



# OFFICE OF INSPECTOR GENERAL

UNITED STATES POSTAL SERVICE

## Customer Service Operations in the Capital and Northern Virginia Districts

### Audit Report

Report Number  
MS-AR-16-007

August 25, 2016



15/16



# OFFICE OF INSPECTOR GENERAL

## UNITED STATES POSTAL SERVICE

## Highlights

### Background

Customers in the Capital and Northern Virginia districts notified the U.S. Postal Service Office of Inspector General (OIG) of several concerns about misdirected, delayed, and returned mail; long retail lines; poor customer service; and inefficient postal operations. These two districts also appeared near the top of a recent OIG risk model's list of the most at-risk districts for retail customer service.

Postal Service managers are responsible for monitoring customer service and operational efficiency in accordance with applicable policies and procedures. Key tools available to carry out these duties include:

- The customer service variance model, which helps assess retail customer service productivity at select retail units.
- *Post Office Box* and *Distribution Up-Time* reports, which help track mail timeliness.
- The integrated operating plan and mail arrival profiles, which provide mail arrival times and composition.
- The *Retail Customer Experience Wait Times* report, which provides information on the amount of time customers are waiting in line in Postal Service retail lobbies.

Our objective was to assess customer service operations in the Capital and Northern Virginia districts. During our audit, we identified significant control weaknesses related to Caller Service mail picked up by couriers in these districts, which we reported to management in a February 2016 report.

### What The OIG Found

The Capital and Northern Virginia districts need to improve customer service operations. Specifically we visited 17 units and found employees:

- Did not perform required mail arrival scans at 14 units we visited with delivery operations, and falsely scanned mail as “delivered” although the mail was found at three units,
- Did not meet the target time for having mail ready for collection by PO Box customers at 12 units, and the required time for distribution of mail to the letter carriers at nine units,
- Mixed 122 First-Class mailpieces with disposal mail earmarked for destruction at five units.

We also noted that customers exceeded the Postal Service's five-minute wait-in-line standard at seven units and accurate business hours and services were not always posted in retail lobbies at five units.



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***These deficiencies negatively impacted the effectiveness of customer service operations.***

These conditions occurred because district and local management did not adequately monitor all customer service-related operations. In addition, none of the units had an updated integrated operating plan and mail arrival profile indicating mail arrival times and conditions to facilitate staffing requirements.

These deficiencies negatively impacted the effectiveness of customer service operations. According to the customer service variance model, units we visited incurred 175,686 more workhours than planned in fiscal year (FY) 2015, costing the Postal Service \$8.6 million. In addition, customer complaints

related to sending and receiving mail and customer service in these two districts grew by over 11 percent during the first quarter of FY 2016 as compared to the same period last year.

### **What The OIG Recommended**

We recommended management develop strategies to more effectively monitor customer service operations at retail and delivery units by instructing unit employees to follow required scanning and mail handling procedures; coordinating units' integrated operating plans and mail arrival profiles; and by enhancing the customer lobby experience.

# Transmittal Letter



OFFICE OF INSPECTOR GENERAL  
UNITED STATES POSTAL SERVICE

August 25, 2016

**MEMORANDUM FOR:**

SALVATORE N. VACCA  
MANAGER, CAPITAL DISTRICT

JEFFREY BECKER  
MANAGER, NORTHERN VIRGINIA DISTRICT

E-Signed by Janet Sorensen  
VERIFY authenticity with eSign Desktop  


**FROM:**

Janet M. Sorensen  
Deputy Assistant Inspector General  
for Retail, Delivery and Marketing

**SUBJECT:**

Audit Report – Customer Service Operations in the  
Capital and Northern Virginia Districts  
(Report Number MS-AR-16-007)

This report presents the results of our audit of Customer Service Operations in the Capital and Northern Virginia Districts (Project Number 16RG004MS000).

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Joseph Wolski, director, Retail, Marketing and International, or me at 703-248-2100.

Attachment

cc: Corporate Audit and Response Management

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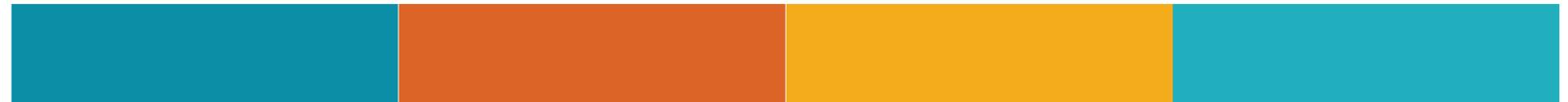
# Findings

***The Capital and Northern Virginia districts also appeared near the top of a recent OIG risk model's list of the most at-risk districts for retail customer service.***

## Introduction

This report presents the results of our self-initiated audit of Customer Service Operations in the Capital and Northern Virginia Districts (Project Number 16RG004MS000). We initiated this audit based on customer concerns about misdirected, delayed, and returned mail; long retail lines; poor customer service; and inefficient postal operations. Our objective was to assess customer service operations in the Capital and Northern Virginia districts. See [Appendix A](#) for additional information about this audit.

U.S. Postal Service managers — mainly district and local management — are responsible for monitoring customer service and operational efficiency in accordance with applicable policies and procedures. Key tools available to assist managers in carrying out these duties include:



Customers in the Capital and Northern Virginia districts notified the U.S. Postal Service Office of Inspector General (OIG) of several concerns about misdirected, delayed, and returned mail; long retail lines; poor customer service; and inefficient postal operations. These two districts also appeared near the top of a recent OIG risk model's list of the most at-risk districts for retail customer service. We identified significant control weaknesses related to Caller Service mail picked up by couriers in these districts and reported these issues to management in a separate management alert.<sup>1</sup>

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<sup>1</sup> OIG, Capital and Northern Virginia District Courier Service (Report Number [MS-MT-16-002](#), dated February 26, 2016).

**The Capital and Northern Virginia districts need to improve customer service operations.**

**We identified employees did not perform required mail arrival scans or scanned mail as “delivered” although the mail was found at the unit.**

## Summary

The Capital and Northern Virginia districts need to improve customer service operations. We found the following customer service-related operational issues at the locations we visited<sup>2</sup>:

- *Mail was not properly scanned.* Employees at 14 units we visited with delivery operations did not perform required scans and employees at three units scanned mail as “delivered” although the mail was found at the unit.
- *Units did not meet mail timeliness.* Employees at 12 units did not meet the target time (PO Box Up-Time) for having mail ready for collection by PO Box customers and nine units did not meet the required time for distribution of mail to the letter carriers (Distribution Up-Time).
- *Mail was not handled correctly.* Employees at five units had mixed 122 First-Class<sup>®</sup> mailpieces with disposal mail earmarked for destruction.
- *Retail lobby service issues.* At seven units customers experienced long WTIL and at five units accurate business hours and available services were not posted in retail lobbies

These conditions occurred because district and local management did not adequately monitor all customer service-related operations, and none of the units had an updated IOP and MAP. Postal Service policy requires customer service managers monitor customer service-related operations and postmasters monitor window operations to determine proper staffing and the need for lobby sweeps. Postal Service policy also requires each district to have an updated IOP and MAP between delivery units and plants in order to coordinate activities. These deficiencies negatively impacted the effectiveness of customer service operations.

According to the CSV model, the units we visited incurred 175,686 more workhours than planned in fiscal year (FY) 2015, costing the Postal Service \$8.6 million. In addition, customer complaints related to sending and receiving mail and customer service in these two districts grew by over 11 percent during Quarter (Q) 1, FY 2016, compared to the same period last year.

## Customer Service Operations

The Capital and Northern Virginia districts could improve customer service operations. We visited 17 units and identified scanning, mail timeliness, handling, and retail lobby experience deficiencies. As a result, the units we visited used 175,686 more workhours than planned in FY 2015, costing the Postal Service an additional \$8.6 million. In addition, customer complaints related to sending and receiving mail and customer service in these districts grew by over 11 percent during Q1, FY 2016.

## Scanning

Employees were not properly scanning mail, as we identified employees did not perform required mail arrival scans or scanned mail as “delivered” although the mail was found at the unit. Specifically, we tracked 686 mailpieces at the 14 units we visited with delivery operations<sup>3</sup> and found scanning discrepancies at each unit. For example, 95 mailpieces did not have “Arrival at Unit” scans, 87 had no timely tracking data available, and six were falsely scanned as “Delivered” but found at the facility (see [Table 1](#)).

<sup>2</sup> [Appendix A](#) contains additional information on the scope and methodology, including how we selected the 17 units.

<sup>3</sup> Three units did not have carriers – Government Mail, Gaithersburg – Suburban, and Takoma Park.

**Customers rely on accurate data to track their packages in real time.**

**Table 1. Mailpiece Scanning Details**

<b>Delivery Unit</b>	<b>Total Pieces Selected and Tracked</b>	<b>Number of Pieces With No “Arrival at Unit” Scan</b>	<b>Number of Pieces With No Scan Data Available</b>	<b>Number of Pieces Scanned as “Delivered” but Found at Unit</b>
Arlington Post Office (PO)	51	3	6	0
Ashburn PO – Dulles	33	14*	2	0
Aspen Hill Carrier Annex	58	6	3	0
Brentwood PO – Washington, DC (WDC)	30	1	6	1
Capitol Heights PO (Hampton)	57	0	5	0
Capital West Station	66	34	4	4
Chantilly Branch	36	5	9	0
Foggy Bottom Station	35	0	3	0
Franconia Station	55	0	9	0
Laurel PO	80	7	10	1
Merrifield PO	31	6	6	0
Trade Center	51	7	10	0
Waldorf PO	73	12	13	0
Ward Place Station	30	0	1	0
<b>Total</b>	<b>686</b>	<b>95</b>	<b>87</b>	<b>6</b>

Source: OIG analysis of Postal Service scan performance using the USPS.com Track & Confirm tracking system.

\* These mailpieces had no scans on the day of the audit team’s unit visit, but were later scanned.

Postal Service policy<sup>4</sup> requires the “Arrival at Unit” scan to be part of a unit’s distribution process, with the goal of finalizing as many pieces as possible in first handling. The goal of the Postal Service is to scan every mailpiece that has a barcode (flats, letters, and packages). Also, the Postal Service promotes the tracking feature on its website as a tool for customers to view the status of their mailpiece at any time. The Postal Service aims to achieve 100 percent visibility and provide world-class package delivery services by offering several updates on the status of delivery.

The aforementioned mail scanning issues occurred because customer service managers did not adequately monitor customer service-related operations. When employees do not scan mailpieces, as required, customers are unable to determine the current status of undelivered mail. Customers rely on accurate data to track their packages in real time. By improving scanning operations, district management can increase mail visibility, improve customer service, and receive fewer customer complaints related to the location and delivery status of their packages.

<sup>4</sup> Scanning at a Glance – Delivering 100% Visibility, August 2011, page 13.

## Mail Timeliness

Units did not meet mail timeliness requirements, as they did not meet key Postal Service operational targets over a 30-day period.<sup>5</sup> First, 12 of 15 units<sup>6</sup> did not meet the Postal Service's target time (PO Box Up-Time) for having mail ready for collection by PO Box customers (see Table 2). Postal Service policy<sup>7</sup> states that the local postmaster is responsible for establishing local PO Box and Distribution Up-Times and meeting those targets.<sup>8</sup>

**Table 2. Twelve Units That Did Not Meet Scheduled PO Box Up-Time Scans (30-Day Period Between February and March 2016)**

Units	On-Time	Early	Late	Missing	Total Scans
Arlington Post Office	9	11	5	1	26
Aspen Hill Carrier Annex	9	9	11	4	33
Brentwood Post office – WDC	1	4	18	2	25
Capital West Station	13	5	3	1	22
Chantilly Branch	6	12	11	1	30
Foggy Bottom Station	2	13	2	5	22
Franconia Station	3	22	8	0	33
Gaithersburg Post Office – Suburban	4	5	21	2	32
Laurel Post Office	13	9	11	1	34
Merrifield Post Office	3	12	11	0	26
Trade Center	3	22	8	0	33
Waldorf Post Office	2	7	14	2	25
<b>Total</b>	<b>68</b>	<b>131</b>	<b>123</b>	<b>19</b>	<b>341</b>

Source: Postal Service *Box Up-Time* reports.

Additionally, nine of the 17 units we visited had carrier service and none of the nine units met the Postal Service's target time (Distribution Up-Time) for having mail finalized and available to carriers for delivery. One unit was late 28 times and another was late 25 times (see Table 3).

<sup>5</sup> We measured PO Box and distribution up-times for the 30-day period between February and March 2016.

<sup>6</sup> Two of the 17 offices included in our overall analysis (Ward Place and Government Mail) did not have PO Box service; therefore, we excluded them from this analysis. Two other units (Ashburn and Capitol Heights) met PO Box up-times and we were unable to assess performance at one unit (Takoma Park) because clerks were scanning PO Box Up-Time before all mail was sorted and boxed.

<sup>7</sup> *Postal Operations Manual* (POM), Issue 9, Section 141.423, PO Box Service Up-Time, dated December 24, 2015.

<sup>8</sup> Handbook PO-209, Section 8-7, Function 4.

**None of the units had an updated IOP or MAP indicating mail arrival times and conditions to facilitate staffing requirements—both of which can lead to using excess workhours.**

**By improving timeliness of mail through more effective monitoring, district management could potentially save money by decreasing labor hours and receiving fewer customer complaints related to mail delays.**

**Table 3. Nine Units That Did Not Meet Scheduled Distribution Up-Time Scans (30-Day Period Between February and March 2016)**

<b>Units</b>	<b>On-Time Scans</b>	<b>Early Scans</b>	<b>Late Scans</b>	<b>Missing</b>	<b>Total Scans</b>
Arlington Post Office	8	0	18	0	26
Ashburn Post Office – Dulles	3	2	19	0	24
Aspen Hill Carrier Annex	4	10	19	0	33
Brentwood Post Office – WDC	4	6	14	1	25
Capitol Heights Post Office (Hampton)	4	1	19	2	26
Chantilly Branch	2	0	28	0	30
Franconia Station	0	0	24	1	25
Takoma Park	3	18	4	0	25
Ward Place Station	0	0	25	0	25
<b>Total</b>	<b>28</b>	<b>37</b>	<b>170</b>	<b>4</b>	<b>239</b>

Source: Postal Service *Distribution Up-Time Reports*.

Mail timeliness issues occurred because the districts did not ensure Postmasters and P&DC managers had an updated IOP/ MAP. Specifically, none of the units had an updated IOP or MAP indicating mail arrival times and conditions to facilitate staffing requirements—both of which can lead to using excess workhours.<sup>9</sup> Postal Service policy<sup>10</sup> also requires each district to have an updated IOP and MAP between delivery units and plants in order to coordinate activities. By improving timeliness of mail through more effective monitoring, district management could potentially save money by decreasing labor hours and receiving fewer customer complaints related to mail delays. We collected data on the number of excess workhours for the 24-month period from July 2014 through June 2016 for 11 of the 17 units<sup>11</sup> that we visited. We determined 327,492 excess workhours and consider the resulting \$16.2 million<sup>12</sup> to be questioned costs.<sup>13</sup>

During the audit, the Capital and Northern Virginia district managers took corrective action to reduce excess CSV workhours by directing unit managers to more effectively monitor operations. [Figures 1 and 2](#) show notable decreases in average excess workhours at the 11 sites we visited, as well as all units within each district for Q2 and Q3 in FY 2016.

<sup>9</sup> AMSOP, Section 2-2, IOP.

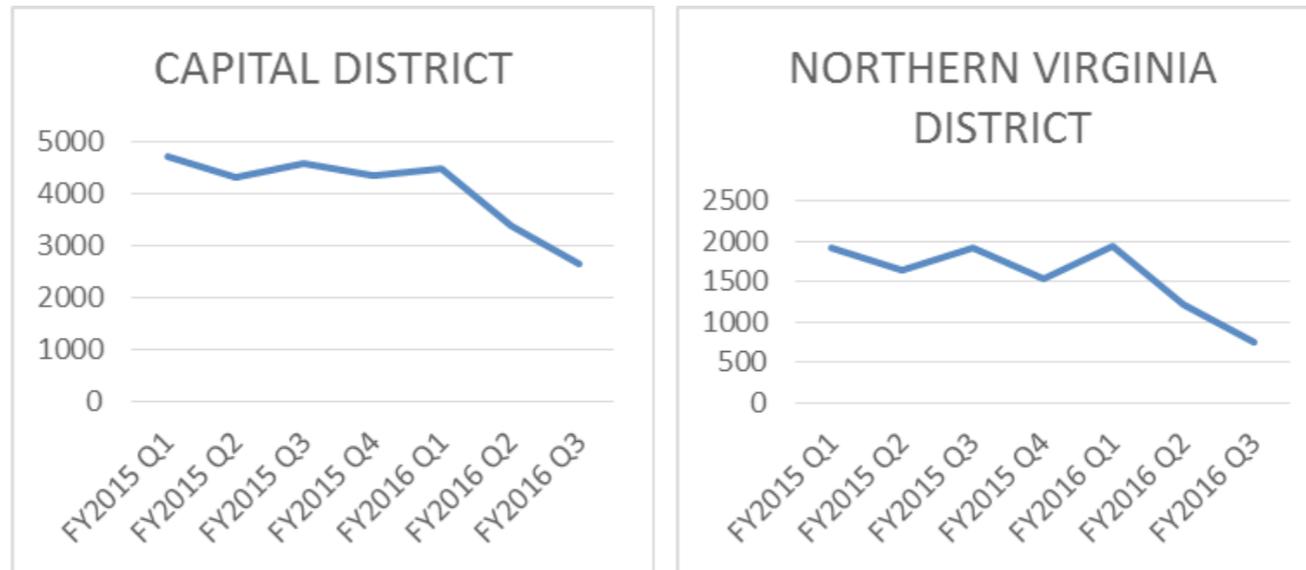
<sup>10</sup> *Field Operations Standardization Development – Morning (AM) Standard Operating Procedures (AMSOP) Guidebook*, Section 2-2, IOP, dated March 2011.

<sup>11</sup> We excluded four units because they were co-located with a processing and distribution center, and we excluded two units because carriers at these units were transferred to different stations with new finance numbers and errors were made during the transfer of hours.

<sup>12</sup> We multiplied the excess workhours by the fully loaded clerk craft labor rates reported by the Postal Service in its National Average Labor Rates – Fiscal Year 2015 Actual, Fiscal Year 2016 and 2017 Projection report. Specifically, we used the following fully loaded clerk craft labor rates: FY 2014, Q4, \$50; FY 2015, \$49; and FY 2016, Q1 through Q3, \$50.

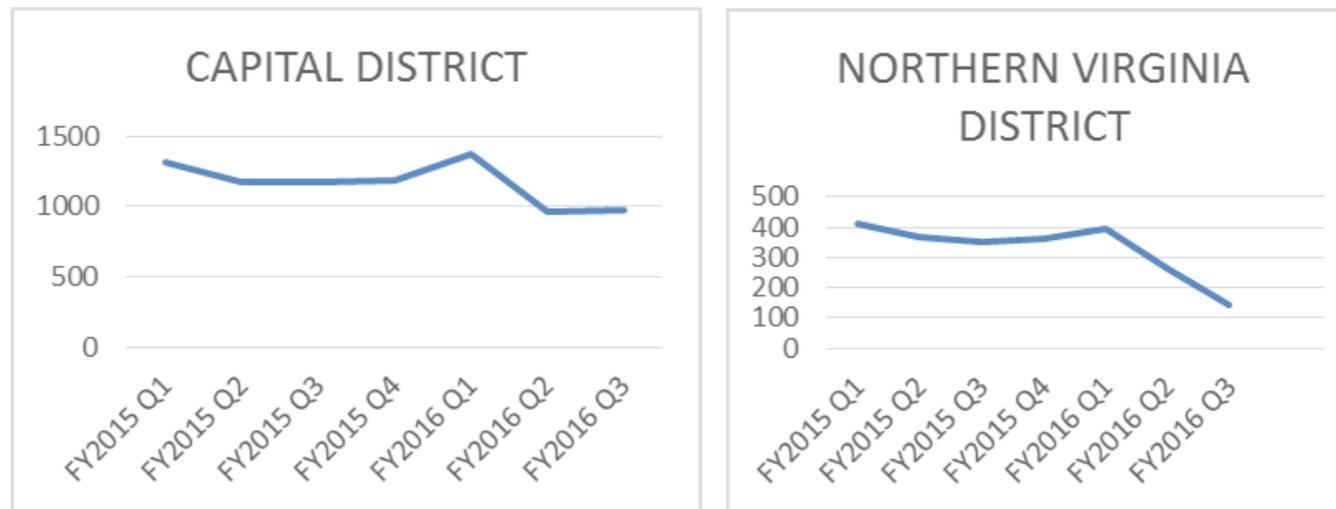
<sup>13</sup> Unnecessary, unreasonable, unsupported, or an alleged violation of law, regulation, contract, etcetera. May be recoverable or unrecoverable. Usually a result of historical events.

**Figure 1. Average Excess Workhours for the 11 Units Sampled**



Source: OIG analysis of Postal Service CSV data.

**Figure 2. Average Excess Workhours for all Units**



Source: OIG analysis of Postal Service CSV data.

### Mail Handling

Mail was not handled correctly, as employees at five units mistakenly mixed 122 First-Class mailpieces (see [Figure 3](#)) with other mail being prepared for disposal. First-Class Mail includes the price of forwarding service to a new address for up to 12 months and return service if the mailpiece is undeliverable.<sup>14</sup>

<sup>14</sup> Domestic Mail Manual (DMM) Section 507, Mailer Services.

**Employees at five units mistakenly mixed 122 First-Class mailpieces with other mail being prepared for disposal.**

**Figure 3. First-Class Mail Mixed With Other Mail Ready for Disposal**



Source: OIG photograph taken January 20, 2016.

These errors occurred because customer service managers did not adequately monitor customer service-related operations. Employees should check mail for a sender's address and determine if the postage includes return services.<sup>15</sup> Continued incorrect handling of First-Class Mail may impact the quality of customer service, as customers would not benefit from the full services included with the price of First-Class Mail. By more effectively monitoring the handling of mail, district management can improve customer service and receive fewer customer complaints related to missing mail.

### **Retail Lobby Service**

Retail lobby service needs improvement, as we found long customer WTIL and inaccurate information about service and hours of operation. For example, at the 11 units<sup>16</sup> with retail window operations we visited, we found:

**We found long customer WTIL and inaccurate information about service and hours of operation.**

- Seven units had customers exceeding the Postal Service's 5-minute WTIL standard.<sup>17</sup>
- Five units had inaccurate information. In particular:
  - Three units had PO Box mail pick-up times that were different than the scheduled box up-scans.
  - One unit did not have PO Box mail pick-up times posted.<sup>18</sup>
  - One unit had passport services posted, but no longer offered the service.<sup>19</sup>

<sup>15</sup> POM Issue 9, Section 69, Dead Mail.

<sup>16</sup> Three of 14 units did not have retail window operations.

<sup>17</sup> Customer services operations and retail procedures states that service in 5 minutes or less 87.5 percent of the time is an initiative created to provide a level of service that keeps customer WTIL to a minimum while providing quality customer service.

<sup>18</sup> Handbook PO-209, Section 13-6, Signage. Postal Service policy requires post offices to list PO Box mail pick-up times and PO Box rates correctly using Postal Service-approved signage.

<sup>19</sup> *Administrative Support Manual*, Issue131, Section 422.266, Signs, dated July 1999. In addition, passport signs must be posted in the lobby clearly stating the hours

**Long wait times and misinformation in retail lobbies can threaten the quality of the Postal Service's retail customer service.**

The Postal Service aims to provide quality customer service by keeping customer WTIL to 5 minutes or less for 87.5 percent of the time. In our observations, seven units came in under that standard (see Table 4).

**Table 4. Seven Units Not Meeting the 5-Minute WTIL Standard**

<b>Units*</b>	<b>Number of Customers Timed</b>	<b>Percentage On Time</b>
Chantilly Branch	26	27%
Foggy Bottom Station	18	30%
Brentwood Post Office – WDC	19	68%
Aspen Hill Carrier Annex	35	74%
Capitol Heights	18	83%
Trade Center	19	84%
Laurel Post Office	15	87%

Source: OIG WTIL observations.

\* Four units met the Postal Service's WTIL standard.

These conditions occurred because managers did not effectively monitor retail lobby and staffing activities. In particular, postmasters and customer service supervisors did not review the *Retail Customer Experience Wait Times* report and, when needed, increase the staff available at window stations. In addition, not all units used lobby managers to assist customers in line and direct them to a self-service kiosk where available. Postal Service policy<sup>20</sup> requires postmasters monitor window operations to determine proper staffing and the need for lobby sweeps.<sup>21</sup> Postal Service policy<sup>22</sup> also states that managers can meet the 5 minute or less WTIL goal by:

- Providing proper training and staff scheduling.
- Using the Lobby Director Program.
- Using an automated postal center (APC) host in offices with an APC.

Long wait times and misinformation in retail lobbies can threaten the quality of the Postal Service's retail customer service.

passport service is available.

20 Handbook PO-209, Section 8-7, Supervision of Performance.

21 Lobby sweeps should be conducted when lines are long due to retail associates conducting lengthy transactions. A supervisor, postmaster, or retail associate can conduct a lobby sweep for customers who are conducting nonrevenue transactions such as picking up mail.

22 Handbook PO-209, Section 13-3, Service in 5 Minutes or Less.

# Recommendations

We recommend management develop strategies to more effectively monitor customer service operations at their retail and delivery units by:

1. Instructing unit employees to follow required scanning procedures and verify such procedures are followed.
2. Coordinating units' integrated operating plans and mail arrival profiles.
3. Instructing unit employees to follow required mail handling procedures and verify such procedures are followed.
4. Instructing postmasters and customer service supervisors to update retail signage, review *Retail Customer Experience Wait Times* reports, and use the Lobby Director Program to reduce customers' wait time in line.

## Management's Comments

Management partially agreed with the findings, agreed in full with the recommendations, and disagreed with the monetary impact.

Management stated they do not completely agree with the report findings, asserting that the OIG judgmentally selected sites for review that were not representative of the districts CSV results as a whole. Regarding mail timeliness, management stated they are committed to Distribution and PO Box Up-Times, but cited that changing conditions can influence daily performance.

Regarding mail handling, management stated the First-Class Mail designated for recycling would not have been destroyed as the auditors thought.

Regarding retail lobby service, customer service efficiency, and scanning, management stated the results presented in the report were not representative of the actual performance in the Northern Virginia and Capital districts.

Regarding recommendation 1, management agreed and is issuing mandatory service talks to the field and reiterating existing scanning policies and procedures. The Capital District manager stated this process was implemented on July 21, 2016. The target implementation date for Northern Virginia District is August 19, 2016.

Regarding recommendation 2, management agreed and stated they are in the process of reviewing and updating integrated operating plans and mail arrival profiles. Management stated that the sites identified in this audit will be reviewed first. The target implementation date is October 16, 2016.

Regarding recommendation 3, management agreed and is issuing mandatory service talks to the field. The Capital District manager stated this process was implemented on July 21, 2016. The target implementation date for Northern Virginia District is August 19, 2016.

Regarding recommendation 4, management agreed and implemented service talks to the field and internal service reviews to effectively monitor retail service performance. The Northern Virginia District manager stated these processes were implemented on April 6, 2016, and the Capital District manager stated these processes were implemented on July 21, 2016.

Regarding monetary impact, management stated that the CSV model, which was the basis for the monetary impact calculation, is a tool for actionable performance management, but does not fully take into account all issues that may affect true performance.

See [Appendix B](#) for management's comments in their entirety.

## Evaluation of Management's Comments

The OIG considers management's comments responsive to the recommendations in the report and corrective actions taken or planned should resolve the issues identified in the report.

Regarding management's statement about PO Box and Distribution Up-Times, we acknowledge conditions change daily; however, implementing the recommendation as agreed to by management will help mitigate the conditions at the sites we visited.

Regarding management's comment that First-Class Mail was found in tubs at mail cases that would be reviewed again, we observed instances where First-Class Mail was incorrectly mixed with mail set aside and designated for destruction during our fieldwork. Furthermore, unit supervisors acknowledged that First-Class Mail should not be mixed with UBBM mail.

Regarding management's position that site selection, retail lobby service, customer service efficiency, and scanning results were not representative of the actual performance in the Northern Virginia and Capital districts, we acknowledged our audited sites were judgmentally selected based on their CSV efficiency rankings. We believe our methodology was sufficient to understand performance challenges in the districts, and directed our testing at sites identified for improvement. Our audit data period was from FY 2014 through Q3 of FY 2016. We described the district's corrective actions in Q3 of FY 2016 and the reduction in average excess workhours. We commend the efforts the districts are making to ensure all their sites exceed expectations.

Regarding management's comments on the monetary impact, we agree that CSV is a tool for actionable performance management, and that other factors may affect performance. We continue to believe that CSV performance is a reasonable indicator of the financial impact (i.e., questioned costs) associated with the customer service operational inefficiencies, particularly as it is a key Postal Service management tool in this area. We purposely limited our monetary impact calculation to CSV performance for the 17 units from our analysis, and this calculation is intended to encourage management action to avoid these costs in the future.

All recommendations require OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. We will close recommendations one and three with the issuance of this report based on subsequent documentation provided by management. Recommendations two and four 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.

# Appendices

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## Appendix A: Additional Information

### Background

Customers in the Capital and Northern Virginia districts notified the OIG of several concerns about misdirected, delayed, and returned mail; long retail lines; poor customer service; and inefficient postal operations. Some complaints involved Caller Service, Courtesy Reply Mail (CRM) and Business Reply Mail (BRM), which may include remittance mail.<sup>23</sup> Customers receive donations via these types of mail. We identified significant control weaknesses related to Caller Service mail picked up by courier services in these districts and reported these issues to management in a separate management alert.

These two districts also recently appeared near the top of a recent OIG risk model's list of most at-risk districts for retail customer service. The Retail Customer Service Risk Model report listed the Capital District (in Q2, FY 2015) and the Northern Virginia District (in Q4, FY 2015) among the five districts most at risk for various measures, including customer complaints. Both districts had over an 11 percent increase in customer complaints between the first quarter of FY 2016 compared to the same period last year (the national average was a 4.4 percent growth).

The Postal Service aims to provide quality customer service through efficient postal operations, including mail timeliness, visibility, and quality retail lobby service. Mail timeliness is measured with PO Box and Distribution Up-Times. Each unit must have a scheduled PO Box Up-Time<sup>24</sup> for committed box mail to be finalized and available to customers. A scheduled distribution up-time must also be established based on variables (such as mail arrival time, average mail volumes per trip, and staffing availability) for mail to be finalized and available to carriers for delivery. Distribution up-time must effectively support the earliest carrier leave time and be supported by the IOP.<sup>25</sup> The IOP and the MAP are tools that managers use to ensure mail timeliness. The Postal Service requires processing and distribution centers (P&DC) and post offices to have an IOP/MAP stating the times during the day post offices should expect to receive mail from the P&DCs.

Regarding mail visibility, clerks in customer service-related operations and mail carriers are responsible for scanning qualified mailpieces from the point the mail is dropped at a Postal Service facility through the point of delivery. These scans allow customers to track<sup>26</sup> Parcels, Certified, Priority Mail, Express Mail, Critical Mail and drop shipments to determine mail status.

Customer WTIL is key to the quality of retail lobby service. The Postal Service's standard for WTIL is 5 minutes or less 87.5 percent of the time.

### Objective, Scope, and Methodology

Our objective was to assess customer service operations in the Capital and Northern Virginia districts. Specifically we:

- Reviewed documentation and applicable policies and procedures related to customer service and customer service-related operations.
- Judgmentally selected 17 units from these two districts for visits and observations. We selected three co-located units: Curseen-Morris (Brentwood), Merrifield, and Southern Maryland P&DCs. We judgmentally selected the following 14 non

<sup>23</sup> The segment of First-Class Mail service containing payments typically enclosed in pre-barcoded, automation-compatible courtesy reply envelopes that are mailed back to the mailers who initially sent the bills, invoices, and statements.

<sup>24</sup> The time of day customers can expect to collect the mail that is committed for that day from their PO Box.

<sup>25</sup> AMSOP, Section 3-3, Distribution Cut-Off Times and Distribution Expectations.

<sup>26</sup> This service is available at USPS.com under Track and Confirm.

co-located units based on CSV efficiency rankings: Arlington, Aspen Hill, Capital West, Capitol Heights, Chantilly, Ashburn (Dulles), Foggy Bottom, Franconia, Government Mails, Laurel, Takoma Park, Trade Center, Waldorf, and Ward Place.

- Interviewed distribution and customer service supervisors at each location to determine if customer service-related operations are being conducted according to Postal Service policy and procedures. At select units, we observed customer WTIL by selecting a customer and documenting his or her WTIL.
- Interviewed mail processing plant and retail operations managers at the district level to obtain a general overview of their customer service and customer service-related operations.
- Obtained, reviewed, and analyzed operational data related to workhours, arrival times, up-times, and scanning.
- Discussed observations, best practices, and low performance with district managers and identified initiatives they had in place, or had planned, to improve performance.

We conducted this performance audit from November 2015 through August 2016 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 finding and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our finding and conclusions based on our audit objective. We discussed our observations and conclusions with management on July 12, 2016, and included their comments and corrective actions where appropriate.

We relied on data from the Postal Service’s CSV Program, Enterprise Customer Care System, and Scan Point Management Systems. We obtained data from FY 2014 through the third quarter of FY 2016. We did not directly audit these systems, but assessed the reliability of the data by such actions including reviewing related documentation, tracing information to source documents, and confirming our results with Postal Service managers. We determined that the data were sufficiently reliable for the purposes of this report.

### Prior Audit Coverage

Report Title	Report Number	Final Report Date	Monetary Impact (in millions)
<i>Function 4 Customer Service – Connecticut Valley District</i>	<a href="#">MS-AR-16-002</a>	4/13/2016	\$3.9

**Report Results:** Our report determined that the Connecticut Valley District could improve customer service and efficiency in Function 4 operations. We noted issues related to mail tracking, accountable items, mail received from plants, use of software variance models, mail processing procedures, and equipment and space constraints. In addition, clerks duplicated efforts due to scanning equipment constraints and the workroom floor was not always arranged in an efficient manner due to space constraints — both of which increased use of Function 4 actual workhours. We recommended management instruct unit employees to follow required scanning procedures; secure accountable items; and monitor and coordinate mail arrival plans, profiles, and quality. We also recommended management instruct customer service supervisors to use the customer service variance model and emphasize the importance of entering accurate mail volume, eliminate inefficient office practices, assess equipment needs, and examine facility workroom space layout and use. Management agreed with the findings and recommendations.

Report Title	Report Number	Final Report Date	Monetary Impact (in millions)
<i>Capital and Northern Virginia District Courier Service</i>	<a href="#">MS-MT-16-002</a>	2/26/2016	None
<p><b>Report Results:</b> Our report determined that the Brentwood and Merrifield post offices and the Curseen-Morris and Merrifield P&amp;DCs left remittance mail unattended and did not supervise courier pick-ups, did not maintain courier logs, and had no Caller Service standard operating procedures (SOP) for local couriers. We recommended management safeguard Caller Service mail and supervise courier mail pick-up on loading docks, establish and maintain courier logs, develop SOP for caller and courier service, establish activity control logs to record misdirected mail returned by couriers and evaluate possible causes, and implement a formal communication process between customer service and plant management concerning Caller Service changes to ensure timely notification and confirmation of receipt. Management agreed with our findings and recommendations.</p>			
<i>City Delivery Office Efficiency – Connecticut Valley District</i>	<a href="#">DR-AR-15-008</a>	7/24/2015	\$10.3
<p><b>Report Results:</b> Our report determined that the Connecticut Valley District has opportunities to enhance efficiency in city delivery office operations. We found the Connecticut Valley District's percent to standard was 11.36 percentage points above the national average. These conditions occurred because mail sometimes arrived late, the mail mix was incorrect, carriers engaged in time-wasting practices, were non-existent, and managers did not enforce policies and procedures. Eliminating the extra workhours would increase overall efficiency at the delivery units and allow a one-time cost avoidance of about \$10.3 million in the following year. We recommended management eliminate unnecessary workhours at delivery units, eliminate inefficient office practices such as loading vehicles on office time and excessive P.M. office time, increase mail arrival efficiency by preparing up-to-date integrated operating plans with facility processing managers, and ensure adherence to Postal Service policies and procedures for supervising city delivery operations at delivery units. Management agreed with the findings and recommendations, but disagreed with the monetary impact.</p>			
<i>Customer Service Operations Efficiency – Chicago District</i>	<a href="#">MS-AR-15-005</a>	4/28/2015	None
<p><b>Report Results:</b> Our report determined that customer service operations in the Postal Service's Chicago District were inefficient. During FY 2014, 12 of 13 facilities had actual workhours in excess of estimated workhours and eight of 13 had lower efficiency rates than the national goal of 82.5 percent. Additionally, in FY 2013, all 13 facilities had actual workhours in excess of estimated workhours and 12 of 13 had lower efficiency rates than the national goal of 87.5 percent. We recommended the Great Lakes Area vice president train customer service supervisors on using the customer service variance model and reports and require unit management to emphasize the importance of following time clock procedures during scheduled stand-up talks with unit employees. Management agreed with the findings and recommendations.</p>			

## Appendix B: Management's Comments



August 15, 2016

Sherry Fullwood  
Acting Director Audit Operations  
Office of Inspector General  
United States Postal Service

**Subject:** Response to Draft Audit Report – Customer Service Operations in the  
Capital and Northern Virginia Districts (Report Number MS-AR-16-DRAFT)

Thank you for the opportunity to respond to the OIG Audit of Customer Service Operations in the Capital and Northern Virginia Districts. Capital and Northern Virginia Districts do not completely agree with the findings noted during this audit based on the differences noted between the OIG's subjective selections for this audit versus the national metrics available at the district level as outlined below.

Regarding the specific findings:

**PO Box and Distribution Up Time Performance:** Both districts measure PO Box and Distribution Up Time performance daily and continue to drive these service measurements. While the goal is to provide 100% PO Box and Distribution Up Time service to goal and both districts have a commitment to distribution and PO Box uptimes, these are influenced by conditions that can change daily. Capital and Northern Virginia Districts do generally agree with the recommendations made during this audit and will implement each as detailed below to help improve customer service.

**UBBM Handling Process:** The first class mail that was found in mail designated for recycling was not found in mail finalized for destruction but was found in tubs at mail cases that would then be reviewed again to ensure this type of mail is not destroyed.

**Retail Service / Customer Service Efficiency / Scanning:** Regarding the overall statements in the Draft Audit Report on Customer Service Operations, in respect to Retail Service, Function 4 efficiency and scanning are not representative of the actual performance in the Northern Virginia and Capital Districts in these areas. This is due to auditors using partial samplings in only select stations in place of actual national metrics (which are available) for Retail Service, Wait Time in Line and scanning, all of which are available both at the local office and district level. In many cases, the results of these samplings are in contrast to the national performance metrics covering these areas for one or both districts.

To summarize, the Northern Virginia District is well above the national average in Retail Customer Experience performance, Wait Time in Line, Customer Service Variance (CSV) efficiency, F4 Hours to Plan, and overall scanning for the most recent Quarter (Quarter 3), which is during the time-frame of the audit.

Relative to Retail Customer Experience (RCE), Capital finished in the top 10 Nationally in Quarter 3 for Hazmat, Circling the POS Receipt and Capabilities of Shipping. Capital is currently first in Capital Metro Area and third nationally regarding RCE in Quarter 4.

Please see data below covering actual performance in these areas for Northern Virginia and Capital in contrast to audit findings:

**Function 4 Efficiency / Productivity**

CSV Efficiency % Quarter 3 (Apr – June)

National Performance	88.39%
Northern Virginia District	94.85% – Ranked 11 <sup>th</sup>

F4 To Plan Hours Quarter 3 (Apr – June)

National Performance	+4.19% to Plan Hours
Northern Virginia District	- 0.25% to Plan Hours – Ranked 18 <sup>th</sup>
Capital District	+0.02% to Plan Hours – Ranked 21 <sup>st</sup>

**Retail Service**

Retail Customer Experience (RCE) Quarter 3 (Apr – June)

RCE - Overall

National Performance	91.00%
Northern Virginia District	94.90% - Ranked 5 <sup>th</sup>
Capital District	91.70% - Ranked 34 <sup>th</sup>

RCE - Wait Time in Line

National Performance	86.20%
Northern Virginia District	94.90% - Ranked 7 <sup>th</sup>
Capital District	85.50% - Ranked 42

**Scanning Quarter 3 (Apr – June)**

Overall Scanning

National Performance	97.58%
Northern Virginia District	97.87% - Ranked 15 <sup>th</sup>

Regarding the Monetary Impacts listed as Questioned Costs in the amount of \$16,198,914 based on performance to CSV for the eight quarters prior to the audit, while CSV is a tool for actionable performance management, it does not full take into account all issues that may affect true performance. This can include the population density, potential traffic issues related to transportation and ability to regularly monitor all locations by management based on staffing. In the case of Washington, DC in Capital District, there are 63 detached Finance Stations which negatively impact CSV,

as they do not have supervisors or managers domiciled and are required to staff above earned to meet expected customer Wait Times in Line. These sites do not earn one full time equivalent employee daily but they are required to staff two employees per day to cover the window of operations (including 16 Capitol Hill post offices). Both Northern Virginia and Capital Districts are centered in major areas of population which dramatically increases the logistics required to move mail efficiently and maintain the standards for earned work hours as presented in CSV, which weights all sites and districts evenly.

**Recommendation #1**

We recommend Capital and Northern Virginia district managers develop strategies to more effectively monitor customer service operations at their retail and delivery units by instructing unit employees to follow required scanning procedures and verify such procedures are followed.

**Management Response/ Action Plan**

Management agrees with this recommendation and will implement by issuing mandatory service talks to the field regarding scanning to ensure accuracy and 100% product visibility. An email containing service talks reiterating existing policies and procedures on scanning will be sent to all applicable site managers with a requirement to give to all employees immediately.

**Target Implementation Date**

Capital District- July 21, 2016  
Northern Virginia District- August 19<sup>th</sup>, 2016

**Responsible Official**

Sal Vacca, Capital District Manager  
Jeff Becker, Northern Virginia District Manager

**Recommendation #2**

We recommend Capital and Northern Virginia district managers develop strategies to more effectively monitor customer service operations at their retail and delivery units by coordinating units' integrated operating plans and mail arrival profiles.

**Management Response/ Action Plan**

Management agrees with this recommendation and is in the process of implementing by reviewing and updating integrated operating plans and mail arrival profiles at opportunity sites based on Function 2C percent to standard. While this is an ongoing process, the sites identified in this audit will be reviewed first and changes will be implemented to improve service performance.

**Target Implementation Date**

October 31, 2016

**Responsible Official**

Michael Lloyd, Capital District MOPS  
Bill Craig, Northern Virginia District MOPS

**Recommendation #3**

We recommend Capital and Northern Virginia district managers develop strategies to more effectively monitor customer service operations at their retail and delivery units by instructing unit employees to follow required mail handling procedures and verify such procedures are followed.

**Management Response/ Action Plan**

Management agrees with this recommendation and will implement by issuing mandatory service talks to the field regarding Facility Retail Expectancy and How to Handle UBBM (Undeliverable Bulk Business Mail).

**Target Implementation Date**

Capital District- July 21, 2016  
Northern Virginia District- August 19<sup>th</sup>, 2016

**Responsible Official**

Sal Vacca, Capital District Manager  
Jeff Becker, Northern Virginia District Manager

**Recommendation #4**

We recommend Capital and Northern Virginia district managers develop strategies to more effectively monitor customer service operations at their retail and delivery units by instructing postmasters and customer service supervisors to update retail signage, review *Retail Customer Experience Wait Times* reports, and use the Lobby Director Program to reduce customers' wait time in line.

**Management Response/ Action Plan**

Management agrees with this recommendation and has implemented service talks to the field and internal service reviews to effectively monitor retail service performance

**Target Implementation Date**

Capital District- July 21, 2016  
Northern Virginia District- April 6, 2016

**Responsible Official**

Sal Vacca, Capital District Manager  
Jeff Becker, Northern Virginia District Manager



Sal Vacca  
Capital District Manager



Jeff Becker  
Northern Virginia District Manager



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