



July 10, 2009

DELORES J. KILLETTE
VICE PRESIDENT, CONSUMER ADVOCATE

VICE PRESIDENTS, AREA OPERATIONS

SUBJECT: Audit Report – Customer Complaints
(Report Number MS-AR-09-009)

This report presents the results of our self-initiated audit of Customer Complaints (Project Number 09RG002MS000). Our objective was to determine whether U.S. Postal Service officials took appropriate actions to timely resolve customer complaints. See [Appendix A](#) for additional information about this audit.

Conclusion

Postal Service officials closed almost all customer complaints they received in fiscal year (FY) 2008 within the established timeframes, but they did not always take appropriate actions to resolve the complaints.¹ We projected that officials did not resolve 50 percent of FY 2008 “Did Not Receive Mail”² complaints. In addition, Postal Service policies instruct employees not to close customer complaints until the customer has been contacted with the final resolution, but they do not instruct employees on how to handle resolved cases when customers cannot be contacted. Properly resolving customer complaints is necessary to prevent the alienation of customers and adverse impact to the Postal Service brand.

We will report improved customer service³ as a non-monetary impact in our *Semiannual Report to Congress*.

¹ The U.S. Postal Service Office of Inspector General considered customer complaints unresolved when there was no documentation in the case files showing actions taken to address the issues reported.

² Customer complaints that relate to customers not receiving mail.

³ Initiatives aimed at expanding and improving the quality of and access to products and services that serve the entire spectrum of the Postal Service customer base.

Customer Complaints Were Closed But Not Always Resolved

Postal Service officials closed 96 percent of all customer complaints they received in FY 2008 within the established timeframes, but they did not always resolve the complaints. For example, Postal Service officials:

- Closed cases without contacting customers who requested return telephone calls.
- Instructed customers to call another post office to resolve their complaints.
- Indicated in the case files that they will investigate or address the issues but did not do so.
- Left voice mail messages for customers to return their calls but did not follow up when calls were not returned.

We projected that officials did not resolve 50 percent⁴ (493,185 of 992,548) of the FY 2008 “Did Not Receive Mail” complaints.

District Consumer Affairs (DCA) officials and post office employees closed complaints without resolving the issues, because they did not want their assigned cases to appear on the Overdue Service Issue Record report.⁵ In addition, DCA officials created customer complaint procedures that allowed local officials to do less to resolve complaints than Headquarters Consumer Advocate’s Standard Operating Procedure (SOP) required. For example, the procedures for the San Francisco, Portland, and Mississippi District offices do not require employees to resolve complaints before closure. Finally, Postal Service policies do not require management to provide oversight by performing quality control reviews of closed cases. Failure to properly resolve customer complaints could alienate customers and result in loss of business, negative publicity, and adversely impact the Postal Service brand. See [Appendix B](#) for our detailed analysis of this topic.

Handling Resolved Cases When Customers Cannot Be Contacted

Postal Service policies instruct employees not to close customer complaints until the customer has been contacted with the final resolution. However, the policies do not provide employees instructions regarding how to handle resolved cases when customers cannot be contacted. Headquarters Consumer Advocate officials stated they omitted the instructions from the SOP in error, but indicated they would incorporate them when the SOP is revised. If guidance is not provided in this area, employees may not know how to handle resolved cases when the customer cannot be contacted.

⁴ Our projection was based on a 95 percent confidence level with a precision of 4.75 percent.

⁵ The Overdue Service Issue Record report lists customer complaints that were not resolved within the established timeframes.

We recommend the Vice President, Consumer Advocate, revise the Standard Operating Procedure to incorporate:

1. A quality control process that requires District Consumer Affairs officials to review closed cases to ensure they are properly resolved and documented.
2. Guidance on how District Consumer Affairs officials and post office employees should handle resolved complaints when customers cannot be contacted.

We recommend the Vice President, Consumer Advocate, coordinate with the Vice Presidents, Area Operations to:

3. Reiterate the importance of complying with the headquarters customer complaints Standard Operating Procedure to District Consumer Affairs officials and post office employees.

Management's Comments

Management agreed with our findings and recommendations, and stated they would implement the recommendations by October 2009.

Management took exception to our statement that officials did not resolve 50 percent of the FY 2008 "Did Not Receive Mail" complaints, asserting that they could not verify our projection. They also disputed our statement that DCA officials and post office employees closed complaints without resolving the issues, because they did not want their assigned cases to appear on the Overdue Service Issue Record report. Management believes a number of the complaints were resolved, but DCA officials and post office employees failed to properly document the resolutions.

Management also took exception to our statement in [Appendix A](#), Additional Information, that despite a 4.5 percent decline in mail volume, delivery, and mail pick-up, complaints increased more than 20 percent from FY 2007 to FY 2008. Management noted that the number of complaints has no correlation with mail volume. They stated that during FY 2008, the Postal Service experienced record highs in the national on-time delivery performance of First-Class Mail®. Management also stated that "Did Not Receive Mail" complaints vary widely and include complaints involving "No Receipt" of mail that was never actually sent or was sent and received on a later date than expected.

Evaluation of Management's Comments

The U.S. Postal Service Office of Inspector General (OIG) considers management's comments responsive to the recommendations, and the actions taken or planned should resolve the issues identified in the report.

Concerning our finding that 50 percent of complaints were not resolved, management may be correct that some of these cases were resolved, but the resolution was not documented. However, documenting the outcome is part of the resolution process. Our statement that employees closed cases to avoid appearing on the Overdue Service Issue Record report is based on interviews with DCA officials and post office employees. Finally, our statement that despite a 4.5 percent decline in mail volume, the delivery/mail pick-up complaints increased over 20 percent from FY 2007 through FY 2008, simply summarizes existing data. We did not perform work to determine whether there is a correlation between mail volume and the number of customer complaints.

The OIG considers the three recommendations significant, and therefore requires OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. These 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.

We will report improved customer service as a non-monetary impact in our *Semiannual Report to Congress*.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Robert Mitchell, Director, Sales and Service, or me at (703) 248-2100.

E-Signed by Darrell E. Benjamin, Jr. 
VERIFY authenticity with ApproveIt

Darrell E. Benjamin, Jr.
Deputy Assistant Inspector General
for Revenue and Systems

Attachments

cc: Stephen M. Kearney
Linda J. Welch
Katherine S. Banks

APPENDIX A: ADDITIONAL INFORMATION

BACKGROUND

The Postal Service received approximately 2.3 million and 2 million customer complaints in FYs 2008 and 2007, respectively. The complaints were grouped into five categories: delivery/mail pick-up,⁶ personnel,⁷ post office/equipment,⁸ retail,⁹ and website/contacting the Postal Service.¹⁰ In both years, delivery/mail pick-up complaints, which comprises 13 subcategories, accounted for more than 88 percent of all complaints. Despite a 4.5 percent decline in mail volume, this complaint category increased more than 20 percent from FY 2007 through FY 2008. (See Table 1.)

Category	Number of Complaints in FY 2007	Number of Complaints in FY 2008	Percentage Changed From FY 2007 to FY 2008
Delivery/Mail Pick-up	1,751,138	2,103,788	20.14
Personnel	144,458	147,457	2.08
Post Office/Equipment	52,456	56,591	7.88
Retail	30,668	26,560	-13.40
Website/Contacting the Postal Service	2,939	3,555	20.96
Total	1,981,659	2,337,951	17.98

Source: Reports Module System (RPM)

Postal Service customers initiate complaints through USPS.com, telephone calls, walk-ins, congressional representatives, letters, and publishers.¹¹ Headquarters and DCA officials enter customer complaints into the Production Corporate Call Management (PCCM)¹² database using Customer Activity Response and Exchange (CARE).¹³ Convergys¹⁴ employees enter complaints into PCCM using Eagle One.¹⁵ Convergys

⁶ Customer complaints related to mail not picked up or erroneously returned to sender.

⁷ Customer complaints related to employees including postmasters.

⁸ Customer complaints related to postal equipment, such as vending equipment, automated postal centers, or post office boxes.

⁹ Customer complaints within the retail area, such as problems with the retail lobby.

¹⁰ Customer complaints related to USPS.com.

¹¹ Customer complaints received from publishers on behalf of their customers.

¹² A database that Corporate Customer Contact uses to support Consumer Advocate; this application is not accessed directly by U.S. Postal Service end users.

¹³ CARE is a Postal Service application that the Consumer Affairs function uses to document customer service issues, identify problem areas, and retain customer case histories.

¹⁴ The Postal Service entered into a [REDACTED] agreement with Convergys under contract number 2APSER-03-P-2597, on February 1, 2003, for contact center support. The Convergys contract is a 4-year base contract with six 1-year renewal options. The base contract is valued at approximately \$255 million, with each 1-year renewal option valued at approximately \$64 million. Currently, the Convergys' contract is in its second 1-year renewal period.

¹⁵ An application owned by Convergys that allows agents to submit and track complaints.

employees are required to follow a script and to populate complaint cases using drop down menus in Eagle One. DCA officials use the same script and drop-down menus in CARE, but they are allowed to deviate from the script to capture as much information about the complaints as possible. Customer complaint cases are transmitted to managers at the post office responsible for the customer's home address for resolution. Convergys employees escalate customer complaints to DCA officials if the complaint was not resolved by post office officials after two customer contacts or if the customer believes the local office cannot resolve the complaint.

DCA officials, Postmasters, and Station Managers are required to resolve complaints within the following time frames:

Table 2: Complaint Resolution Timeframes	
Complaint Mechanism	Business Days to Resolve
USPS.com	2
Service Issue Record (SIR) ¹⁶	2
Congressional Inquiries	7
Telephone Call	2
Walk-in	2
Letter/Correspondence	10
Publication Watch ¹⁷	9-36

Source: Postal Service Blue Pages

Postal Service policies instruct employees not to close customer complaints until the customer has been contacted with the final resolution. Employees must also document the actions taken to resolve the problem in the "Actions Taken" section of the complaint case.

See [Appendix D](#), for a flowchart of the customer complaint process.

¹⁶ SIRs are written records of customer complaints.

¹⁷ Magazine and newspaper companies can request delivery information for specific subscribers and the allowed timeframes to resolve these vary based on publication frequency.

OBJECTIVE, SCOPE, AND METHODOLOGY

Our objective was to determine whether Postal Service officials took appropriate actions to timely resolve customer complaints. Our scope included FY 2008 “Did Not Receive Mail” customer complaints, which is one of 13 subcategories of Delivery/Mail Pick-Up customer complaints. We selected the “Did Not Receive Mail” subcategory, because in FY 2008 it represented 47 percent of the Delivery/Mail Pick-Up customer complaints. We limited our scope to FY 2008 because the PCCM database retains customer complaints for 1 year. We also limited our universe to 992,548 “Did Not Receive Mail” customer complaint cases and excluded 213¹⁸ cases.

To accomplish our objective, we:

- Reviewed policies and procedures pertaining to the customer complaint handling process.
- Reviewed the “On Time Resolution” report¹⁹ from the Reports Module System²⁰ for FY 2008 to determine whether the complaints were closed timely.
- Reviewed a statistical sample of 784 “Did Not Receive Mail” customer complaint cases for FY 2008 to determine whether officials properly resolved them. (See [Appendix C](#), for our sampling methodology.)
- Interviewed Headquarters Consumer Advocate, DCA, and post office officials to determine why personnel closed customer complaints without properly resolving or documenting actions taken to resolve them.

We conducted this performance audit from October 2008 through July 2009 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 relied on data from the PCCM database. We did not directly audit the system, but performed limited data integrity tests to support our data reliance. We discussed our observations and conclusions with management officials on May 18, 2009, and included their comments where appropriate.

¹⁸ We excluded these cases from our universe because they were erroneously coded under the Florida Learning Center, which had been closed since 2004.

¹⁹ A report that summarizes all complaints, percentage of complaints that are resolved on time, and the percentage of overdue complaints.

²⁰ A web application that generates reports using data from the PCCM database. RPM produces statistical reports of service issues for areas, districts, post offices, and consumer affairs offices.

PRIOR AUDIT COVERAGE

Postal Service Contact Center Phase 1: Customer Service (Report Number MS-AR-07-001, dated December 11, 2006). The Postal Service could not determine whether the contact center contract improved customer service because no effective measures existed to capture the accuracy of contact center responses to customers. In addition, the Postal Service could reduce the costs of the contact center contract by relaxing the current service level metric. We recommended the Postal Service: (1) continue to work with the contractor to develop the new quality metric into an effective tool and (2) relax the service level to 80 percent of calls answered in 60 seconds with an average speed of answer of approximately 30 seconds. By relaxing the service level metric for the remaining term of the contract and the 6 option years, the Postal Service could save approximately \$1.63 million. In addition, the Postal Service could have saved \$570,000 if the service level metric had been relaxed 2 years ago. Management agreed with the recommendation to implement a quality metric and completed an initiative that addressed the issue. Management disagreed with the recommendation to relax the service level metric, stating that further analysis was required, choosing instead to conduct additional studies related to the service level metric. Management disagreed with the monetary impact, because they could not validate the future cost savings. These issues were not elevated for resolution.

APPENDIX B: DETAILED ANALYSIS

Customer Complaints Were Closed But Not Always Resolved

DCA and post office employees closed 96 percent of all customer complaints they received in FY 2008 within the established timeframes, but did not always resolve the complaints. For example, officials closed cases without contacting customers who requested return telephone calls; after instructing customers to call another post office to resolve their complaints; by indicating in the case files that they will investigate or address the issues, but without doing so; or noting in complaint files that they left voice mail messages for customers to return their calls, but did not follow up when calls were not returned. We projected that officials did not resolve 50 percent (493,185 of 992,548) of the “Did Not Receive Mail” complaints they received in FY 2008.

DCA officials and post office employees stated they closed complaints before resolution because they did not want their assigned cases to appear on the Overdue SIR report. Officials also stated that there were instances where employees resolved the complaints, but did not document the resolution in My Post Office.²¹

DCA officials created customer complaint procedures that were often inconsistent with Headquarters Consumer Advocate’s SOP. Headquarters Consumer Advocate officials created a *Complaint Handling Process* SOP dated January 2007, that provided guidance to DCA officials regarding the customer complaint handling process. They also created a partnership agreement dated July 2006 between My Post Office users and Corporate Customer Contact.²² The partnership agreement also provided guidance to post office employees regarding the customer complaint handling process.

DCA officials at 26 of the 80 district offices extracted sections from the SOP and the partnership agreement and created their own procedures, because they wanted to provide information to the field in an easier format. The procedures created by the DCA officials were often inconsistent with either the headquarters SOP or the partnership agreement and did not always meet the minimum requirements in the headquarters SOP. For example, the procedures for the San Francisco, Portland, and Mississippi District offices do not require employees to resolve complaints before closure. Employees at the San Francisco District office can close complaints by documenting the customer contact information and saving the case file within 2 business days. Employees at the Portland District office could close complaints without a resolution after 2 days. They are required to obtain final resolution within 14 days, if necessary. The Mississippi District office procedure instructs employees to close complaints when issues cannot be resolved by the due date. They must annotate planned actions to

²¹ A web application that provides communication among all 40,000 post offices nationwide. It allows post offices to complete work orders such as redelivery, hold mail, service issue requests.

²² The *My Post Office User and Corporate Customer Contact Partnership Agreement* between Corporate Customer Contact and users of the *My Post Office* web application defines the shared roles and responsibilities to be followed to achieve quality customer service.

resolve the complaints, close the complaint, and return to the case file to document the final comments when the planned actions are completed. If the procedures for handling customer complaints are not consistent, employees may not properly resolve customer complaints.

The customer complaint procedures do not require management to provide oversight by performing quality control reviews of closed cases. The SOP requires DCAs to survey customers between 2 and 4 weeks after final resolution of complaints to determine whether they were satisfied with the resolutions. DCAs are required to follow up on a minimum of 25 resolved cases per clerk, per month using Postal Service (PS) Form 8225, Follow-up Survey Card, or a locally generated follow-up letter/survey with the same information contained in PS Form 8225. Survey responses must be documented, analyzed, and shared with the appropriate managers each month. This quality control process surveyed customers to determine whether they were satisfied with complaints that had been resolved.²³ There was no process in place to ensure that all closed cases were properly resolved and documented.

According to the *Complaint Handling Process*, employees must not close complaints in CARE until the customer has been contacted with the final resolution. The responsibility for responding to customer complaints belongs to the post office in the caller's delivery area regardless of where the issue originated. The *My Post Office User and Corporate Customer Contact Partnership Agreement* also requires employees to complete a full description of the steps taken to resolve the complaints in the "Actions Taken" section of the complaint case. Proposed actions, such as "Will talk to carrier," or "Will contact customer" are not appropriate entries. For customers who requested call backs employees must make at least three attempts to contact them within 1 business day after receiving complaints. If employees are unable to contact the customer or leave a voicemail message, they are required to document the attempt in the "Actions Taken" section of the complaint case and send a letter or post card to the customer to request they contact the post office to resolve the complaint. Properly resolving customer complaints is necessary to prevent the alienation of customers and the loss of business, negative publicity, and adverse impact to the Postal Service brand.

²³ We did not analyze the results of these surveys because at this time the Postal Service does not have a consolidated report on surveys conducted in the field.

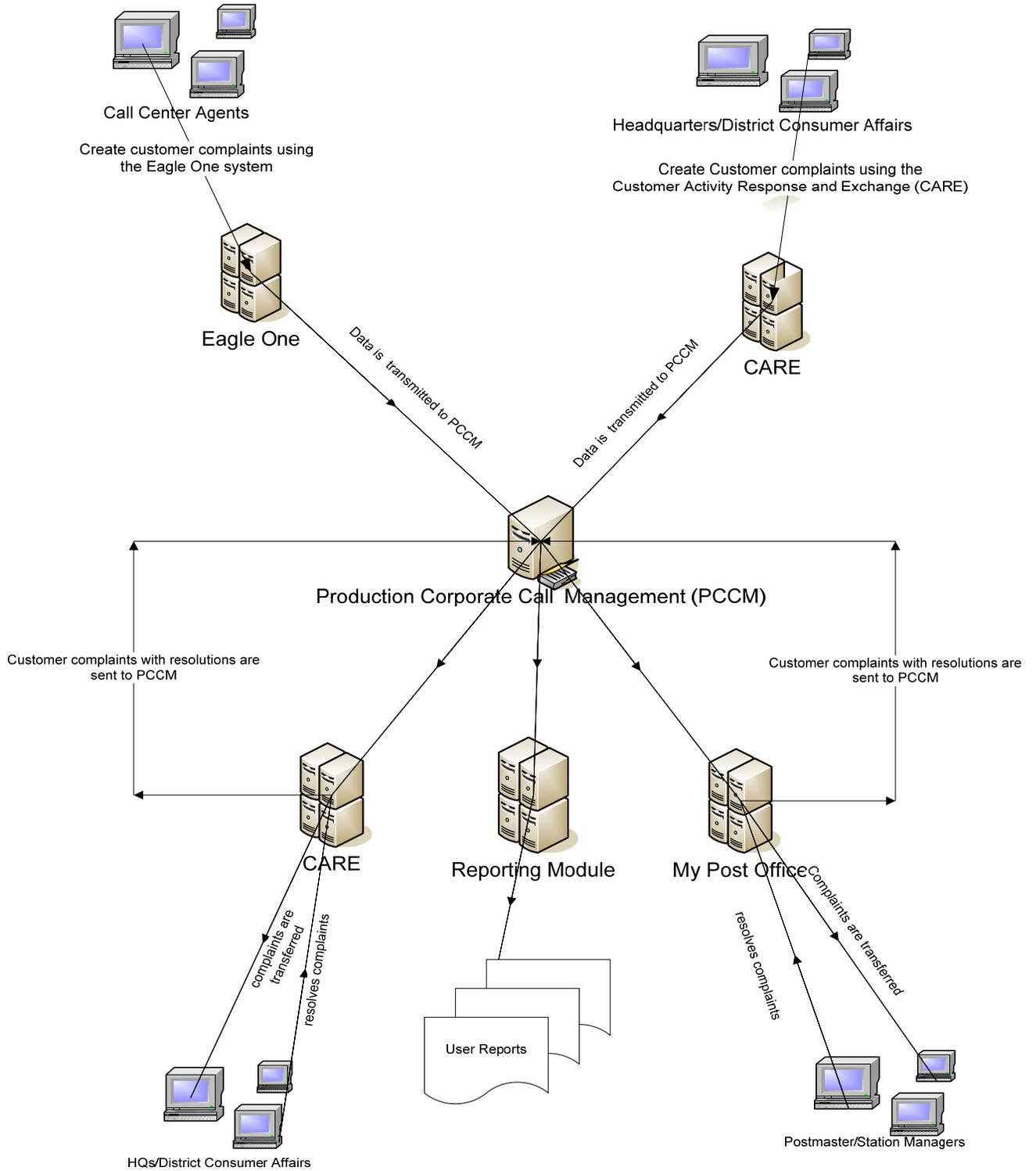
APPENDIX C: SAMPLING METHODOLOGY

We sampled customer complaints using cluster sampling methodology. The primary universe consisted of the combination of Headquarters Consumer Advocate and the 80 DCA, and the three Convergys call centers (Denver, CO; Jacksonville, NC; and Orem, UT). The secondary sample included 784 customer complaint cases. We reviewed 196 complaint cases from the Headquarters Consumer Advocate and the 80 DCA offices cluster and 196 complaint cases from each of the three call centers. We used two-stage attribute sampling²⁴ to project the sampling results for each of the 4 clusters, based on a 95-percent confidence level. See Table 3 for the results of our work.

Table 3: Number of Unresolved Complaints in FY 2008					
	Jacksonville	Orem	Colorado	DCA/ Headquarters	Total
Number of Complaints Cases	389,651	175,812	399,234	27,851	992,548
Sample Size	196	196	196	196	784
Number of Complaints Unresolved	95	103	103	15	316
Projected Number of Complaints Unresolved	188,861	92,391	209,802	2,131	493,185
Percentage of Complaint Cases Unresolved	48.47	52.55	52.55	7.65	49.69

²⁴ Two-stage attribute sampling is a sampling technique in which the entire population is divided into groups or clusters, and a random sample of each cluster is selected.

APPENDIX D: FLOW CHART OF THE CUSTOMER COMPLAINT PROCESS



APPENDIX E: MANAGEMENT'S COMMENTS

DELORES J. KILLETTE
Vice President
AND CONSUMER ADVOCATE



June 30, 2009

Lucine Willis
Director, Audit Operations
1735 North Lynn Street
Arlington, VA 22209-2020

SUBJECT: *Customer Complaints (Report Number MS-AR-09-DRAFT)*

Thank you for the opportunity to review and comment on the subject draft audit report.

General Comments:

Management would like to comment on the following statements under the *Customer Complaints Were Closed But Not Always Resolved* section:

- 1) "We projected that officials did not resolve 50 percent of the FY 2008 "Did not receive Mail" complaints." Management can not verify this statement, and would just like to point out that we believe that a number of these complaints were resolved and District Consumer Affairs (DCA) officials and Post Office employees failed to properly document the resolution.
- 2) "District Consumer Affairs (DCA) officials and post office employees closed complaints without resolving the issues, because they did not want their assigned cases to appear on the Overdue Service Issue Record report." Likewise, management believes there are other reasons why DCA officials and Post Office employees closed complaints without a resolution, e.g., resolving a complaint and failing to properly document the resolution prior to closing.

Management would like it to be noted that under *Appendix A: Additional Information*, the increase in the number of complaints has no correlation with the decrease in mail volume. During FY 2008 the Postal Service experienced record highs in the national on-time delivery performance of First-Class Mail. "Did not receive mail" complaints vary widely and include complaints involving "No Receipt" of mail that was never actually sent or was sent and received on a later date than

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expected. One example may be a payment from an institution in which they stated the payment was mailed, but in actuality may have been mailed from another location and mailed at a later date resulting in a longer than expected delivery time.

Recommendation One and Two:

We recommend the Vice President, Consumer Advocate, revise the Standard Operating Procedure to incorporate:

1. A quality control process that requires District Consumer Affairs officials to review closed cases to ensure they are properly resolved and documented.
2. Guidance on how District Consumer Affairs officials and post office employees should handle resolved complaints when customers cannot be contacted.

Response

Management agrees with Recommendations One and Two. We will revise the Complaint Handling Standard Operating Procedure (SOP) to include the following: 1) a quality control process where the District Consumer Affairs officials perform reviews of cases to ensure they are properly resolved and documented, and 2) guidance on how to resolve complaints when the customer cannot be contacted. Target implementation date: October 2009.

Recommendation Three:

We recommend the Vice President, Consumer Advocate, coordinate with the Vice Presidents, Area Operations to:

3. Reiterate the importance of complying with the headquarters customer complaints Standard Operating Procedure to District Consumer Affairs officials and post office employees.

Response

Management agrees with Recommendation Three, but the Vice President, Consumer Advocate, in conjunction with the Vice President Delivery and Post Office Operations, will coordinate with the Vice Presidents, Area Operations. Target implementation date: October 2009.

Freedom of Information Act comments will be sent under a separate cover.



Delores J. Klette
Vice President and Consumer Advocate

cc: Stephen M. Kearney
Linda J. Welch
Vice-Presidents, Area Operations
Katherine S. Banks

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