



December 31, 2008

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VICE PRESIDENT, NEW YORK METRO AREA OPERATIONS

SUBJECT: Audit Report – Timeliness of City Delivery in the U.S. Virgin Islands  
(Report Number DR-AR-09-002)

This report presents the results of our audit of city delivery operations in the U.S. Virgin Islands (USVI), Caribbean District (Project Number 08XG030DR000). Our overall objective was to determine whether the U.S. Postal Service delivered mail to the USVI residents in a timely manner. This audit is one of four we are conducting based on a congressional request.<sup>1</sup> See [Appendix A](#) for additional information about this audit.

## **Conclusion**

The Postal Service delivered mail to customers in a timely manner after post offices in the USVI received the mail. Our observations confirmed timely mail delivery and sufficient resources to do the job. However, we found that the Postal Service and U.S. Customs<sup>2</sup> could improve communication with customers. Management immediately took action to resolve the communication issue.

## **Timeliness of Mail Delivery**

Mail was being delivered in a timely manner after post offices in the USVI received it. Specifically, we found:

- Carriers efficiently cased<sup>3</sup> mail in the office, allowing more time for deliveries.
- Carriers generally completed deliveries before 5:00 p.m., which is above the national standard.
- From fiscal year (FY) 2005 to 2007, the units had approximately 51,000 delayed mail pieces, which is minimal in comparison to the total mail volume of approximately 59 million mail pieces annually. As of the second quarter of FY 2008, the delayed mail volume was reported at zero.
- Units had sufficient resources to timely deliver the mail to customers.

See [Appendix B](#) for our detailed analysis.

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<sup>1</sup> The other three reports will address issues we identified in mail processing and transportation operations, and then a capping report addressing overall operations.

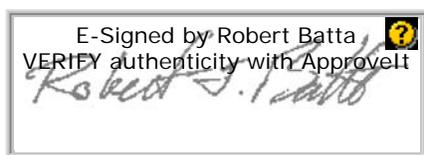
<sup>2</sup> Congresswoman Christiansen submitted two complaints related to Customs seizures.

<sup>3</sup> City delivery carriers “case” mail by manually sorting it into distribution slots in delivery sequence or the carrier’s line of travel. Then they “pull down” mail by extracting it from the distribution slots and placing it in trays for delivery to street addresses.

## Customs-Related Issues

The Postal Service and Customs could improve communication with customers. Customers had made complaints about USVI mail being misdirected, incorrect addressing, damaged, and intercepted. During our audit, New York Metro Area management took corrective action that should resolve the issues identified in the report. Therefore, we are making no recommendation regarding this issue. See [Appendix B](#) for our detailed analysis.

We appreciate the cooperation and courtesies provided by your staff during the audit. If you have any questions or need additional information, please contact Rita Oliver, Director, Delivery, or me at (703) 248-2100.



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## APPENDIX A: ADDITIONAL INFORMATION

### BACKGROUND

On May 1, 2008, Congresswoman Donna M. Christensen, Delegate of the USVI, and Congressman Danny K. Davis, Chairman, Federal Workforce, Postal Service, and the District of Columbia requested the U.S. Postal Service Office of Inspector General (OIG) to conduct an audit concerning levels of mail service in the Virgin Islands. Officials were concerned with delayed mail, interception of USVI-bound mail by U.S. law enforcement agencies, and inadequate staff levels in USVI.

USVI Postal Service operations are located in the New York Metro Area, Caribbean District. The USVI includes St. Thomas, St. Croix, and St. John.<sup>4</sup> USVI mail is processed at the San Juan, Puerto Rico Processing and Distribution Center, the San Juan Air Mail Facility, and the San Juan Annex. The St. Thomas and St. Croix locations receive approximately 59 million mailpieces annually (189,000 mailpieces daily), resulting in approximately 4,800 mailpieces daily for each of 39 city carriers and three rural carriers. The St. Thomas and St. Croix locations deliver mail on 19 city and three rural routes, using 40 Postal Service vehicles for the city routes.

### OBJECTIVE, SCOPE, AND METHODOLOGY

Our objective was to determine whether mail was delivered in a timely manner to the USVI residents. This audit is one of four we are conducting based on a congressional request. To accomplish our objective, we:

- Judgmentally selected five<sup>5</sup> of 12 delivery unit locations in St. Thomas, St. John, and St. Croix for site visits based on customer complaints, delivery performance indicators, and similarities of facility type and the number of city routes.
- Reviewed applicable documentation, policies and procedures such as Handbook M-39, *Management of Delivery Services*; Handbook M-41, *City Delivery Carriers Duties Responsibilities*; Delivery and Retail Standard Operating Procedures (SOP); Handbook T-5, *International Mail Operations*; and Delivery Operations Information System (DOIS) Pivot Plan Job Aid and Using Managed Service Point (MSP) guides.
- Obtained and reviewed performance indicator data from the Web Enterprise Information System (WebEIS) for the five delivery unit locations for FY 2005 through FY 2008, quarter 2, to include percent to standard, carriers returning by 5:00 p.m., delayed mail volume, and delivery point sequencing.
- Observed delivery floor operations to include carriers casing mail, mail arrival, packages for customer pickup, and post office box distributions.

We conducted this review from May through December 2008 in accordance with generally accepted government auditing standards and included such tests of internal

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<sup>4</sup> The St. John Post Office had two contract carriers and no city or rural delivery carriers. We observed operations at the St. John Post Office, which was similar to the Veterans Drive Station we audited in St. Thomas.

<sup>5</sup> The five delivery unit locations included the three Main Post Offices – St. Thomas, Christiansted, and Frederiksted – and one post office each in St. John and St. Croix.

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 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 officials and included their comments where appropriate. We relied on data obtained from Postal Service database systems. We did not directly audit the systems, but performed a limited data integrity review to support our data reliance.

**PRIOR AUDIT COVERAGE**

The OIG has issued two reports in the last several years related to our objective.

Report Title	Report Number	Final Report Date	Report Results
<i>Timely City Delivery – Chicago</i>	DR-AR-08-001	October 11, 2007	The report summarized the Chicago District’s difficulty with timely mail delivery. Specifically, delivery performance indicators showed that office performance was well below standard; street performance was at an all-time low; delayed mail volume had increased dramatically; and the percentage of mail arriving in delivery sequence at the units was much lower than the national average. Management agreed with our recommendations.
<i>Delivery and Retail Standard Operating Procedures National Capping</i>	DR-MA-07-003	February 22, 2007	The 2007 report summarized a series of nine area reports identifying opportunities to improve implementation of the Postal Service’s Delivery and Retail SOP. We did not make recommendations in this report that required management’s comments.

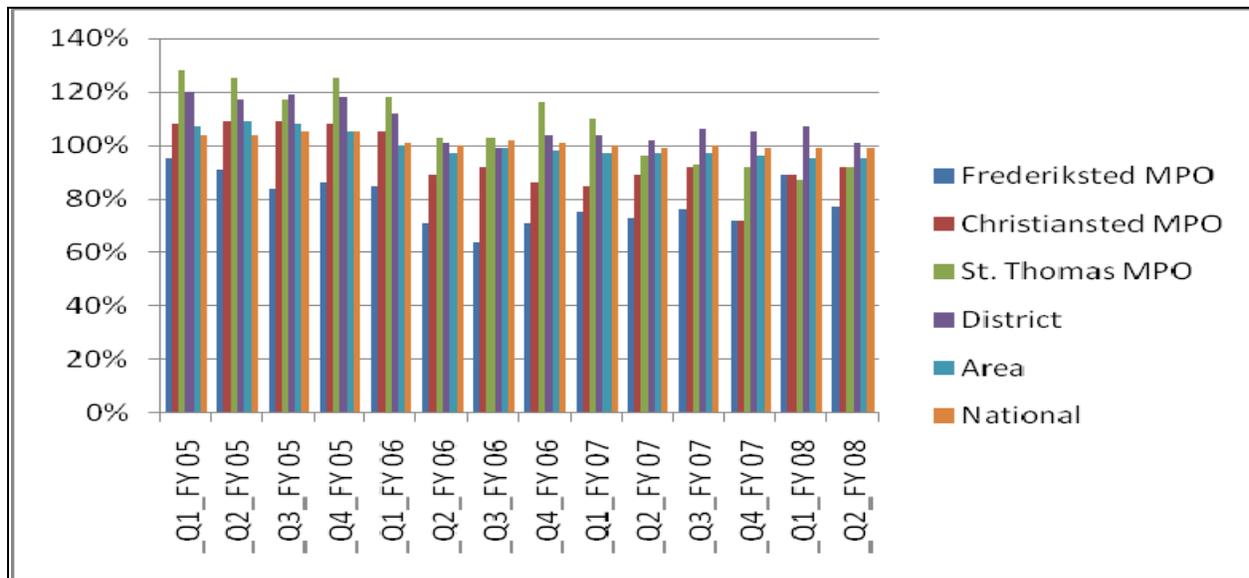
**APPENDIX B: DETAILED ANALYSIS**

**Timely Mail Delivery Operations**

Post Office Efficiency

The St. Thomas and St. Croix locations' percent-to-standard performance<sup>6</sup> indicator showed that carriers were efficiently casing the mail, allowing more time for deliveries (see Chart 1). For example, from Quarter 1, FY 2005, to Quarter 2, FY 2008, Frederiksted and Christiansted Main Post Offices' (MPO) percent to standard generally fell below the area and district levels. The St. Thomas MPO was above the area and district average from Quarter 1, FY 2005, to Quarter 1, FY 2007, but was below these averages from Quarter 2, FY 2007, to Quarter 2, FY 2008. As of Quarter 2, FY 2008, all three locations were below the district, area, and national percent to standard. Our observations confirmed that carriers were casing and delivering all mail received at their locations.

**Chart 1. Percent to Standard  
FY 2005 – FY 2008, Quarter 2**



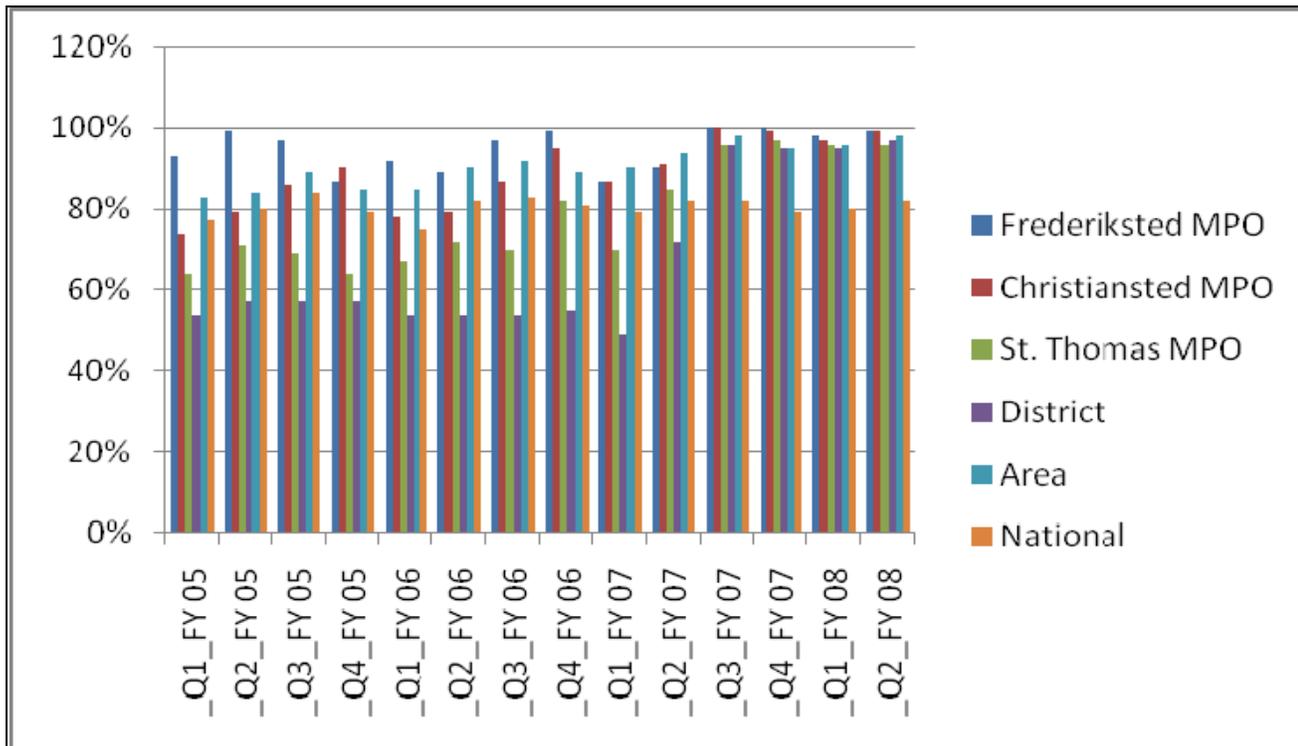
Source: WebEIS

<sup>6</sup> Percent to standard is determined by dividing actual office hours by standard office hours. Standard hours are determined by applying the current office time standards plus fixed office time to the volume for the period in question. A post office that uses fewer hours than standard (percent to standard below 100 percent) is considered highly efficient.

Carriers Returning by 5:00 p.m.

Carriers generally returned to the office on time from street delivery, either before or at 5:00 p.m. daily. This indicated that most mail was delivered on time and within requirements. The St. Thomas and St. Croix locations' percentages of carriers returning before 5:00 p.m. (called the 1700 performance indicator) were generally above the district's percentage in Quarter 1, FY 2005, through Quarter 2, FY 2008. (See Chart 2.) From Quarter 3, FY 2007, through Quarter 2, FY 2008, the Christiansted and Frederiksted MPOs on St. Croix were above the national, area, and district percentages. Christiansted and Frederiksted carriers' return percentage for Quarter 2, FY 2008, were both 99 percent. The St. Thomas Post Office was 96 percent, which is above the national percentage, but slightly below the area and district.

**Chart 2. Carriers Returning by 5:00 p.m.  
FY 2005 – FY 2008, Quarter 2**



Source: WebEIS

Delayed Mail Volume in Customer Deliveries

The volume of mailpieces delayed in delivery was minimal in comparison to the total mail volume of approximately 59 million mail pieces annually. For a 3½-year period, we found:

- The Frederiksted MPO delayed mail volume was reported as zero for 2½ FYs and totaled 1,086 mailpieces in FY 2007.
- The Christiansted MPO delayed mail volume was reported as zero for 1½ FYs and totaled 48,302 mailpieces combined for FY 2006 and 2007.
- The St. Thomas MPO reported delayed mail of 1,714 mail pieces in FY 2005 and no delayed mail in the other 2½ FYs.

These figures show that mail arriving at delivery units for these locations on a given day was generally being delivered to the customers and not held in the office. During June and July 2008, we performed site visits to these locations, and our observations confirmed delivery of all mail received at these locations to customers. (See Table 1.)

**Table 1. Customer Service Delivery:  
Delayed Mail Volume in Pieces  
FY 2005 – FY 2008, Quarter 2**

<b>Locations</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008, Quarters 1 and 2</b>
Frederiksted MPO	0	0	1,086	0
Christiansted MPO	0	9,853	38,449	0
St. Thomas MPO	1,714	0	0	0

Source: WebEIS

## Resources

Staffing levels in the USVI were adequate to deliver the daily mail volume. The MPOs had nine supervisors, 39 city carriers, and three rural carriers, delivering the mail on 19 city and three rural routes and using 40 Postal Service delivery vehicles for the city routes. Our benchmarking results indicated the city carrier staffing ratio is 1.77 carriers per route. This ratio is higher than the national standard range, which is set at 1.33 to 1.37 per route to ensure adequate coverage for delivery. Further, the ratio of vehicles to total routes is 1.82, which exceeds the Postal Service standard for vehicles, which is one vehicle per route with a 3 percent maintenance reserve, to deliver the mail on city routes.<sup>7</sup>

## **Customs-Related Issues**

We found the Postal Service and Customs could improve communication with customers. Customers had made complaints about USVI mail being misdirected, damaged, intercepted, and incorrect addressing. Congresswoman Christiansen submitted two complaints related to Customs seizures.

We confirmed that in August 2007, Frederiksted MPO officials discussed these issues with the St. Thomas Community in a town hall meeting, attended by Congresswoman Christensen and the Mayor of Frederiksted. This meeting was part of the Address Format Campaign. As part of this campaign, the officials also made radio broadcasts, held seminars, and notified news media about address formats. Further, officials developed the Consumer Advocacy Council, which holds periodic meetings so that customers can discuss their concerns, ideas, and suggestions with a Postal Service representative. The goal of these meetings and the overall campaign was to improve communication and customer satisfaction.

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<sup>7</sup> The New York Metro Area was conducting route optimization reviews to determine areas for resource reductions based on declining mail volume.

The photograph below show examples of packages detained by Customs in July 2008.



San Juan Air Mail Facility  
Packages Detained by U.S. Customs July 2008

Further, the Postal Service issued Standard Operating Procedures for Retail Units on August 14, 2008, outlining detailed instructions for retail associates to process packages requiring customs forms for their shipment. Retail associates are required to inform customers that incomplete names (for example, using only initials instead of writing out the name) or incomplete address entries on the customs forms will result in delayed handling by Customs or the delivery office. Also, if the sender declares that the contents have no value, retail associates must inform customers that items without value are not exempt from Customs inspection.

#### Management's Corrective Action

Regarding customer communication, the Postal Service and Customs initiated corrective action. The Postal Service conducted discussions with the USVI Postmasters on informing customers about Customs' requirements and provided them with additional information from the U.S. Department of State website. Officials stated that Customs is developing posters to communicate their regulations to Postal Service customers. The Postal Service Customer Relations Office will review the posters before placement in post offices. These actions to improve communication began in November 2008.