



OFFICE OF INSPECTOR GENERAL

UNITED STATES POSTAL SERVICE

Retail and Customer Service Operations in the Philadelphia Metropolitan District

Audit Report

Report Number
MS-AR-17-010

September 25, 2017





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Highlights

The Philadelphia Metropolitan District includes over 250 retail units with a combined retail revenue of over \$175 million for FY 2016.

Background

The U.S. Postal Service has a substantial network of about 35,000 retail facilities, including post offices, stations, and branches. The Philadelphia Metropolitan District includes over 250 retail units with a combined retail revenue of over \$175 million for fiscal year (FY) 2016.

Retail and customer service operations are integral parts of the Postal Service's ability to retain customers and ultimately generate revenue. The Postal Service aims to provide customers with a positive retail experience and efficient customer service operations.

The Postal Service measures workhour efficiency with its Customer Service Variance (CSV) model, which helps assess retail customer service productivity. The timeliness of mail to customers can be impacted on the availability and condition of mail provided to the post office. The Integrated Operation Plan (IOP) and Mail Arrival Profile (MAP) are tools that managers use to ensure mail timeliness.

Our objective was to assess retail and customer service operations in the Philadelphia Metropolitan District. We selected this district as it was one of the most inefficient districts in the country during 2016 based on retail and customer service operation data.

What the OIG Found

While the Philadelphia Metropolitan District has made productive gains in its retail and customer service operations, opportunities for improvement remain. During our visits to 10 units, we identified deficiencies that could contribute to ineffective retail and customer service operations. Specifically, concerning retail service:

- Five units did not meet the Postal Service's retail wait-time-in-line (WTIL) target.
- Four units did not answer the telephone, which corroborated concerns from a district customer service manager that telephone calls were not being consistently answered.

We also found customer service operational concerns related to mail timeliness and scanning:

- Units did not always meet timeliness requirements. Specifically:
 - Six units did not prepare redirected mail for timely dispatches.
 - Six units did not meet the target time for distribution of mail to letter carriers.
 - Three units did not have mail ready for collection by Post Office Box customers.



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- Mail was not properly scanned. Specifically:
 - Eight units did not perform required “Notice Left” scans for 20 out of 229 mailpieces.
 - Five units did not perform required “Arrival at Unit” scans for 27 out of 114 accountable mailpieces.
 - Four units did not perform “Arrival at Unit” scans for 14 out of 410 distribution mailpieces.
 - Three units did not perform “Accept or Pickup” scans for 23 out of 190 mailpieces.

These conditions occurred because district and local management did not adequately monitor retail and customer service operations. For example:

- Units did not use lobby assistants to help customers with transactions.



- Units did not have updated, signed copies of the IOPs and MAPs to facilitate staffing and mail transportation requirements.



- Local management did not adequately monitor mail processing and scanning procedures.





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These deficiencies negatively impacted retail service and the efficiency of customer service operations. According to the CSV model, units we visited used 91,857 more workhours than earned in FY 2016, costing the Postal Service almost \$3.8 million.

What the OIG Recommended

We recommended management develop strategies to monitor retail and customer service operations by:

- Instructing postmasters and customer service supervisors to use lobby assistants to reduce customers' WTIL and to promptly answer telephone calls.
- Coordinating actual mail arrival time and condition with those outlined in unit IOPs and MAP.
- Actively monitoring employees to manage workload and ensure efficient mail processing procedures.
- Instructing unit employees to follow required scanning procedures and ensure the procedures are followed.

Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

September 25, 2017

MEMORANDUM FOR: CHU FALLING STAR
DISTRICT MANAGER, PHILADELPHIA METROPOLITAN

E-Signed by Janet Sorensen
VERIFY authenticity with eSign Deskto

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

SUBJECT: Audit Report – Retail and Customer Service Operations in
the Philadelphia Metropolitan District
(Report Number MS-AR-17-010)

This report presents the results of our audit of Retail and Customer Service Operations in the Philadelphia Metropolitan District (Project Number 17RG013MS000).

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

Attachment

cc: Postmaster General
Corporate Audit Response Management
Vice President, Eastern Area

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Findings

The district reported recent improvements in its WTIL scores, residential survey satisfaction, and CSV performance.

Introduction

This report presents the results of our self-initiated audit of the U.S. Postal Service's retail and customer service operations in the Philadelphia Metropolitan District (Project Number 17RG013MS000). Our objective was to assess retail and customer service operations in the Philadelphia Metropolitan District. We selected this district as it was one of the most inefficient districts in the country during 2016 based on our analysis of retail and customer service operation data.¹ See [Appendix A](#) for additional information about this audit.

The Postal Service tracks retail and customer service operations at post offices, stations, and branches as part of its ongoing effort to provide high-quality customer service. Postal Service managers monitor retail and customer service operations in accordance with applicable policies and procedures. Key tools available to assist managers in carrying out retail and customer service operations duties include:

- The Retail Customer Experience (RCE) Program (formerly known as the mystery shopper program) and Point-of-Service (POS) surveys, which measure overall customer satisfaction at retail counters.
- The *Distribution and Post Office Box (PO Box)*² Up-Time reports, which track mail timeliness.
- The IOP and MAP, which state when mail should arrive and the types of mail that will be present.
- Scanning performance goals which provide package visibility, retain customers, and generate data used to improve operations and reduce costs.
- The CSV model, which assesses retail customer service productivity at select retail units.

The Philadelphia Metropolitan District recently implemented a Retail Local Operations Center (RLOC) initiative, which centrally monitors select retail lobbies and customer wait times via webcams. When long customer wait times are detected by the RLOC, local management are notified via email and phone to take corresponding corrective actions such as deploying additional retail associates or a lobby assistant.

The Philadelphia Metropolitan District had over 250 retail post offices, stations, and branches, with a combined retail revenue of over \$175 million for FY 2016. The district also served over 1.8 million PO Boxes and business and residential addresses during that time.

Summary

While the Philadelphia Metropolitan District has made productive gains in its retail and customer service operations, opportunities for improvement remain. The district reported recent improvements in its WTIL scores, residential survey satisfaction, and CSV performance. During our audit observations, we observed lobbies generally cleaned and stocked, knowledgeable and courteous

1 We ranked all 67 Postal Service districts based on our analysis of Point-of-Service (POS) and Retail Customer Experience (RCE) survey scores, and CSV scores for calendar year 2016. We applied a 75 percent weight to the overall POS and RCE survey scores and a 25 percent weight to the CSV score to each of the districts. The Philadelphia Metropolitan District was ranked 58th of 67 districts in our final analysis.

2 Distribution Up-Time is the target time for distribution of mail to the letter carriers and PO Box Up-Time is the target time for having mail ready for collection by PO Box customers.

employees, and employees asking customers for personal identification when picking up hold mail, in accordance with prescribed policy.³

However, during our site visits to 10 randomly selected units, we identified deficiencies that could contribute to ineffective retail and customer service operations. Specifically, concerning retail service:

- Five units did not meet the Postal Service's WTIL target.
- Four units did not answer the telephone, which corroborated concerns from a district customer service manager that telephone calls were not being consistently answered.

We also found customer service operational concerns related to mail timeliness and scanning.

- Units did not always meet timeliness requirements. In particular:
 - Six units did not prepare Postal Automated Redirection System⁴ (PARS) mail for timely dispatches.
 - Six units did not meet the target time for distribution of mail to letter carriers.
 - Three units did not have mail ready for collection by PO Box customers.
- Mail was not properly scanned. In particular:
 - Eight units did not correctly perform "Notice Left" scans for attempted delivery of 20 out of 229 mailpieces.
 - Five units did not perform required "Arrival at Unit" scans for 27 out of 114 accountable mailpieces.
 - Four units did not perform required "Arrival at Unit" scans for 14 out of 410 distribution mailpieces.
 - Three units did not perform required "Accept or Pickup" scans for 23 out of 190 mailpieces.

These conditions occurred because district and local management did not adequately monitor retail and customer service operations. For example,

- Units did not use lobby assistants to help customers with transactions, even with 3 of the units being included in the RLOC initiative.
- Units did not have updated, signed copies of the IOP/MAP to facilitate staffing and mail transportation requirements.
- Local management did not adequately monitor mail processing and scanning procedures.

3 Philadelphia Metropolitan district policy requires customers to present identification when picking up held mail at the post office and the Postal Service [website Q&A](#) includes an identification requirement to pick up hold mail.

4 PARS is an automated system to redirect Undeliverable as Addressed mail (UAA). PARS identifies and redirects UAA mailpieces at their point of origin rather than at their destination, providing significant savings through a reduction in sort passes and processing time associated with handling redirected mail.

We identified deficiencies in retail and customer service operations that could contribute to ineffective retail and customer service operations.

These deficiencies negatively impacted retail service and the efficiency of customer service operations. According to the CSV model, units we visited used 91,857 more workhours than planned in FY 2016, costing the Postal Service almost \$3.8 million.

Retail and Customer Service Operations

The Philadelphia Metropolitan District has made productive gains in its retail and customer service operations. The district reported recent increases in the following retail and customer service operations metrics:

- RCE: The average RCE overall score⁵ went from 90 to 94 percent, and the WTIL component of this score (which measures the number of RCE visits under 5 minutes) also increased from 86 to 92 percent.⁶
- CSV: Retail customer service productivity increased from 75 to 77 percent.⁷

Furthermore, during our visits to 10 units, we observed lobbies generally cleaned and stocked, knowledgeable and courteous employees, and employees asking customers for personal identification when picking up hold mail.

During these visits and subsequent analysis, however, we identified deficiencies in retail and customer service operations that could contribute to ineffective retail and customer service operations.

Retail Service

The Philadelphia Metropolitan District can improve retail services related to WTIL and telephone call responsiveness. The Postal Service's WTIL goal is to have a customer wait 5 minutes or less, 91 percent of the time.⁸ We observed five units that did not meet this target (see Table 1). Postal Service policy suggests the use of lobby assistants, when appropriate, helps reduce customer WTIL, particularly during busy times, by proactively engaging the customers and directing and helping them conduct more efficient transactions (e.g., self-service kiosks).

Table 1. Five Units Did Not Meet 5-Minute WTIL Target (Between April 18 and May 17, 2017)

Unit Name	Number of Customers Observed	Number of Customers Waited Longer Than 5 Minutes	Percentage of Time Met Under 5-Minute Target	Highest Observed Time Over 5 ^a Minutes	RLOC Office?	Was Lobby Assistant Used?
Torresdale Station	10	8	20%	18:18	Y	N
Philadelphia Main Office Station	31	13	58%	11:00	Y	N
Media PO	29	7	76%	7:55	N	N
Elkins Park PO	40	9	78%	6:50	Y	N

⁵ The overall RCE score measures a variety of factors that could impact the customer experience during a retail visit including the exterior and interior appearance, performance of the clerk, and WTIL.

⁶ We analyzed RCE and WTIL data from FY 2016 quarter (Q) 4 through FY 2017 Q3, compared to the same period last year (SPLY).

⁷ We analyzed CSV data from FY 2017, Q1, through Q3, compared to the SPLY.

⁸ Handbook PO-209 - Retail Operations Handbook, 13 Lobby and Retail Counter, 13-3 Service in Five Minutes or Less, October 2012.

Management did not adequately monitor retail service. In particular, units did not use lobby assistants and telephone responsibilities were not managed.

Unit Name	Number of Customers Observed	Number of Customers Waited Longer Than 5 Minutes	Percentage of Time Met Under 5-Minute Target	Highest Observed Time Over 5 ^a Minutes	RLOC Office?	Was Lobby Assistant Used?
Telford PO	40	6	85%	7:10	N	N
Totals	150	43	71%	n/a	n/a	n/a

Source: U.S. Postal Service Office of Inspector General (OIG) observations made between April and May 2017 site visits.

Note: n/a represents not applicable.

^a The Postal Service's goal is to provide a level of service that requires a customer to wait less than 5 minutes or less, 91 percent of the time.

We also found calls either were not answered or answered timely. Specifically, of the 50 calls we tested, 25 calls from nine units were answered within three rings, 15 calls from the six units were answered after more than three rings, and 10 calls from the four units were not answered (see Table 2). Postal Service policy requires that managers assign responsibility for answering the phone every day to at least two employees (clerk and/or supervisor) and ensure all calls are answered within three rings.⁹

Table 2. Telephone Call Performance (Between April 17 and June 6, 2017)

Unit Name	Calls Answered Within 3 Rings	Calls Answered After 3 Rings	Calls Were Not Answered/ No Response
Philadelphia Main Office Station	0	0	5
Southampton PO	2	0	3
Lansdale PO	4	0	1
West Chester PO	3	1	1
Elkins Park PO	5	0	0
Media PO	1	4	0
Morrisville PO	4	1	0
Phoenixville PO	3	2	0
Telford PO	1	4	0
Torresdale Station	2	3	0
TOTAL	25	15	10

Source: Calls made by OIG auditors between April and May 2017.

^a No response includes busy signals, voice mailboxes which were full, and dropped calls.

These conditions occurred because district and local management did not adequately monitor retail service. In particular, units did not use lobby assistants and telephone responsibilities were not managed.

Long WTIL and not answering the customers' calls timely could contribute to customer dissatisfaction and threaten the quality of the Postal Service's retail customer service.

9 Handbook PO-209, 2 Rules of Conduct, 2-9 Public Perception, October 2012.

Customer Service Operations

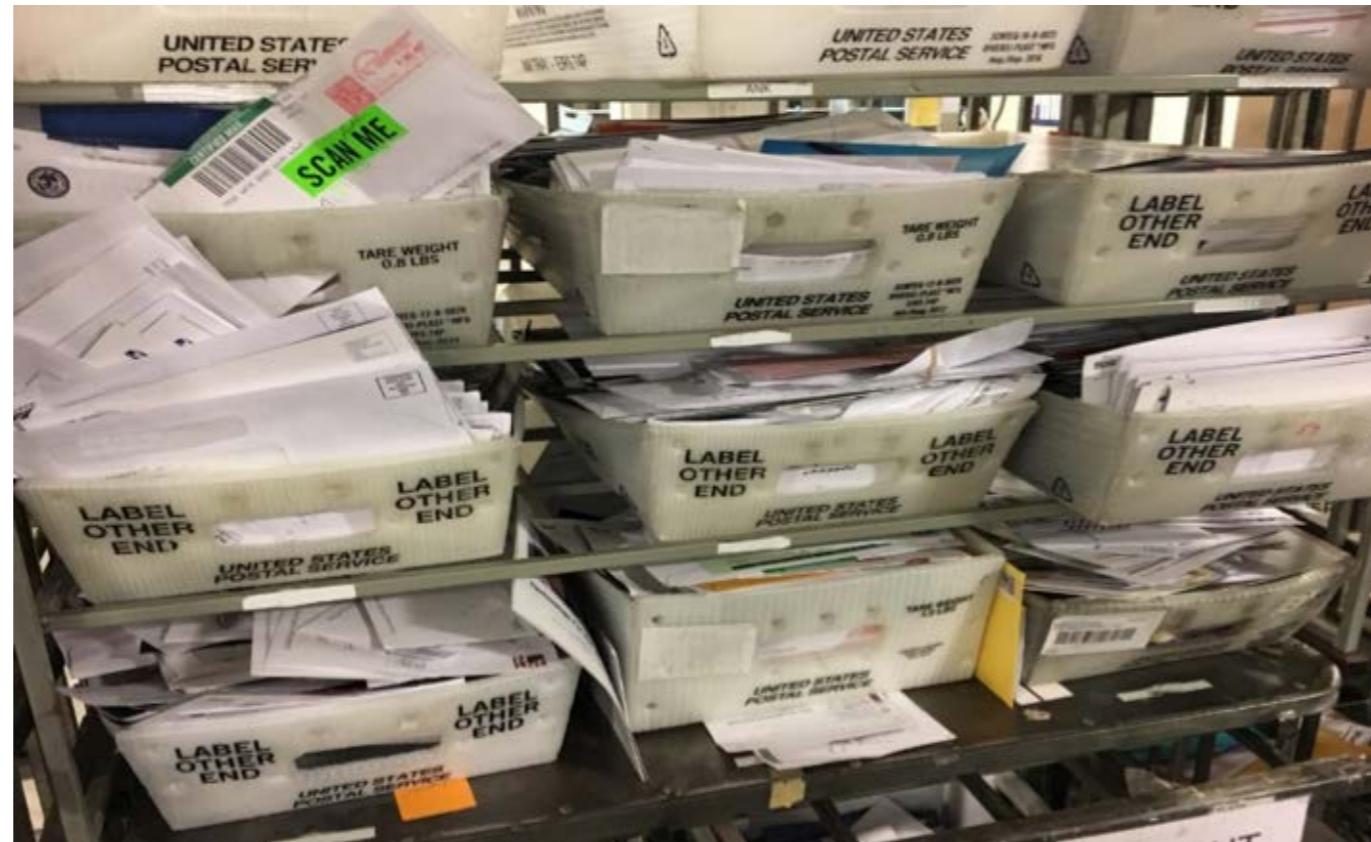
The Philadelphia Metropolitan District has opportunities to improve customer service operations related to mail timeliness and scanning of mail pieces that negatively impact customer service operations.

Mail Timeliness

Units did not always meet timeliness requirements. In particular:

- Six units did not prepare or expedite PARS mail. We found mail containers waiting for clerks to process and to be sent back to the Processing and Distribution Center (P&DC). For example, at one unit we found trays full of PARS mail not processed for several days (see Figure 1). Clerks are responsible for improving customer service by properly identifying and expediting the flow of UAA¹⁰ mail and advancing mail to the P&DC for processing on automated equipment.¹¹

Figure 1. Unprocessed PARS Mail



Source: OIG photograph taken May 3, 2017.

- Six units (Elkins Park, Morrisville, Phoenixville, Philadelphia Main, Torresdale, and West Chester) did not meet the target time for distribution of mail to letter carriers during our site visits. In a subsequent analysis of reports from March through May 2017, all 10 units did not meet the Distribution Up-Time, with two units never meeting the scheduled up-time (see [Table 3](#)).

¹⁰ UAA is mail that is not able to be delivered due to several reasons such as mail without postage, incorrect address, mail refused, not meeting mailability criteria, etc.

¹¹ Handbook PO 441, Rehandling of Mail Best Practices, 2-2.1 Clerk's Responsibilities, April 2002.

Table 3. Ten Units That Did Not Meet Scheduled Distribution Up-Time Scan (Between March 18 and May 24, 2017)

Management did not adequately monitor customer service operations, in particular mail timeliness issues.

Unit Name	Period Reviewed	On-Time or Early	Late	Missing	Total Scans	Percentage Not Met
Torresdale Station	Apr. 18 - May 24	0	26	0	26	100%
Philadelphia Main Office Station	Apr. 3 - May 2	0	26	0	26	100%
Morrisville PO	Apr. 22 - May 16	3	24	0	27	89%
West Chester PO	Apr. 1 - May 3	3	24	1	28	89%
Lansdale PO	Mar. 20 - Apr. 18	14	12	0	26	46%
Elkins Park PO	Apr. 8 - May 9	16	11	0	27	41%
Media PO	Apr. 1 - May 3	25	3	0	28	11%
Southampton PO	Apr. 17 - May 16	23	3	0	26	11%
Phoenixville PO	Apr. 1 - May 2	26	1	0	27	4%
Telford PO	Mar. 18 - Apr. 18	26	1	0	27	4%

Source: OIG analysis of Postal Service Distribution Up-Time reports between March and May 2017.

- Three units (Morrisville, Philadelphia Main, and West Chester) did not have mail ready for collection by PO Box customers during our visit. In a subsequent analysis of reports between March and May 2017, seven of 10 units did not always meet the PO Box Up-Time (see Table 4).

Table 4. Seven Units That Did Not Meet Scheduled PO Box Up-Time (Between March 18 and May 24, 2017)

Unit Name	Period Reviewed	On-Time or Early	Late	Missing	Total Scans	Percentage Not Met
West Chester PO	Apr. 3 - May 3	9	16	2	27	67%
Morrisville PO	Apr. 15 - May 16	11	16	0	27	59%
Lansdale PO	Mar. 20 - Apr. 18	22	4	0	26	15%
Philadelphia Main Office Station	Apr. 3 - May 2	23	1	2	26	12%
Media PO	Apr. 1 - May 3	25	3	0	28	11%
Torresdale Station	Apr. 18 - May 24	24	1	1	26	8%
Telford PO	Mar. 18 - Apr. 18	26	1	0	27	4%

Source: OIG analysis of Postal Service Box Up-Time reports between March and May 2017.

We identified 104,833 and 91,857 excess workhours in FYs 2015 and 2016, respectively, and considered the resulting \$8.1 million to be questioned costs.

According to Postal Service policy, postmasters establish Distribution and PO Box Up-times and strive to have all mail in PO Boxes as early as possible to attract customers to this premium service.¹²

These conditions occurred because district and local management did not adequately monitor customer service operations, in particular mail timeliness issues related to the following:

- *Outdated IOPs and MAPs.* None out the 10 units had updated, signed copies of the IOP or MAP indicating mail arrival times and mail conditions to facilitate staffing requirements. Postal Service policy¹³ requires each district to have an updated IOP and MAP between delivery units and plants to coordinate activities. In addition, we found inconsistencies in the IOP/MAP mail volumes and mail arrival/departure times; however, during the course of our audit, local management took corrective action. We will not make a recommendation on the IOP/MAP inconsistencies.
- *Inefficient mail processing procedures.* Staff at four of the 10 units we visited did not follow efficient mail processing procedures. For example, we observed clerks at one of the units dragging large sized parcels to carrier stations one at a time, instead of initially sorting them by carrier route for distribution. We also observed clerks double handling small parcels by moving them from one container to another, and then sorting them into tubs instead of initially sorting them by carrier route. Postal Service policy¹⁴ places priority on efficient mail staging and processing operations.
- *Mail Arrival and Preparation.* Six out of 10 units received mail from the P&DC that was late or required work because it was not prepared in accordance with the IOP and MAP.

By improving the timeliness of mail through more effective monitoring, district management could potentially save money by decreasing labor hours and customer complaints related to mail delays. For the units we visited, we identified 104,833 and 91,857 excess workhours in FYs 2015 and 2016, respectively, and considered the resulting \$8.1 million¹⁵ to be questioned costs.¹⁶

Scanning

Mail was not always properly scanned. We determined that employees did not perform “Notice Left” scans, mail arrival scans, or acceptance scans as shown below:

- Eight units did not perform required “Notice Left” scans (see [Table 5](#)). We also identified three mailpieces scanned at the Lansdale Post Office as “Delivered.”

12 Postal Operations Manual, Issue 9, Section 141.423, dated July 7, 2016.

13 *Field Operations Standardization Development – Morning (AM) Standard Operating Procedures Guidebook*, Section 2-2, IOP, dated March 2011.

14 *Postal Operations Manual*, Issue 9, Section 441, dated July 7, 2016.

15 We multiplied the excess workhours by Function 4 labor rates for the Philadelphia Metropolitan district. The rates were \$41.85 for FY 2015 and \$41.13 for FY 2016.

16 Unnecessary, unreasonable, unsupported, or an alleged violation of law, regulation, contact, etcetera. May be recoverable or unrecoverable. Usually a result of historical events.

Table 5. Notice Left Mail Scanning Performance (Between April 18 and May 16, 2017)

Unit Name	Total Pieces Selected and Traced	Number of Pieces Without Acceptable Scan
Philadelphia Main Office Station	23	7
Lansdale PO	30	3
Media PO	25	2
Phoenixville PO	14	2
Telford PO	25	2
Torresdale Station	38	2
Morrisville PO	20	1
Southampton PO	11	1
Elkins Park PO	20	0
West Chester PO	23	0
Totals	229	20

Source: OIG analysis of Postal Service scan performance between April and May 2017 using the USPS.com Track & Confirm tracking system.

- Five units did not perform required “Arrival at Unit” scans for accountable mail pieces (see Table 6).

Table 6. Accountable Mail Scanning Performance (Between April 18 and May 16, 2017)

Unit Name	Total Pieces Selected and Traced	Number of Pieces With No Arrival at Unit Scan
Media PO	21	15
West Chester PO	11	8
Torresdale Station	12	2
Morrisville PO	10	1
Philadelphia Main Office Station	5	1
Elkins Park PO	11	0
Lansdale PO	3	0
Phoenixville PO	10	0
Southampton PO	6	0
Telford PO	25	0
Totals	114	27

Source: OIG analysis of Postal Service scan performance between April and May 2017 using the USPS.com Track & Confirm tracking system.

Managers did not adequately monitor customer service operations, such as employees following required scanning procedures.

- Four units did not perform required “Arrival at Unit” scans for distribution mail (see Table 7).

Table 7. Distribution Mail Scanning Performance (Between April 18 and May 16, 2017)

Unit Name	Total Pieces Selected and Traced	Number of Pieces With No Arrival at Unit Scan
Media PO	45	7
Telford PO	35	5
Torresdale Station	44	1
West Chester PO	44	1
Elkins Park PO	40	0
Lansdale PO	41	0
Morrisville PO	40	0
Philadelphia Main Office Station	40	0
Phoenixville PO	40	0
Southampton PO	41	0
Totals	410	14

Source: OIG analysis of Postal Service scan performance between April and May 2017 using the USPS.com Track & Confirm tracking system.

- Three units did not perform required “Accept or Pickup” scans for acceptance packages (see Table 8).

Table 8. Acceptance Mail Scanning Performance (Between April 18 and May 17, 2017)

Unit Name	Total Pieces Selected and Traced	Number of Pieces Without Acceptance Scan
Philadelphia Main Office Station	23	15
Media PO	25	5
West Chester PO	21	3
Elkins Park PO	20	0
Lansdale PO	16	0
Morrisville PO	12	0
Phoenixville PO	10	0
Southampton PO	15	0
Telford PO	19	0
Torresdale Station	29	0
Totals	190	23

Source: OIG analysis of Postal Service scan performance between April and May 2017 using the USPS.com Track & Confirm tracking system.

Postal Service policy¹⁷ 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 the first handling. The Postal Service’s goal is to scan every mailpiece that has a barcode (flats, letters, and packages). The Postal Service also promotes the tracking feature on its website as a tool for customers to view the status of a mailpiece at any time. The organization aims to achieve 100 percent visibility and provide world-class package delivery services by offering several updates on the status of delivery.

This condition occurred because district and local customer service managers did not adequately monitor customer service operations, such as employees following required scanning procedures. When employees do not scan mailpieces correctly, customers are unable to determine the status of their 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.

¹⁷ Scanning at a Glance – Delivering 100% Visibility, page 13, August 2011.

Recommendations

We recommend District Manager, Philadelphia Metropolitan, develop strategies to more effectively monitor retail and customer service operations by:

1. Instructing postmasters and customer service supervisors to use lobby assistants to reduce customers' wait-time-in-line and to promptly answer telephone calls.
2. Coordinating actual mail arrival time and condition with those outlined in unit Integrated Operation Plan and Mail Arrival Profile.
3. Actively monitoring employees to manage workload and ensure efficient mail processing procedures.
4. Instructing unit employees to follow required scanning procedures and ensure these procedures are followed.

Management's Comments

Management agreed with the findings and recommendations, but disagreed with the monetary impact. Management also did not agree with the statement that refers to the Philadelphia Metropolitan District as "one of the most inefficient districts in the country during 2016."

Regarding recommendation 1, management stated that lobby assistant training has been provided at various offices throughout the district, and that high traffic offices are to post a lobby assistant schedule each week. Management also stated they are hosting periodic meetings with various offices to discuss lobby service and customer experiences, including meeting with the 10 offices listed in the report to review all related improvements and ensure they are compliant. The target implementation date for these meetings is September 28, 2017.

Regarding recommendation 2, management stated the district currently does not have an IOP team, but that issues/concerns that involve both the plant(s) and delivery offices are addressed during the daily morning operations meeting. Management stated they will be conducting meetings with the 10 offices listed in this report to review all related improvements and ensure they are compliant. Management provided a target implementation date for these meetings of September 28, 2017. Management also recognized the completed IOP/MAP contracts for the 10 offices were outdated. Management stated they are reviewing the IOP/MAP contracts, and in subsequent correspondence, provided a targeted implementation date of January 15, 2018.

Regarding recommendation 3, management stated an operations meeting is held each morning to review all aspects of daily operations. Management also stated that a level three, Function 4 audit is being conducted this week at the Philadelphia Main Office with the goal of properly crediting the office with all of the time needed for all required tasks; when completed, CSV will be adjusted accordingly. Management also stated they will be conducting meetings with the 10 offices listed in this report to review all related improvements and ensure they are compliant. The target implementation date for meeting with the offices is September 28, 2017.

Regarding recommendation 4, management stated that scanning scores and failures are addressed every day during the District Manager's Operations/Service morning telecom. Management stated that retail management and Operations Support are helping to address scanning issues, and that offices must report on the root cause(s) for the failures, the follow up action(s) taken, and measures in place to assist in preventing repeat failures. In subsequent correspondence, management provided a target implementation date of October 1, 2017, for these reporting improvements.

Management noted the district was ranked 3rd in the Eastern Area in composite scanning performance for quarter to date and last quarter.

Regarding the statement the district was “one of the most inefficient districts in the country during 2016,” management disagreed stating the district ranked #3 in both overall Retail Customer Service experience and WTIL in FY 2016 among metropolitan districts. Management also stated that Philadelphia was ranked #2 among the same group for the POS survey, and it is currently ranked #16.

Regarding the monetary impact, management stated there are anomalies within the district that need to be considered when using CSV to gauge effectiveness. These anomalies include the following:

- Redeliveries: Management stated there are a large number of packages returned to the office at the end of the day due to potential theft issues. The clerks must sort these packages and high volume offices do not receive full credit for these activities in CSV.
- Customer pickups: Management stated there is a large customer pickup service due to the large number of universities within the city—this service is labor intensive for the clerks.
- Firm holdouts, caller service, and other ancillary duties: Management stated clerks have to manually sort some mail, as it comes only sorted to the carrier route. Management provided the example that Philadelphia Main Post Office has 138 firm holdouts each day.
- Travel time within the city: Management stated they incur additional workhours when clerks are covering lunches at different offices, as they are required to take public transportation.
- Step 3 decision: Management stated they face an unsupported workhour burden stemming from a step 3 decision that requires multiple clerks at the same time, regardless of what the office earns in CSV.
- Philadelphia Main Office Station: Management stated this office has two floors which requires mail to be transported via the elevator. Management stated there is no mention of the time required for this, yet it was cited as the office with the most excess workhours.
- Detached units: Management stated that 7 of the 10 units have detached retail/finance units, and they are required to staff a clerk in these units regardless of CSV earned staffing.
- Passport operations: Management stated 6 of the 10 units have passport operations, and have experienced a large number of passport applications. Management stated that passport volume negatively impacts CSV because the CSV credited time does not match the Window Operations Survey (WOS) earned time.

Management stated these unique issues specific to Philadelphia Metropolitan District require the mail to be double handled, separated, banded, and containerized. Management stated that double-handled volume is not fully credited in CSV and that the district is forced to staff the office regardless of earned hours. Management concluded that the monetary impact calculation is not accurate due to these various issues. Management also stated that CSV variance should not be used to determine monetary impact until CSV can accurately account for all the additional work.

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 and the corrective actions should resolve the issues identified in the report.

Regarding management's disagreement with the monetary impact, while we acknowledge the challenges unique to the Philadelphia District, we believe that our methodology – using the variance between actual and earned hours – is appropriate considering they are Postal Service standards for measuring and assessing Function 4 operational efficiency. We believe this methodology is a reasonable indicator of the financial impact associated with the customer service operational inefficiencies, and that the resulting monetary impact is intended to encourage management action to avoid these potential costs in the future.

Regarding management's disagreement with the statement that the district as one of the most inefficient districts in the country during 2016, our methodology for ranking all the districts was based on analysis of POS and RCE survey scores, and CSV for calendar year 2016. We applied a 75 percent weight to the overall POS and RCE survey scores and a 25 percent weight to the CSV score to each of the districts. The Philadelphia Metropolitan District was ranked 58th of 67 districts in our final analysis. We added footnote one in the Introduction section to clarify our methodology.

All recommendations require OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. All recommendations should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that recommendations can be closed.

Appendices

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Appendix A: Additional Information

Background

Retail and customer service operations are integral parts of the Postal Service's ability to retain customers and ultimately generate revenue. The Postal Service aims to provide customers with a positive retail experience and efficient customer service operations.

For retail customer experiences, the following are key factors that can impact the quality of service:

- Courteous, knowledgeable employees
- Minimal amount of time spent waiting in line
- Availability of PO Box mail
- Updated and accurate mail tracking information
- Answered telephone calls
- Availability of mailing supplies
- Accurate signage
- Clean and organized lobby

The Postal Service tracks performance data across these various factors and has related performance targets. For example, the Postal Service's standard for WTIL is 5 minutes or less, 91 percent of the time. The Postal Service also recently implemented a RLOC initiative, which centrally monitors select retail lobbies and customer wait times via webcams. Under this initiative, when potential WTIL delays are detected, RLOC employees alert local management via email and phone so that they can take corrective actions.

The Postal Service must also promote efficient and organized customer service operations behind the retail counter. The Postal Service measures workhour efficiency with its CSV model and calculates the amount of time employees need to properly sort, scan, and distribute mail to PO Boxes and carriers for delivery. The timeliness of mail to customers can be impacted on the availability and condition of mail provided to the post office.

Objectives, Scope, and Methodology

Our objective was to assess retail and customer service operations in the Philadelphia Metropolitan District.

We judgmentally selected 10 units based on our evaluation of FY 2016, Q2 through FY 2017, Q2 data, the RCE Overall Ranking, WOS Staffing Index, WTIL, Revenue per Transaction compared to the SPLY, Walk in Revenue compared to the SPLY, and CSV. We then averaged the six metric ranks together to come up with an efficiency ranking. We specifically selected 10 units for observation within what we determined to be high-, medium-, and low-efficiency units (see [Table 9](#)).

Table 9. Ten Sites Selected for Field Observations

Unit	City, State	OIG Efficiency Ranking
Morrisville PO	Morrisville, PA	Low
West Chester PO	West Chester, PA	Low
Media PO	Media, PA	Low
Lansdale PO	Lansdale, PA	Low
Philadelphia Main Office Station	Philadelphia, PA	Medium
Phoenixville PO	Phoenixville, PA	Medium
Elkins Park PO	Elkins Park, PA	High
Telford PO	Telford, PA	High
Southampton PO	Southampton, PA	High
Torresdale Station	Philadelphia, PA	High

Source: OIG analysis of Postal Service information for FY 2016, Q2, through FY 2017, Q2.

To assess retail and customer service operations in the Philadelphia Metropolitan District, we:

- Reviewed documentation and applicable policies and procedures related to retail and customer service operations.
- Performed audit steps which include the Customer Service Audit Checklist.¹⁸
- Observed customer service operations in the selected 10 units.
- Obtained, reviewed, and analyzed related operational data including mail security and arrival times and scanning performance.
- Interviewed postmasters and customer service supervisors to determine if customer service and operations were being completed according to Postal Service policies and procedures and obtained related documentation.
- Interviewed district management to identify and assess initiatives they have in place or have planned to improve customer service performance.
- Interviewed appropriate retail operations managers at the unit and district levels to obtain a general overview of their customer service and Function 4 operations and documentation.
- Identified opportunities to decrease workhours for future fiscal years by subtracting earned workhours from actual workhours.

¹⁸ Customer Service Audit Checklist is a detailed list of audit procedures we created to assess retail and customer service operations.

We conducted this performance audit from March 2017 through September 2017 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 August 23, 2017, and included their comments where appropriate.

We assessed the reasonableness of data by discussing the data with knowledgeable Postal Service officials. We determined that the data was sufficiently reliable for the purposes of this report.

Prior Audit Coverage

Report Title	Objective	Report Number	Final Report Date	Monetary Impact (in millions)
<i>Function 4 Efficiency in the Greater Boston District</i>	To assess customer service operational efficiency in the Greater Boston District.	MS-AR-17-005	4/13/2017	\$16.8
<i>Function 4 Efficiency in the Colorado/Wyoming District</i>	To assess customer service operational efficiency in the Colorado/Wyoming District.	MS-AR-17-001	12/8/2016	\$5.3
<i>Customer Service Operations in the Capital and Northern Virginia Districts</i>	To assess customer service operations in the Capital and Northern Virginia districts.	MS-AR-16-007	8/25/2016	\$16.2
<i>Function 4 Customer Service – Connecticut Valley District</i>	To assess Function 4 operations for efficiency and customer service in the Connecticut Valley District.	MS-AR-16-002	4/13/2016	\$23.3
<i>Customer Service Operations Efficiency – Chicago District</i>	To assess overall efficiency in retail customer service operations in the Chicago District.	MS-AR-15-005	4/28/2015	None

Appendix B: Management's Comments



9-15-2017

Office of Inspector General
United States Postal Service
Retail and Customer Service Operations
ATTN: Lori Lau Dillard, Director Audit Operations
Report # MS-AR-17-Draft

SUBJECT: Retail and Customer Service Operations in the Philadelphia Metropolitan District" audit report. Report number MS-AR-17-Draft.

I agree with your report in that the offices listed have opportunities to improve upon regarding wait time in line, scanning, timeliness of dispatches, the use of lobby assistants and IOP contracts and will detail below what we are doing to improve the offices performance.

I do not agree with the monetary impact as I have concerns about using CSV as the gauge to determine this.

I do not agree with the statement that refers to "Philadelphia Metropolitan District as one of the most inefficient districts in the country during 2016". In FY16, among the Metropolitan Districts Philadelphia ranked #3 in overall Retail Customer Service experience with a score of 91.36% and #3 for Wait Time in Line with a score of 87.95%. In addition Philadelphia was ranked #2 among the same group for POS survey with a score of 89.66% and is currently ranked #16 nationally with a score of 90.46%.

Recommendation 1

Instructing postmasters and customer service supervisors to use lobby assistants to reduce customers' wait-time-in-line and to promptly answer telephone calls.

Management Response/Action Plan:

Lobby Assistant training has been provided in the Philadelphia District as part of the Premier Post Office certification and Lean Retail Program. Additionally Lobby Assistant training was provided to all offices where Mobile Point of Sale (MPOS) Units were deployed. As part of the Lean Retail Program all customer experience offices are required to have a dedicated huddle board in a location that is visible to all retail employees but not to the customers. The huddle board communicates pertinent information relevant to managing a retail unit. High traffic offices should post a lobby assistant schedule weekly on the huddle board during peak times based on WOS data. Additionally I conduct an operations meeting at 7:30am every morning, Monday thru Saturday, and I review MPOS and SSK usage daily with my Managers.

Additionally in an effort to improve the customer experience a meeting is conducted twice a week with the managers of high opportunity offices. This

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meeting is facilitated by the District Manager and Marketing Team. Additionally a third meeting is conducted that includes the Retail Team and Postmasters in the Associate Offices to improve the overall customer experience.

The Leadership will be conducting a meeting with the 10 offices listed in the report to review all items listed and ensure they are compliant.

Target Implementation Date:

September 28, 2017 (meeting with 10 offices); all other items are ongoing

Responsible Official:

Local Management within the office

Recommendation 2

Coordinating actual mail arrival time and condition with those outlined in unit IOPs and mail arrival profiles

Management Response/Action Plan:

Philadelphia District currently does not have an IOP team, however issues/concerns that involve both the plant(s) and delivery offices are addressed during the daily, morning operations meeting. IOP/MAP contracts are complete but outdated for the offices visited. This is a known area of opportunity and we do review the Volume Arrival Profile (VAP) with offices when staffing and performance reviews are conducted, the IOP/MAP contracts are being addressed and will be reviewed no later than 1/1/18.

The Leadership will be conducting a meeting with the 10 offices listed in the report to review all items listed and ensure they are compliant.

Target Implementation Date:

September 28, 2017 (meeting with 10 offices); The IOP contracts in the 10 offices will be reviewed no later than 1/1/18

Responsible Official:

Manager, Operations Program Support

Recommendation 3

Actively monitoring employees to manage workload and ensure efficient mail processing procedures

Management Response/Action Plan:

I conduct an operations meeting at 7:30am every morning, Monday thru Saturday, and I review all aspects of operations daily with my Managers. In addition to SSK, MOS usage, WTIL failures, scanning failures, performance scores, safety, finance, I also address workload vs workhours and timeliness of dispatches. The POOM,



PCES Postmaster or MCSO is responsible for addressing the failures or inefficiencies of the office in question.

Additionally there is a level three, Function 4 being conducted in the Philadelphia Main Office this week. This is being conducted by a team comprised of both Area and District Personnel from multiple Districts within the Eastern Area, including Philadelphia. The goal of this audit will be to properly credit the office with all of the time needed for all required tasks. CSV will be adjusted accordingly once complete. Media Post Office is currently under withholding which will result in a reduction to the clerk craft.

The Leadership will be conducting a meeting with the 10 offices listed in the report to review all items listed and ensure they are compliant.

Target Implementation Date:

September 28, 2017 (meeting with 10 offices and F4); all other items are ongoing

Responsible Official:

Local Management within the offices

Recommendation 4

Instructing unit employees to follow required scanning procedures and ensure the procedures are followed

Management Response/Action Plan:

Scanning scores and failures are addressed every day during the District Managers Operations/Service telecon at 7:30am, Monday thru Saturday. The manager is responsible for addressing the errors in their office and what is being done to correct them. Scanning performance is also addressed by Operations Support and messaging is sent out daily to the field. In addition, there is a daily telecom facilitated by Operations Support with any offices suffering scanning failures. Offices must report out on the root cause(s) for the failures, the follow up action(s) taken to address and preventive measures put in place to assist in preventing repeat failures. Quarter to date and last quarter Philadelphia was ranked 3rd in the Eastern Area for Composite Scanning Performance.

Target Implementation Date:

This is an ongoing process

Responsible Official:

Local Management within the offices

Monetary Impact

When using CSV to gauge effectiveness there are anomalies within the Philadelphia Metro District that need to be considered.



- >Redeliveries – in at least 2 of the 10 offices cited a large number of packages are returned to the office at the end of the day because we are unable to leave them at the residences in the city due to potential theft issues. The clerks must sort these packages and place them onto the 'left notice' shelves within the office. High volume offices do not receive full credit in CSV.
- Customer Pickups – due to the large number of universities within the city (four in Philadelphia Main Office alone) there is a large customer pickup service in Philadelphia. This is labor intensive for the clerks.
- Firm Holdouts, Caller Service and other ancillary duties –some of the mail still comes sorted to the carrier route. The clerk has to manually sort through the mail, pull these out and containerize them separately. As an example Philadelphia Main Office Station has 138 firm holdouts that are worked every day.
- Travel Time within the city – clerks required to cover lunches at different offices are required to take public transportation. This causes additional workhours.
- Step 3 Decision – there was a step 3 decision instituted in 1994 the offices/stations and branches in the city are required to comply with. The decision states, "***In future scheduling at city stations, management will schedule two (2) or more clerks at the same time. It is the position of both parties that no one (1) clerk will be alone at a station.***" This has resulted in the need to staff every office/station/branch with 2 clerks at all times, including lunch breaks, regardless of what the office earns in CSV. Another decision to 'clarify' this language was signed in March 2017 stating only 29 stations are required to have 2 clerks at all times. This causes an unsupported workhour burden.
- Philadelphia Main Office Station has two floors. Mail has to be transported via the elevator. There is no mention of the time required to do this yet it is sited as the office with the most excess workhours.
- Detached Units – of the 10 offices listed 7 have detached retail/finance units. We are required to staff a clerk in these units regardless of CSV earned staffing.
- The items mentioned above are some of the unique issues specific to Philadelphia causing the mail to be double handled, separated, banded and containerized. The double-handled volume is not fully credited in CSV. Additionally the district is forced to staff the office regardless of earned hours. During our August 23rd meeting your team acknowledged there are flaws with CSV and mentioned there is a team working on this yet you relied on CSV data to determine the inefficiencies and monetary cost associated

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with them.

- Additionally 6 of the 10 offices listed have passport operations. Philadelphia has experienced a large number of Passport applications due to the state of Pennsylvania's refusal to conform to the 'Real ID Act'. As a result beginning in 2018 Pennsylvania residents are required to produce a passport for air travel. Passport volume negatively impacts CSV because the CSV credited time does not match the WOS earned time.

The monetary impact cited is for the CSV variance actual to earned workhours for two years. This is not accurate due the multitude of issues identified. Until CSV can accurately account for all of the additional work experienced in a metropolitan district the variance information should not be utilized to determine monetary impact.

A handwritten signature in black ink, appearing to read 'CF'.

Chu Falling Star
District Manager
Philadelphia Metropolitan District

cc: Susan Banks, Acting Manager; Audit Policy, Quality, and Tracking File

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