



# OFFICE OF INSPECTOR GENERAL

UNITED STATES POSTAL SERVICE

## Mobile Delivery Device Deployment and Functionality

### Audit Report

Report Number  
MI-AR-15-005

July, 8 2015





# OFFICE OF INSPECTOR GENERAL

## UNITED STATES POSTAL SERVICE

## Highlights

***Mobile Delivery Devices (MDD) are new handheld scanners that allow U.S. Postal Service letter carriers to track package delivery in real-time.***

### Background

Mobile Delivery Devices (MDD) are new handheld scanners that allow U.S. Postal Service letter carriers to track package delivery in real-time. Package visibility is essential for the Postal Service to be competitive and also to support package growth.

MDDs replace the Intelligent Mail Device (IMD) and clamshell cell phones that letter carriers currently use to track package delivery in near real-time. IMDs have limited capabilities and are experiencing end-of-life issues. MDDs are single devices intended to support multiple requirements — such as Sunday delivery and dynamic routing — report scan data faster, and support future software enhancements.

Between September and December 2014, the Postal Service deployed 75,386 MDDs to letter carriers at a cost of \$ [REDACTED] million. It began Phase 2 deployment of 188,000 MDDs in February 2015. Management plans to complete Phase 2 deployment for \$ [REDACTED] million in September 2015, for a total deployment of 263,386 MDDs.

Our objective was to assess the deployment plan and functionality of MDDs.

### What The OIG Found

We visited 40 sites and interviewed 92 supervisors and 154 letter carriers in the Capital and Northern Virginia

districts and found that Phase 1 MDD deployment was adequate and ahead of schedule. However, we found three common functionality issues: screen freezes, laser beam reader freezes, and insufficient battery life. Letter carriers used ineffective or inefficient workarounds, often counter to operating instructions when MDDs did not work as designed. In addition, we found the MDD training program needs improvement and the Critical Parts Center processes eBuy2 and help desk-requested MDDs and accessories without ensuring the parts actually need to be replaced or are not covered by warranties.

Inadequate MDD functionality, training, and spare parts management can cause mail and service delays, which may reduce customer satisfaction and prevent the Postal Service from becoming the shipper of choice. In addition, the MDD program has an added expense of over \$255,000 because of purchasing items for spares or replacements that were under warranty.

### What The OIG Recommended

We recommended management establish controls to ensure all MDD functionalities are operating, evaluate current MDD training, and establish controls for processing MDD eBuy2 and help desk requests to ensure there is an actual need for replacement and equipment is not under warranty.

# Transmittal Letter



OFFICE OF INSPECTOR GENERAL  
UNITED STATES POSTAL SERVICE

July 8, 2015

**MEMORANDUM FOR:** MICHAEL J. AMATO  
VICE PRESIDENT, ENGINEERING SYSTEMS

EDWARD F. PHELAN  
VICE PRESIDENT, DELIVERY OPERATIONS

SUSAN M. BROWNELL  
VICE PRESIDENT, SUPPLY MANAGEMENT

E-Signed by Aron Alexander  
VERIFY authenticity with eSign-Desktop



**FROM:** Aron Alexander  
Acting Deputy Assistant Inspector General  
for Technology, Investment and Cost

**SUBJECT:** Audit Report – Mobile Delivery Device Deployment and  
Functionality (Report Number MI-AR-15-005)

This report presents the results of our audit of the Mobile Delivery Device Deployment and Functionality (Project Number 15TG012MI000).

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Michael Thompson, director, Major Investments, or me at 703-248-2100.

Attachment

cc: Corporate Audit and Response Management

# Table of Contents

Cover	
Highlights .....	1
Background .....	1
What The OIG Found.....	1
What The OIG Recommended .....	1
Transmittal Letter.....	2
Findings .....	4
Introduction .....	4
Conclusion .....	4
Functionality Issues .....	6
Training .....	6
Management of Spare Parts .....	7
Recommendations.....	8
Management’s Comments .....	8
Evaluation of Management’s Comments .....	9
Appendices.....	11
Appendix A: Additional Information .....	12
Background .....	12
Objective, Scope, and Methodology.....	12
Prior Audit Coverage .....	13
Appendix B: Mobile Delivery Device Equipment.....	14
Appendix C: Management’s Comments .....	15
Contact Information .....	20

# Findings

## Introduction

This report presents the results of our self-initiated audit of Mobile Delivery Device Deployment and Functionality (Project Number 15TG012MI000). Our objective was to assess the deployment plan and functionality of Mobile Delivery Devices (MDD). See [Appendix A](#) for additional information about this audit.

The MDD is the new handheld device that allows letter carriers to track package delivery in real-time. The MDD replaces the Intelligent Mail Device (IMD) and clamshell cell phones letter carriers use to track package delivery in near real-time. IMDs have limited capabilities, their maintenance and repair costs have doubled each year over the past 2 years, they are no longer manufactured, and they have exceeded their anticipated useful life.

MDD deployment is a \$■■■ million investment to help the U.S. Postal Service become the shipper of choice for more customers. The investment is part of a larger effort to establish a package processing and delivery network that supports volume growth, meets delivery expectations, and improves the customer experience by documenting activity in real-time.<sup>1</sup>

Real-time delivery notification with the IMD occurs about every 15 minutes and the MDD goal is notification within 5 minutes. The initial MDD software release for the period of July 2014 to February 2015 provided the same on-street delivery functions as the IMD. Unlike the IMD, the MDD is a single device that is intended to support multiple requirements — such as Sunday delivery and dynamic routing — report scan data faster, and support future software enhancements.

Between September and December 2014, the Postal Service deployed 75,386 MDDs to letter carriers at a cost of \$■■■ million. It began Phase 2 deployment of 188,000 MDDs in February 2015. Management plans to complete Phase 2 deployment for \$■■■ million in September 2015, for a total deployment of 263,386 MDDs. As of February 27, 2015, the Postal Service has deployed 109,584 MDDs<sup>2</sup> and is on schedule to complete the deployment in September 2015.

## Conclusion

We do not have any deployment issues to report; however, we found that MDDs do not perform as expected and, as a result, letter carriers experienced three common functionality issues: screen freezes, laser beam reader freezes, and insufficient battery life. This caused letter carriers to use ineffective or inefficient workarounds. In addition, management needs to improve the training process for delivery personnel<sup>3</sup> since they received minimal or no training and were not given training materials.

Finally, the Critical Parts Center (CPC) processes eBuy<sup>4</sup> and help desk requests for MDDs and accessories with minimal monitoring for warranty coverage or actual need. The Postal Service purchased over 7,000 spare parts worth about \$255,000 from October 2014 to March 2015.

Because of the operational and training issues, the \$■■■ million investment does not always provide customers with dependable real-time delivery data and could prevent the Postal Service from becoming the shipper of choice. Lastly, letter carriers use inefficient workarounds that can potentially cause mail and service delays that can reduce consumer satisfaction.

---

<sup>1</sup> Decision Analysis Report (DAR), *Mobile Delivery Device (MDD) Program – Phase 2*, dated September 23, 2014.

<sup>2</sup> Deployment as of February 27, 2015, according to the Postal Service's Technology Acquisition and Program Management Office.

<sup>3</sup> Letter carriers and delivery unit managers and supervisors.

<sup>4</sup> The Postal Service enterprise tool for ordering goods and services and for requesting payment for select utilities and bills.

# MDD Equipment



**Delivery personnel reported that MDDs did not function as expected.**

## Functionality Issues

Delivery personnel reported that MDDs did not function as expected. The issues are listed below, with the number in parenthesis indicating how many times the issue occurred:

- When its keys are pushed or its screen is tapped, the MDD does not always perform the 13 scanning, delivery, and device management functions (52). Thirty-four percent of the letter carriers we interviewed reported this problem. Although we did not select a statistical sample, this percentage could be representative of over 37,000 MDDs nationally having similar functionality problems. We found that letter carriers reset their MDDs by using the reset key (27) or removing the battery (40). Removing the battery is not the correct solution according to the operating instructions. Letter carriers stated that MDDs stop functioning more often during cold weather with no identifiable reason (22).
- The laser beam reader does not always function when its scan key is pressed (19) or in bright sunlight (5). When the laser beam reader is not working, the letter carrier manually enters the scan information into the MDD. Sixteen percent of the letter carriers we interviewed experienced this problem. Although we did not select a statistical sample, this 16 percent rate could be representative of over 17,000 MDDs nationally having the same problem. According to the statement of work, the MDD should perform three scans within 1 second, operate in cold weather, and scan in all light conditions. For the laser beam reader to start functioning again, the user must reset it with the reset keys. According to Postal Service guidance, in bright sunlight, letter carriers should turn their backs to the sun to shade the barcode and then scan.
- The battery life does not support continuous operation because the batteries discharge too quickly (22). Fourteen percent of the letter carriers we interviewed experienced this problem. Although we did not select a statistical sample, this percentage could be representative of over 15,000 MDDs nationally having this problem. According to the statement of work, the battery should last for at least 12 hours of continuous use. When the battery is totally discharged, letter carriers are returning to the delivery unit to get a spare battery, another MDD, or an IMD.

Letter carriers also stated that they write down or take pictures of the delivery information with their personal cell phones and manually enter delivery information later or use another letter carrier's MDD. We found that delivery personnel returned to the unit for a replacement MDD or IMD or asked a supervisor to bring them a replacement (21). Supervisors are not always contacting the MDD help desk to report battery issues and obtain replacement batteries. The exchange of the batteries through the MDD help desk is part of the vendor's warranty.<sup>7</sup> Instead, the Postal Service purchased 2,270 new batteries through eBuy2 or the help desk between November 2014 and March 18, 2015, at a cost of [REDACTED] (\$ [REDACTED] each).

Inadequate functionality and workarounds can adversely affect the customer experience. When the Postal Service cannot provide real-time delivery information to its customers, it can lose customers and its brand and reputation can suffer.

## Training

During our fieldwork, 38 percent of delivery personnel stated that they received minimal or no MDD training and did not receive any associated training materials. The MDD training materials are available on the Postal Service's website, but are not readily available to letter carriers and website review time to search for the materials was not provided. According to the program management office, the \$ [REDACTED] million training plan includes stand-up service talks, demonstrations by subject matter experts

<sup>5</sup> MDD should operate between -4 to 122 degrees Fahrenheit (*Next Generation Handheld Statement of Work*, Update 1.1, dated November 15, 2013).

<sup>6</sup> *Mobile Delivery Device Production Training Guide*, pg. 62, dated September 18, 2014.

<sup>7</sup> The warranty will expire December 31, 2015, for MDD Phase 1 and 1 year following the final deployment of MDD Phase 2.

and supervisors, training the trainer sessions, training videos, a MDD-Mobile Delivery Devices Production Training PowerPoint presentation, and the *USPS Mobile Delivery Device Installation Guide*.<sup>8</sup>

According to delivery personnel:

- MDD stand-up service talks were not always effective because letter carriers did not understand the device's features and proper operating procedures.
- Delivery personnel did not know which keys to press to reset the MDD when it did not work (40). Instead, they removed the battery to reset the MDD. Additionally, letter carriers returned to the unit for a replacement MDD or IMD or asked a supervisor to bring them a replacement (16).
- Delivery personnel did not know how to put the MDD in sleep mode when not in use (32). The sleep mode ensures keys cannot be inadvertently pressed when the MDD is not in use. Unintentionally pressing the keys could activate the screen, prevent the MDD from functioning properly, and cause unnecessary battery usage.

Inadequate training can lead to incorrect MDD use or ineffective workarounds, which can increase delivery route time. These training and use issues can also cause customers to receive incorrect or delayed delivery information.

### Management of Spare Parts

The CPC processes eBuy2 and help desk requests for MDDs and accessories, such as batteries, charging cradles, and cables with minimal monitoring for warranty coverage or actual need. As a result, between October 2014 and March 11, 2015, the Postal Service used the CPC to issue over 7,000 spare parts and accessories or replacements worth about \$255,000 (including the \$█████ mentioned above for batteries) that were under warranty. As a result, the Postal Service is incurring unnecessary costs by purchasing new parts to replace parts that could still be under warranty. Additionally, the MDD vendor is responsible for determining whether or not an item is defective or repairable; however, the MDD vendor works the help desk so no independent Postal Service official verifies whether an MDD accessory is repairable or defective. As a result, the help desk could be directing delivery personnel to purchase MDD accessories, including batteries, through eBuy2 instead of replacing them at no cost, as required by the warranty.

According to the MDD program management office, warranties only cover MDDs and accessories that are deemed defective. But the contract does not define "defective" or indicate what items are considered MDD accessories covered under warranty.

In addition to the MDD, there are more than 13 MDD-related items that can be purchased through eBuy2 or the help desk, such as hand straps, styluses, and battery doors (see [Appendix B](#) for a complete listing of MDD eBuy2 and help desk items).

***The MDD vendor is responsible for determining whether or not an item is defective or repairable; however, the MDD vendor works the help desk so no independent Postal Service official verifies whether an MDD accessory is repairable or defective.***

<sup>8</sup> \$█████ million to train headquarters training support, field delivery training support, and city and rural letter carriers was approved in DAR, *Mobile Delivery Device (MDD) Program – Phase 2*, dated September 23, 2014.

# Recommendations

***We recommend management establish controls to ensure all MDD functionalities are operating, evaluate current MDD training, and establish controls for processing MDD eBuy2 and help desk requests.***

We recommend the vice president, Engineering Systems:

1. Determine, evaluate, and establish corrective program controls to ensure current and future Mobile Delivery Device functionalities are operational.

We recommend the vice president, Delivery Operations, in conjunction with the vice president, Engineering Systems:

2. Evaluate and assess the effectiveness of current Mobile Delivery Device training and implement changes to ensure all users are adequately trained.

We recommend the vice president, Delivery Operations, in conjunction with the vice president, Supply Management:

3. Establish controls for Mobile Delivery Devices and parts prior to processing eBuy2 and help desk requests to ensure there is an actual need for replacement and equipment is not under warranty.

## Management's Comments

Management disagreed with our conclusions, recommendations, and monetary impact. See [Appendix C](#) for management's comments in their entirety.

Management disagreed with our overall conclusion stating that the MDD Program achieved its goal of providing best-in-class real-time tracking capabilities via a single device faster than any other previous scanning program of this size and that our conclusion does not recognize the positive aspects of the program. Management also disagreed with our finding that there was insufficient monitoring for warranty coverage or actual need of spare parts. Management stated the four items in eBuy2 (hand straps, stylus, holsters, and batteries) are consumable items that may be ordered based on operational need or normal wear and tear. Management also stated that eBuy2 does not automatically process orders, but orders must be approved by local field management and the item manager in Topeka. In addition, local field managers are responsible for reviewing and denying orders only when they suspect unnecessary need or a warranty opportunity.

In response to recommendation 1, management disagreed, stating that ongoing engineering activities monitor functionality issues reported through the help desk and solutions are regularly developed and tested through a software development process. This process includes independent verification and validation testing to ensure equipment functionalities are operational.

In response to recommendation 2, management disagreed, stating that a "training the trainer" strategy is the best method for national carrier training. Management stated that current field training includes the setup, hardware, software, and basic information to include workarounds for functionality issues. Fourteen training sessions have taken place since August 2014 and are available to view on the Delivery MDD website, along with additional training and reference materials. Lastly, management stated that training issues can be raised on a regular recurring conference call for MDD coordinators and that MDD training will be part of the Carrier Academy curriculum, beginning in Quarter 1, 2016.

In response to recommendation 3, management disagreed, stating that replacement items cannot be ordered until after working with Postal Service Tier 2 support and that those replacement items are monitored in area and district coordinator meetings. Management also stated that it added an alert message to eBuy2 on April 28, 2015, notifying field personnel of product warranty information.

In response to the monetary impact, management stated that we double counted the associated dollar amount (\$255,017) with two different categories of monetary impact and that dollar amount should be associated with only one category. Management broke the monetary impact into three categories: eBuy2 purchases, core charges, and returns in progress. Management stated that eBuy2 shipments were legitimate expenses for consumable items and other needed equipment that are approved purchases. Management disagreed with the core charges because they are an internal accounting entry to ensure warranty items are returned and they disagreed with the returns in progress because those items should be returned from the field for warranty processing.

## Evaluation of Management's Comments

Although management disagreed with our findings and recommendations, they did cite actions they are taking to address the areas of concern we identified. Because this information was new to the audit team, the U.S. Postal Service Office of Inspector General (OIG) will follow-up to validate the effectiveness of these actions in future audit work.

Management disagreed with our overall conclusion and stated that the OIG did not recognize the many positive aspects of this program. We did not recognize the positive aspects of the program because our audit objective was to assess the deployment plan and functionality of the MDDs. We found Phase 1 deployment of MDDs to be adequate and ahead of schedule and noted no issues. However, functionality issues with MDDs devices came to our attention through interviews with users. In response to the categorization of MDD-related items in eBuy2 as consumables, we disagree with this categorization because the items were under warranty and management's "consumable" designation was an internal designation and should not have affected the Postal Service's decision to obtain replacements under the warranty. While the DAR included funds for depot spares, the MDD deployment began in September 2014, and, as of March 2015, the Postal Service purchased \$153,997 worth of spare MDD-related equipment and accessories even though the scanner was deployed with its own equipment. Although, sites are authorized to order these items, we believe these purchases are excessive. The Postal Service purchased over 1,900 spare batteries at a total cost of \$61,949. Delivery units should not be maintaining spare batteries because the batteries have a minimum of 1,000 recharge cycles (about 3 years)<sup>9</sup> and should not need to be replaced unless they are defective.

Management disagreed with recommendation 1 and stated that ongoing monitoring activities and software development practices will ensure that equipment functionalities are operational. However, during our fieldwork management did not provide us with any information concerning monitoring activities and software development practices. Since management plans to develop and release new software to improve the functionality of the MDD, the OIG will close recommendation 1 with the issuance of this report and evaluate this issue in future audit work.

Management disagreed with recommendation 2 and described their ongoing and future training efforts. In their comments, management cited several MDD training items available on an internal website. While these materials are on the website, we do not consider the website to be an effective training resource because carriers do not have access to the Internet during their normal workday. Additionally, carrier responses indicated they were unfamiliar with the materials because supervisors only shared a minimal amount of them with the carriers. Management's response provided the actions they are taking to improve their ongoing and future training efforts, although they did not provide this information during our fieldwork. The OIG will close recommendation 2 with the issuance of this report and consider the effectiveness of their training efforts in future audit work.

Management disagreed with recommendation 3 and stated that they added a new message alert in eBuy2 to notify the field of product warranty information. This action should answer the intent of our recommendation and help local field management be

---

<sup>9</sup> The MDD extended battery can be recharged a minimum of 1,000 times and each charge should last for at least 12 hours of continuous use before it needs to be replaced.

more accountable for monitoring orders that may be covered under warranty when reviewing orders for approval. Management also stated that we did not correctly identify the items available in eBuy2 and we revised our draft report prior to receiving management's comments. Because management implemented proactive actions to monitor and notify the field of product warranty information after our fieldwork, the OIG will close recommendation 3 with the issuance of this report and reevaluate the established controls and monetary impact in future audit work.

Management disagreed with the monetary impact and stated that we double counted the money and incorrectly included internal accounting entries and warranty items where the return was pending. We did not double count the \$255,017 management considered to be double counted because from October 2014 to March 2015, the Postal Service incurred unnecessary costs by purchasing new parts that could still be under warranty. Additionally, we projected the Postal Service could possibly spend another \$255,017 in the 6 months going forward without corrective action. We believe the Postal Service could avoid these costs in the future. Concerning the core charges of \$38,956, we agree that it is an internal Postal Service accounting transaction to assist with warranty returns. However, at the time of the audit, these core charges were outstanding and, therefore, decreasing the delivery units' operating budgets. The equipment related to these core charges and other equipment had not been returned within the required 20-day window.

# Appendices

*Click on the appendix title  
to the right to navigate  
to the section content.*

Appendix A: Additional Information .....	12
Background .....	12
Objective, Scope, and Methodology.....	12
Prior Audit Coverage .....	13
Appendix B: Mobile Delivery Device Equipment.....	14
Appendix C: Management’s Comments .....	15

## Appendix A: Additional Information

### Background

MDDs are replacing the IMDs and clamshell cell phones letter carriers currently use to track package delivery in near real-time. IMDs have limited capabilities. In addition, their maintenance and repair costs have doubled each year over the past 2 years, they are no longer manufactured, and they have exceeded their anticipated useful life.

MDDs are based on state-of-the-art technology and are designed to support the real-time scanning requirements of Postal Service products and services, as well as future scanning needs. MDDs access wireless networks for real-time tracking. In addition, MDDs will support expanded services the Postal Service is offering and could offer in the future, such as Sunday delivery, dynamic routing, and on-demand pick-up.

The Postal Service began MDD Phase 1 deployment in September 2014, and completed it in December 2014. It deployed a total of 75,386 MDDs and related accessories, such as holsters, charging cradles, and batteries.

MDD Phase 2 deployment began in February 2015 and is scheduled for completion in September 2015. The Postal Service will deploy 188,000 MDDs and related accessories during Phase 2 and, upon completion, will have deployed a total of 263,386 MDDs.

### Objective, Scope, and Methodology

Our objective was to assess the deployment plan and functionality of MDDs. Our scope was the deployment schedule for the program and the functionality of the MDDs in operation.

To achieve this we:

- Reviewed and evaluated MDD DARs for Phase 1 and Phase 2.
- Interviewed headquarters Program Management Office personnel to understand MDD deployment plans and functionality.
- Reviewed and evaluated historical and current deployment of MDDs.
- Determined MDDs contractual functionality compared to their current functionality.
- Conducted 40 site visits and interviewed 92 supervisors and 154 letter carriers in the Capital and Northern Virginia districts to understand delivery supervisor and letter carrier concerns about MDD deployment and functionality.
- Reviewed and evaluated the adequacy of MDD user training.
- Reviewed and evaluated eBuy2 request data to identify what items were purchased.
- Interviewed asset management, budget, and program management personnel to understand the warranty process and related costs for the MDD program.

We conducted this performance audit from December 2014 through July 2015, 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 discussed our observations and conclusions with management on May 14, 2015, and included their comments where appropriate.

We did not assess the reliability of any computer-generated data for the purposes of this audit. We tested deployment and functionality issues during site visits and interviews with Postal Service delivery unit personnel. We determined that the data used were sufficiently reliable for the purposes of this report.

### **Prior Audit Coverage**

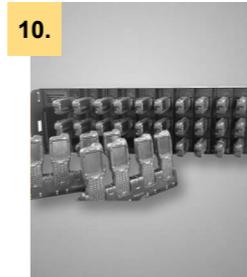
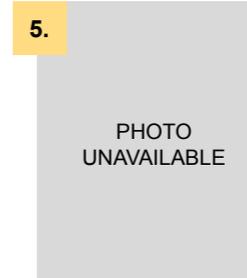
The OIG did not identify any prior audits or reviews related to the objective of this audit.

## Appendix B: Mobile Delivery Device Equipment

### ITEM

1. HOLSTER
2. BATTERY
3. MDD SCANNER
4. HAND STRAP
5. RECEIVER
6. STYLUS
7. 4-SLOT CRADLE
8. 25 FT BLK CABLE
9. 4-SLOT CHARGER
10. 30 BAY RACK W/MOUNT CRADLE
11. 8-OUTLET SURGE PROTECTOR
12. 3 FT CABLE
13. POWER SUPPLY
14. BATTERY DOOR

Source: Postal Service Asset Management Planning.



## Appendix C: Management's Comments



June 18, 2015

LORI LAU DILLARD  
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Management Response - Mobile Delivery Device Deployment and Functionality  
(Report Number MI-AR-15-DRAFT)

In response to your recent audit on the Mobile Delivery Device program, we want to ensure key objectives of the program are not overlooked. The MDD program has achieved a very positive impact on our product visibility and our endeavor to provide more timely tracking information to our customers. Specifically, the goal of the program was to improve visibility to our customers through best-in-class real-time tracking capabilities via a single device. The program has successfully achieved this capability faster than any other previous scanning program of this size. In addition, we find it disappointing that the Office of Inspector General failed to recognize the many positive aspects of this program.

In regards to the specific recommendations in this audit report:

### **OIG Recommendations**

We recommend the Vice President, Engineering Systems:

**Recommendation 1:** Determine, evaluate, and establish corrective program controls to ensure current and future Mobile Delivery Device functionalities are operational.

**Management Response/Action Plan:** Management disagrees with the recommendation. The MDD program, as with all programs, has program controls in place that ensure equipment functionalities are operational. In the case of MDD, Delivery Managers are instructed to refer all MDD related issues through the MDD Help Desk. Engineering personnel monitor the help desk to determine if a particular failure or issue requires further investigation. When issues are identified, Engineering Systems has a MDD test lab to recreate the issues and conduct root cause analysis. Once a root cause is determined, solutions are developed and tested in accordance with our established software development process, which includes Independent Verification and Validation testing prior to release.

**Target Implementation Date:** N/A

### **Responsible Official:**

Manager, Package Technology and Visibility, Engineering Systems

We recommend the Vice President, Delivery Operations, in conjunction with the Vice President, Engineering Systems:

**Recommendation 2:** Evaluate and assess the effectiveness of current Mobile Delivery Device training and implement changes to ensure all users are adequately trained.

**Management Response/Action Plan:** Management disagrees with the recommendation. Based on past experience, the most effective and economical National Carrier Training methodology has been "Train the Trainer."

475 L'ENFANT PLAZA SW  
WASHINGTON, DC 20260

The MDD Field Training is very simple and is comprised of four sections:

- **Setup Training** – Walks through the process of receiving the MDD shipment and provides step by step instructions on connecting the charging cradles to the network. It also provides details on configuring the devices to a specific site.
- **Hardware Training** – Covers the use of all major keys required to operate the device and conduct business.
- **Software** – The MDD On-Street software is the same as the IMD On-Street software the carriers are accustomed to using. Therefore, the software training is limited to the new features, which were not released until the end of Phase I.
- **Basic Information** – All functional workarounds for MDDs are the same as IMDs. In the case of screen freeze, there is no workaround. In the case of laser freeze, the same workaround is used on MDD and IMD. Since the software is functionally the same for IMDs and MDDs, the carriers know how to manually enter the barcode information.

MDD Field Training sessions were held on the following dates:

MDD Training Dates
August 5, 2014
August 21, 2014
August 28, 2014
September 5, 2014
September 18, 2014
September 25, 2014
October 2, 2014
November 13, 2014
November 19, 2014
December 12, 2014
January 12, 2015
January 22, 2015
February 19, 2015
May 14, 2015

Additional MDD Field Training sessions are scheduled as requested by the Field and Delivery. The training sessions are recorded and are available for subsequent viewing on the Delivery MDD website, along with the slide decks additional training and reference materials are available on the website. Following is a list of available items and is not all encompassing of all items available:

- Power Point Training Decks (Updated regularly)
- Recordings of the MDD Field Training
- Step by Step Videos on Receiving Shipments in Ethos
- Service Talks
- Standard Operating Procedures
- Frequently Asked Questions (FAQs)
- Site Installation Guide (Updated as required)

In addition to the materials available on the Delivery website, Area Calls are held on Fridays, every two weeks. These calls provide the Area/District Coordinators with all necessary updates in a timely

manner and allow for open forum discussions. The open forum allows for discussions where any concerns can be raised, including training issues (modification, additional sessions, etc.).

Delivery and National Association of Letter Carriers (NALC) have partnered to develop an in depth training program for all new off the street hires. Beginning 2016 Q1, Delivery will launch the Carrier Academy. Completion of the in depth training provided in this academy will be required for all new off the street hires prior to transitioning to "on the job" training. Included in this training is the proper usage and functions of the MDD Device.

**Target Implementation Date:** N/A

**Responsible Official:**

Manager City Delivery Operations, Delivery Operations  
Manager Automation Equipment, Engineering Systems

We recommend the Vice President, Delivery Operations, in conjunction with the Vice President, Supply Management:

**Recommendation 3:** Establish controls for Mobile Delivery Devices and parts prior to processing eBuy2 and helpdesk requests to ensure there is an actual need for replacement and equipment is not under warranty.

**Management Response/Action Plan:** Management disagrees with this recommendation, the findings and associated monetary impact. Controls are in place to manage replacement devices and/or requests for additional consumable items. The controls include the review of business need and allow for evaluation of warranty returns and purchase of equipment.

eBuy2 orders are reviewed and approved by local field management prior to placing the orders or may be denied when they suspect unnecessary need for the item or a warranty opportunity. Note that Appendix B provided in the OIG report on page 4 incorrectly represents the items available for purchase in eBuy2. The only MDD-related items available in eBuy2 are Hand Straps, Stylus, Holsters, and Batteries. These four items have been identified as consumable items that may be ordered based on operational need or normal wear and tear. For instance, holsters and straps are sometimes required to support multiple carriers or substitutes within an office for hygienic reasons. Extra batteries are purchased as spares to allow the quick return of the unit to service to meet scanning demands. Also, when orders for these consumables are placed in eBuy2, they are transferred to the Material Distribution Inventory Management System which does not automatically process the order. The system holds the order until it is reviewed and approved by the Item Manager in Topeka.

The MDDs and the other associated items within Appendix B are initially being deployed under the program and replacements are processed through the Helpdesk. It is important to note that the supplier only provides initial Help Desk support. If Tier 1 Support (supplier troubleshooting) cannot resolve the problem, the ticket is elevated to USPS Tier 2 Support for further investigation. Only after working with USPS Tier 2 Support, can a replacement MDD or other MDD support item be ordered for a site. These orders are monitored and information about the items scheduled for return are reviewed in bi-weekly meetings with the Area/District Coordinators for follow up.

To improve communications and assist with the warranty process for the consumable items within eBuy2, Supply Management has added a new message alert to the catalog record to notify the field of product warranty information (April 28, 2015). If the field is ordering an item due to a

manufacturing defect or if the item has failed to perform as it was intended, they are directed to contact the Help Desk for potential warranty replacement and obtain instructions on where to return their item(s).

**Monetary Impact**

Regarding the monetary impact, Management disagrees.

- 1) While the Government Accounting Standards, Section 7.16, provides the OIG a means to associate monetary impact to a reported finding, this report is associating the same dollar values (\$255,017) with two different categories of monetary impact (e.g. questioned costs and funds put to better use). While the Standards do not address how to quantify the dollar values in terms of categories, it would seem reasonable that a dollar value should be associated with only one category of monetary impact or appropriately proportioned between two or more categories, but not double counted.
- 2) The charges in question, \$255,017, are legitimate expenses (MDD Shipments Table). The OIG included the value of the cores in the dollar amount, which was then multiplied by the delta. The core charge of \$38,956.13 is an internal, USPS accounting transaction to assist with warranty returns and should be excluded from the calculation. The eBuy2 orders, \$153,997.43, are authorized purchases per the existing, formal control approval process. Sites are authorized to order these four items, as needed, for their operations and an associated cost was included within the DAR.

MDD Shipments: Oct. 1st, 2014 thru March 11th, 2015

NSN	Description	Qty Issued Based on eBuy Orders	Qty Issued Based on Help Desk Orders	Total Returns Value	DELTA	Total Cost
6750-17-000-1571	HOLSTER, SCANNER, DELIVERY, MOBILE (MDD)	3,487		-		\$ 78,966.60
6140-17-000-1557	BATTERY, EXTENDED, 99EX, MDD	1,912	444	86	2,270	\$ 73,548.68
7025-17-000-4818	SCANNER, HAND, MOBILE, DELIVERY, PROD 8		925	807	118	\$ 194.98
7520-17-000-1577	STRAP, HAND, STANDARD, 99EX, MDD	744		-		\$ 6,285.16
5895-17-000-4856	RECEIVER, GPS, 5 DEVICE BT CONNECTIMTY,		588	246	342	\$ -
6720-17-000-1616	SCANNER, HAND, MOBILE, DELIVERY, BLUE, RURAL 7		372	307	85	\$ 72,833.48
7520-17-000-1579	STYLUS, TETHERED, STYLUS 99EX (PKG OF 6) M	313		-		\$ 6,796.29
6130-17-000-1568	CRADLE 99 EX, 4 SLOTS, MDD		52	32	20	\$ 12,083.50
6720-17-000-1576	MDD TEST WIRELESS ISSUE PRODUCTION		38	11	27	\$ -
6150-17-000-4952	25 FT BLK CABLE, CAT6 PATCH, MOLDED W/BOOT		10	-		
6130-17-000-4696	CHARGER, BATTERY, 4 SLOT, MDD		9	5	4	\$ 1,219.44
6130-17-000-1565	CRADLE, 99 EX, 30 BAY RACK W/MOUNT, MDD		7	-		
6150-17-000-4817	PROTECTOR, SURGE PROTECTOR, 8 OUTLET W/1		6	-		\$ 40.64
6130-17-000-4697	INSERT, MODULAR, 6 BAY (RPLC PART FOR 30		5	-		\$ 3,030.00
6150-17-000-4950	3 FT. CABLE, CAT6 PATCH, MOLDED W/BOOT R		3	-		
6150-17-000-1573	POWER SUPPLY, CR, NR, MODULAR UNIT, KIT, MDD		1	-		
6160-17-000-1570	DOOR, BATTERY, EXTENDED, 99EX, MDD		1	-		\$ 18.00
		6,456	2,461	1,494	967	\$ 255,016.78
			8,917			
						Core Charges on Delta \$ 38,956.13
						eBuy2 \$ 153,997.43
						Returns in Progress \$ 62,063.22

- 3) The remaining \$62,063.22 represents items that should be returned from the field for warranty processing. Sites are required to send broken items to the Critical Parts Center within 20 days for processing and this amount represents the current pipeline for the carcass returns. Again, during the biweekly Area Calls, the numbers of non-returned devices are reviewed with the Area/District Coordinators for follow up.

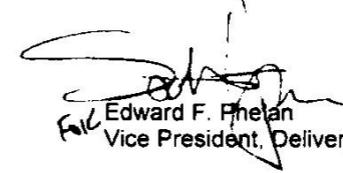
**Target Implementation Date:** N/A

**Responsible Official:**

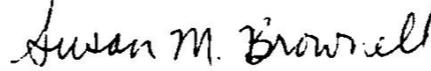
Manager, Asset Management, Supply Management  
Manager City Delivery Operations, Delivery Operations



Michael J. Amato  
Vice President, Engineering Systems



Edward F. Phelan  
Vice President, Delivery Operations



Susan M. Brownell  
Vice President, Supply Management

cc: Manager, Corporate Audit Response Management



Contact us via our [Hotline](#) and [FOIA](#) forms, follow us on social networks, or call our Hotline at 1-888-877-7644 to report fraud, waste or abuse. Stay informed.

1735 North Lynn Street  
Arlington, VA 22209-2020  
(703) 248-2100