 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, Hickory Hill received 48,561 letters and 7.989 flats for delivery.
They reported 5,434 delayed mail pieces. The unreported volume identified by the OIG was
4.74% of the total 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, Hickory Hill received 275,839
parcels in total for delivery. The 313 identified in this report as scanned in the office represents
0.11% of total parcels delivered. The OIG also identified parcels scanned as no access away
from the delivery point, if there is no access to the delivery point the scan cannot be made there.
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:* Four of the 24 property conditions have been abated. Work orders have
been submitted for the remaining 20.

Omar Coleman
Manager, Tennessee District

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

Contact us via our Hotline and FOIA forms. Follow us on social networks. Stay informed.

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