



# AUDIT REPORT

## Mail Delivery & Customer Service Operations - Milam Dairy Annex, Miami, FL

March 23, 2020

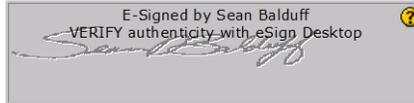


Report Number 20-151-R20



March 23, 2020

**MEMORANDUM FOR:** SALVATORE N. VACCA  
MANAGER, SOUTH FLORIDA DISTRICT



**FROM:** Sean Balduff  
Director, Delivery and Retail Response Team

**SUBJECT:** Audit Report – Mail Delivery & Customer Service Operations  
– Milam Dairy Annex, Miami, FL  
(Report Number 20-151-R20)

This report presents the results of our audit of the Mail Delivery & Customer Service – Milam Dairy Annex, Miami, FL.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Sherry Hilderbrand, Operational Manager, or me at 703-248-2100.

Attachment

cc: Postmaster General  
Audit and Response Management  
Chief Operating Officer and Executive Vice President  
Vice President, Delivery and Retail Operations  
Vice President, Southern Area

## Background

This report presents the results of our self-initiated audit of Mail Delivery & Customer Service Operations at the Milam Dairy Annex in Miami, FL (Project Number 20-151). The Milam Dairy Annex is in the South Florida District of the Southern Area. This audit was designed to provide U.S. Postal Service management with timely information on potential scanning and mail delivery risks at the Milam Dairy Annex.

The delivery unit has 38 city routes which are delivered by 45 full-time city carriers and 34 city carrier assistants. The unit also has 18 clerks. We chose the Milam Dairy Annex based on the number of stop-the-clock (STC)<sup>1</sup> scans occurring at the unit. Forty-two percent of the unit's delivery points are businesses.<sup>2</sup>

## Objective, Scope, and Methodology

Our objective was to review select mail delivery and customer service operations at the Milam Dairy Annex in Miami, FL and provide the Postal Service with timely information regarding those operations. The Milam Dairy Annex is co-located with three other Postal Service facilities including the West Carrier Annex, the Miami Processing and Distribution Center (P&DC), and the Miami Vehicle Maintenance Facility. We limited our review to the Milam Dairy Annex.

To accomplish our objective, we reviewed delivery metrics including the number of routes and carriers, mail arrival time, amount of reported delayed mail, package scanning, distribution up-time (DUT),<sup>3</sup> and carriers' return to office time. During our site visits on January 14-15 and February 11-12, 2020, we reviewed unit safety and security procedures, mail conditions, and Voyager card<sup>4</sup> and arrow lock key<sup>5</sup> security procedures. We analyzed the scan status of mailpieces at the carrier cases and in the "Notice Left"<sup>6</sup> area and interviewed unit management and employees.<sup>7</sup>

We relied on computer-generated data from the Postal Service's Product Tracking and Reporting (PTR) system and Enterprise Data Warehouse (EDW). Although we did not test the validity of controls over these systems, we assessed the accuracy of the data by reviewing existing information, comparing data from other sources, observing operations, and interviewing Postal Service officials knowledgeable about the data.

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<sup>1</sup> A scan event that indicates the Postal Service has completed its commitment to deliver or attempt to deliver the mailpiece. Examples of STC scans include "Delivered", "Available for Pick-up", "No Access" and "Business closed".

<sup>2</sup> The Postal Service's *Address Management System Delivery Statistics ZIP Code Summary* report from February 2020. Of the 14,737 total delivery points, 6,194 (42 percent) were business addresses.

<sup>3</sup> The time of day that clerks have completed distributing mail to the carrier routes after it has arrived from the processing center.

<sup>4</sup> Each vehicle is assigned a Voyager card to purchase all commercial fuel required by that vehicle and any minor maintenance under \$300.

<sup>5</sup> A distinctively shaped key that carriers use to open mail-receiving receptacles such as street collection boxes and panels of apartment house mailboxes equipped with an arrow lock. Arrow lock keys are accountable property and subject to strict controls.

<sup>6</sup> The area of a postal facility where letters or packages that carriers were unable to deliver are stored for customer pickup.

<sup>7</sup> The city carriers we interviewed had from two to 35 years of service.

Therefore, we determined the data were sufficiently reliable for the purposes of this report.

We conducted this audit from January through March 2020 in accordance with generally accepted government auditing standards. 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 March 11, 2020 and included their comments where appropriate.

### **Finding #1: Package Delivery Scanning and Handling**

We determined that employees were improperly scanning packages at the unit and not following package scanning and handling policies. We used geolocation data to identify STC scans that occurred at the delivery unit property instead of the intended delivery address. Each delivery unit is required to have distribution clerks scan all arriving barcoded items as “Arrival at Unit” and delivery employees scan items at the time of attempted delivery using the appropriate STC scan.

Our data analysis of scans performed between September and November 2019 showed that employees performed STC scans for 50,450 packages at the unit rather than at the delivery point (see Table 1).

**Table 1. STCs at Delivery Unit**

September	October	November	Total
16,422	11,526	22,502	50,450

Source: U.S. Postal Service Office of Inspector General (OIG) analysis of Postal Service PTR system data.

Further analysis of the scans identified one route, delivered by Postal Vehicle Service (PVS)<sup>8</sup> drivers, accounted for 47,204 (about 94 percent) of the STC scans performed at the unit.

We discussed these STC scans with the Manager of Customer Service Operations (CSOM). He stated that PVS drivers use Surface Visibility mobile (SVmobile) scanners<sup>9</sup> that do not interface with the PTR system and have different functionality than the scanners carriers and clerks use in the delivery unit. Therefore, personnel scan the packages as “Delivered” at the unit using firm sheets<sup>10</sup> before the PVS driver takes them out for delivery. However, in August 2019, the Postal Service updated its SVmobile scanner software with the ability to scan packages as “Delivered” at the point

<sup>8</sup> PVS provides for the movement of large mail volume between facilities, inner-city delivery offices, local firms, and mailers. The Milam Dairy Annex uses PVS drivers to deliver to multiple businesses each day.

<sup>9</sup> A wireless, handheld scanner housing the Surface Visibility and Customer Service Scanning applications.

<sup>10</sup> A list of packages for delivery to one address documented with a single barcode. Firm sheets are used to link packages sent to one address on a single form.

of delivery and transmit the data to the PTR system. During our audit, management became aware of this update and instructed the PVS drivers to scan mailpieces as “Delivered” at the point of delivery. Management further explained that the closing supervisor has been instructed to verify that all mailpieces are scanned as required. As a result of unit management’s corrective actions, we will not make a recommendation on this issue.

For the remaining 3,246 (about 6 percent) STC scans from our sample, we interviewed carriers who performed these scans. Three carriers stated that the “Delivered” scans were being performed at the unit because there was often nobody to sign for the mailpiece at the delivery address. One carrier stated he occasionally scans mailpieces as “Delivered” at the unit when there are multiple packages for one address, when the drop-off point is too tight for his vehicle, when the weather is bad, or if the delivery point is nearby. However, these carriers were not following proper scanning procedures. The Postal Service’s goal is to ensure proper delivery attempts for mailpieces to the correct address with proper service,<sup>11</sup> which includes accurate scanning of mailpieces at the point of delivery,<sup>12</sup> thus ensuring 100 percent visibility throughout the process.<sup>13</sup>

We also conducted on-site observations at the unit on the morning of January 14, 2020, before the carriers arrived for the day. During our observations, we judgmentally selected 30 packages that were at the carrier cases or the “Notice Left” area to review their scanning and tracking data (see Table 2). Of the 30 packages we reviewed, 15 (50 percent) were missing a scan or had improper scans and seven (23 percent) were not handled and processed as required.

**Table 2. Review of Packages at the Unit**

Location of Packages	Number of Packages Reviewed	Number of Packages with Scan Errors	Number of Packages with Improper Handling & Processing
Carrier Cases	15	5	0
“Notice Left” Area	15	10	7
<b>Total</b>	<b>30</b>	<b>15</b>	<b>7</b>

Source: OIG analysis.

Specifically, for packages selected on the carrier cases, we found:

- Two packages were improperly scanned “Delivered”. A “Delivered” scan is routinely made when a package is successfully left at the delivery address.
- Two packages were scanned as "Available for Pickup" late in the afternoon which should not be used by carriers because it is an in-office event only.

<sup>11</sup> *Delivering a Positive Customer Experience - Delivery Done Right* stand-up talk.

<sup>12</sup> *Where Is My Package (WIMP) and Scanning*, February 2019.

<sup>13</sup> *Scanning at a Glance – Delivering 100 percent Visibility*, August 2011.

- One outbound package that had a pre-shipment scan that occurred on January 11, 2020 but was still in the unit on January 14, 2020. The package did not receive a “Origin Acceptance” scan until January 18, 2020.

For packages selected from the “Notice Left” area, we found:

- Nine packages were scanned as “Available for Pickup” after the “Arrival at Unit” scan but did not receive a STC scan indicating why they had not been delivered. “Available for Pickup” scans should not be used by street delivery personnel because it is an in-office event only.
- One package was also missing an “Arrival at Unit” scan.
- Seven packages had scans that were more than 15 days old and should have been returned to sender.<sup>14</sup> These seven packages ranged from one to nine days past their return dates.

These package scanning issues occurred because local management did not adequately monitor and enforce scanning procedures. Customers rely on accurate scan data to track their packages in real time. When employees do not scan mailpieces correctly, customers are unable to determine the actual status of their packages. By improving scanning operations, management can potentially improve mail visibility, increase customer satisfaction, and enhance the customer experience and the Postal Service brand.

**Recommendation #1:** We recommend the **Manager, South Florida District**, instruct the **Milam Dairy Annex Manager** to ensure that employees follow standard operating procedures for proper scanning and handling of all packages, periodically review and monitor scan data for compliance, and provide carriers with refresher training on scanning procedures.

### **Finding #2: City Carriers Returning After 6 p.m.**

City Carriers at the Milam Dairy Annex were returning to the office after 6:00 p.m. Specifically, during September – November 2019, about 44 percent of the city carriers returned to the office by 6 p.m., 86 percent returned by 7:00 p.m., and 99 percent returned by 8:00 p.m. (see [Table 3](#)). The Postal Service’s goal is to have 100 percent of carriers returning to the office by 6:00 p.m.<sup>15</sup>

<sup>14</sup> *Postal Bulletin* Issue 222111: Notice Left and Return Guidelines.

<sup>15</sup> *Staffing and Scheduling Tool, Function 4 Applications User Guide*, 2016.

**Table 3. Milam Dairy Annex Carrier Return Times**

Month/Year	Percentage of Carriers Returning to the Office by 6 p.m.	Percentage of Carriers Returning to the Office by 7 p.m.	Percentage of Carriers Returning to the Office by 8 p.m.
September 2019	38%	84%	99%
October 2019	37%	83%	100%
November 2019	56%	90%	99%
<b>Average</b>	<b>44%</b>	<b>86%</b>	<b>99%</b>

Source: OIG analysis of City Carriers Arriving After 6 p.m. data from EDW-Delivery Data Mart (DMM).

This condition occurred due to:

- **City Carrier Start Time:** Unit management and carriers stated that from September to November 16, 2019, carriers had start times of between 8:30 a.m. and 9:30 a.m. which impacted the carriers’ ability to return to the office by 6:00 p.m.
- **Late Delivery Up Time (DUT):** Our analysis of the unit’s DUTs showed they were late 26 percent of the time from September through November 2019 with an average delay of about two hours. According to management, DUT delays were caused by late arriving mail from the Royal Palm P&DC. In addition, residual packages that are unable to be processed on the Automated Parcel Bundle Sorter (APBS)<sup>16</sup> machine at the P&DC must be processed at the unit, which delays the packages getting to the carriers timely. Management also stated that they communicate late and residual mail during daily meetings with the CSOM; however, they do not report these late trips or residual mail in the Customer Service Daily Reporting System (CSDRS), as required.<sup>17</sup>

To address these issues, management stated that they changed carrier start time to 7:30 a.m. on November 16, 2019. Management also changed start times for some clerks in December 2019 so that they could begin processing packages earlier. As a result, we noted a significant improvement for carriers returning to the office by 6:00 p.m. from December 2019 through January 2020. In addition, the unit’s late DUT decreased to 14 percent with the average delay of 1 hour and 15 minutes.

When carriers return after 6:00 p.m., customer service can suffer, and mail collected by the carriers may be sent late to the unit’s mail processing facilities.

<sup>16</sup> An APBS integrates scanning, optical character recognition decoding, and keying operations. The APBS sorts packages and bundles of mail at 6,000 pieces per hour.

<sup>17</sup> *Customer Service Daily Reporting System Guidelines and Definitions*, September 2016. CSDRS is a tool available to assist in addressing mail arrival variances. The unit should list the number of scheduled transportation trips arriving late by 10 minutes or more.

**Recommendation #2:** We recommend the **Manager, South Florida District**, instruct the **Milam Dairy Annex Manager**, reiterate Postal Service productivity goals to delivery personnel, continue to adjust carrier and clerk starting times as needed, and report late trips and residual mail as required. In addition, we recommend working with the Processing and Distribution Center managers to reduce the amount of residual mail that requires sortation at the unit.

### Finding #3. Unsecured Vehicles

Employees did not always lock and secure vehicles at the Milam Dairy Annex. We inspected 53 unattended delivery vehicles on the morning of January 14, 2020 and found 11 vehicles (21 percent) that were not locked and secured as required. Postal Service policy states that all vehicle doors must be locked and secured when the vehicle is left unattended and out of the driver's immediate sight.<sup>18</sup> Management stated that carriers were supposed to be locking vehicles upon return from street duties.

This condition occurred due to insufficient management oversight. Specifically, unit management did not ensure carriers were securing and locking their vehicles at the end of the day and were not following the PM Activity Checklist which includes verifying that vehicles are locked and secured. There is an increased risk of theft of Postal Service assets when management does not verify that all vehicles are locked and secured as required.

**Recommendation #3:** We recommend the **Manager, South Florida District**, instruct the **Milam Dairy Annex Manager** to safeguard and properly manage the security of delivery vehicles and reiterate the policy to carriers that vehicles should be locked and secured.

### Management's Comments

Management agreed with all findings and recommendations in this report. See [Appendix A](#) for management's comments in their entirety.

Regarding recommendation 1, management stated they will instruct the Postmaster, Miami, FL on the proper scanning and handling of all packages. In addition, the Milam Dairy Annex station manager will train all employees on proper scanning and package handling procedures. Management also stated Operations will periodically review and monitor scanning data for compliance. Management's target implementation date is April 10, 2020.

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<sup>18</sup> Handbook EL-814, *Postal Employee's Guide to Safety*, Section XE4: Parking.

Regarding recommendation 2, management stated they will direct Operations to review the units Postal Service Form 1994, *Employee's Work Schedules*, mail arrival profile, and DUT, and advise if adjustments are necessary. Additionally, the CSOM will monitor the units mail flow from the P&DC daily and report irregularities to P&DC management as needed. Management's target implementation date is April 10, 2020.

Regarding recommendation 3, management stated they will instruct the Postmaster, Miami, FL to follow the standard operating procedures that govern security of delivery vehicles. Management also stated the CSOM will follow up to ensure vehicle security procedures are being performed at all times. Management's target implementation date is April 10, 2020.

### **Evaluation of Management's Comments**

The OIG considers management's comments responsive to the recommendations in the report.

All recommendations require OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed.

Recommendations should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendations can be closed.

## Appendix A. Management's Comments

DISTRICT MANAGER  
SOUTH FLORIDA DISTRICT



March 19, 2020

Lazerick C. Poland  
Director of Audit Operations

SUBJECT: Draft Audit Report – Mail Delivery & Customer Service - Milam Dairy Annex, Miami, Florida (Project Number 20-151-Draft)

Thank you for the opportunity to address the findings of the audit for Mail Delivery & Customer Service Operations at the Milam Dairy Annex. Milam Dairy Annex is a unique delivery unit servicing large re-shippers in the South Florida Area. Last year this unit alone handled over 4.6 million packages. In addition, an APBS was moved from Royal Palm to the Miami PDC for the purpose of processing parcels for this unit.

Management agrees with the findings and recommendations. Management agrees that carriers at the Milam Carrier Annex must follow the standard operating procedures for proper scanning and handling of all packages. We also agree that productivity goals should be given to the employees and managed. Also that the unit must safeguard and properly manage the security of delivery vehicles.

**Recommendation 1:**

We recommend the District Manager, South Florida District, instruct the Milam Dairy Annex site manager to ensure that employees follow standard operating procedures for proper scanning and handling of all packages, periodically review and monitor scan data for compliance, and provide carriers with refresher training on scanning procedures.

Management Response/Action Plan:

The South Florida District Manager will issue a letter of instruction to the Postmaster, Miami, Florida, on the proper scanning and handling of all packages. Operations will periodically review and monitor scanning data for compliance. Station Manager and designee will train all employees on proper scanning and package handling procedures. The training will be documented on local training forms.

Target Implementation Date:

April 10, 2020

Responsible Official:

Manager, Customer Service Operations, South Florida District

**Recommendation 2:**

We recommend the Manager, South Florida District, instruct the Milam Dairy Annex site manager, to reiterate Postal Service productivity goals to delivery personnel, continue to make adjustments to carrier and clerk starting times as needed, and report late trips and residual mail as required. In addition, work with the Processing and Distribution Center managers to reduce the amount of residual mail that requires sortation at the unit.

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DISTRICT MANAGER  
SOUTH FLORIDA DISTRICT



Management Response/Action Plan:

The District Manager, South Florida, will direct Operations to review the units 1994's and mail arrival profile for Milam Dairy Annex. Operations will monitor the unit's DUT and advise if adjustments are necessary. MSCO will monitor daily the mail flow from the Miami PDC and report irregularities to the plant manager for improvement.

Target Implementation Date:

April 10, 2020

Responsible Official:

Manager, Customer Service Operations, South Florida District  
Manager, Operations Programs Support, South Florida District

Recommendation 3:

We recommend the Manager, South Florida District, instruct the Milam Dairy Annex site manager to safeguard and properly manage the security of delivery vehicles and reiterate the policy to carriers that vehicles should be locked and secured.

Management Response/Action Plan:

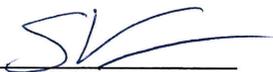
The District Manager, South Florida, will issue a letter of instruction to the Postmaster, Miami, Florida, to follow the standard operating procedures that governs security of delivery vehicles. MCSO for the unit will follow up to ensure procedures are being followed at all times.

Target Implementation Date:

April 10, 2020

Responsible Official:

Manager, Customer Service Operations, Miami Florida

  
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Salatore N. Vacca  
District Manager  
South Florida Customer Service & Sales  
South Florida District

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