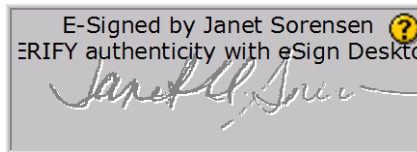




February 26, 2016

MEMORANDUM FOR: SALVATORE N. VACCA
MANAGER, CAPITAL DISTRICT

STEVE DARRAGH
ACTING MANAGER, NORTHERN VIRGINIA DISTRICT



FROM: Janet M. Sorensen
Deputy Assistant Inspector General
for Revenue and Resources

SUBJECT: Management Alert – Capital and Northern Virginia District
Courier Service (Report Number MS-MT-16-002)

This management alert presents concerns regarding courier service at the Brentwood Post Office and Curseen-Morris processing and distribution center (P&DC) in Washington, DC, and the Merrifield Post Office and Merrifield P&DC in Fairfax, VA (Project Number 16RG004MS001). These concerns came to our attention during our audit of Postal Service Operations Related to Customer Service in the Capital and Northern Virginia Districts (Project Number 16RG004MS000).

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

Attachment

cc: Corporate Audit and Response Management

Introduction

The purpose of this alert is to bring to your attention significant control weaknesses related to Caller Service mail picked up by courier services in the Capital and Northern Virginia districts. We observed these weaknesses during our site visits to the Brentwood and Merrifield post offices and the Curseen-Morris and Merrifield processing and distribution centers (P&DC) during November and December 2015, as part of our audit of *Postal Service Operations Related to Customer Service in the Capital and Northern Virginia Districts*. We will provide a separate report with the results of our audit. Our objective is to identify and alert U.S. Postal Service district management to control weaknesses related to customer service.

The U.S. Postal Service Office of Inspector General (OIG) received several complaints from Capital and Northern Virginia district customers alleging delay of mail, mail returned to sender, and misdirected mail.¹ Customer complaints affected Caller Service, Courtesy Reply Mail (CRM), and Business Reply Mail (BRM). CRM and BRM may include remittance mail.² The complaining customers receive donations via CRM and BRM and delays or misdirected mail results in poor customer service and may have a negative financial impact on the Postal Service.

The Postal Service provides Caller Service mail to customers who have large quantities of incoming mail. When a customer receives more mail than a Post Office Box can accommodate, the Postal Service charges the customer a fee to call for and pick up mail.³ CRM consists of envelopes or postcards provided to a customer to expedite delivery of their responses; the customer affixes postage before mailing CRM.⁴ BRM allows a mailer to receive First-Class Mail returned by customers and the mailer pays postage only for the pieces returned.⁵

Instead of using their own employees for mail services, some customers hire couriers as authorized agents to process and handle mail. Couriers can pick up mail, open and record mail contents, make bank deposits, and manage mail accounts. For some customers, couriers become outsourced mailrooms.

Typically, Caller Service customers visit the Caller Service window in a Post Office lobby, where a clerk tenders the mail to the customer. However, at certain locations, such as the Brentwood and Merrifield post offices, the Postal Service stages Caller

¹ Mail missent by the Postal Service or mail incorrectly shipped by the mailer.

² The segment of First-Class Mail® service containing payments typically enclosed in pre-barcoded, automation-compatible courtesy reply envelopes that are mailed back to the mailers who initially sent the bills, invoices, and statements.

³ *Postal Operations Manual*, Issue 9, Section 842, Caller Service, updated March 2015.

⁴ Pub 32, *Glossary of Postal Terms*, page 55, July 2013.

⁵ Pub 32, page 34.

Service mail at the transportation docks for courier and customer pick-up without a clerk present.

This alert identifies customer service issues we observed related to couriers picking up and returning Caller Service mail.

Summary

The Brentwood and Merrifield post offices and the Curseen-Morris and Merrifield P&DCs left remittance mail unattended and did not supervise courier pick-ups, did not maintain courier logs, and had no caller service standard operating procedures (SOP) for local couriers. These conditions occurred because management did not implement sufficient controls to adequately safeguard and ensure proper delivery of courier mail. As a result, several customers with large mail volume have experienced extensive mail delays, missent mail, and mail returned to sender. Until these control issues are resolved, large volumes of mail remain at risk for loss or theft.

Internal Control Weaknesses

The Brentwood and Merrifield post offices and the Curseen-Morris and Merrifield P&DCs left remittance mail unattended and did not supervise courier pick-ups. Additionally, they did not maintain courier logs, establish caller service SOP for local couriers, and have a formal communication process across functional lines.

Mail Staging, Supervision, and Security

The Curseen-Morris and Merrifield P&DCs staged remittance mail and left it unsecured on the loading docks. In addition, the Postal Service did not always supervise courier pick-up. Although couriers pass through gate security, Postal Service employees were not always at the loading docks during courier pick-ups because employees were conducting other duties. Some all-purpose containers (APC) staged for courier pick-up contained mail for multiple couriers and customers (see [Figure 1](#)), making it possible for couriers to pick up the wrong mail.

These conditions occurred because P&DC management had not implemented sufficient controls to safeguard remittance mail. The Postal Service must preserve and protect the sanctity and security of the mail in its custody.⁶ Another location we visited protected the Caller Service mail by securing it in a locked cage (see [Figure 2](#)). Only supervisors had keys to the cage and a designated clerk supervises and releases the mail to couriers. Remittance mail contains payments, membership dues, and donations. Without Postal Service supervision at the loading dock, mail could be stolen, left behind, or misdirected which results in poor customer service and increased risk of financial loss to customers.

⁶ Handbook PO-209, *Retail Operations Handbook*, Section 4-2, Sanctity and Security of the Mail, October 2012.

Figure 1. APC with Caller Service Mail for Mixed Couriers and Customers



Source: OIG photograph taken November 17, 2015.

Figure 2. Courier Caller Service Mail Secured at Facility



Source: OIG photograph taken December 17, 2015.

Courier Log

The Curseen-Morris and Merrifield P&DCs did not maintain courier logs because P&DC management had not implemented sufficient controls over couriers. Specifically, the Curseen-Morris P&DC log was left out for unattended couriers to fill in their arrival time, number of trays, and signature (see [Figure 3](#)). The Merrifield P&DC did not maintain a log. The courier log should record the following: the date and time of driver arrival and

departure, mail volume available and actually picked up, courier signature, and initial of the Postal Service employee tendering the mail to the courier.⁷ This information is critical as couriers compete with each other to provide mailing services and could intentionally or unintentionally take another courier's mail, return it late, or never return it. In addition, couriers could arrive before appointed times and leave before all their mail is staged. Without a courier log, it would be difficult for the Postal Service to resolve or dispute complaints about delayed or missing mail.

Figure 3. Curseen-Morris P&DC Courier Log

BUSINESS REPLY/BOX SECTION UNIQUE ZIPS DAILY COURIER SIGN IN LOG

COMPANY NAME	THE WEEK	ARRIVAL TIME	SIGN IN	TRAYS
[REDACTED]				

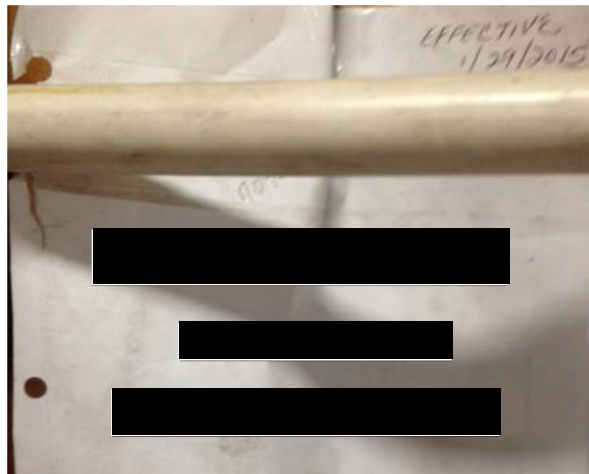
Source: OIG photograph taken November 18, 2015.

⁷ Handbook PO-440, page 16.

Local Caller Service Standard Operating Procedures

The two districts did not have SOP related to Caller Service mail. Without SOP to guide them, temporary employees did not have procedures for local Caller Service mail and relied on posted notes and signs for recent changes or notifications (see Figure 4). Both districts experienced employee turnover, new management, and employees on extended leave. Facilities did not have the SOP in place because they had not compared their current operations to best practices, developed a standard operating plan, and incorporated these best practices as required.⁸ SOP can help these facilities improve mail delivery performance and rehandling of mail. The lack of SOP may be a contributing factor in mail being delayed, misdirected, and returned to sender.

Figure 4. Posted Instructional Notes on Workroom Floor



Source: OIG photograph taken November 18, 2015.

Returned Mail Control Log

The Postal Service did not maintain a returned mail activity log. Specifically, we observed couriers returning misdirected mail to plant employees (see Figure 5). Plant employees did not record returned mail in a log and did not evaluate the mail to determine why it was misdirected. These conditions occurred because the Postal Service had not put in place sufficient controls over returned mail. A log would help employees identify systemic causes of misdirected mail and provide supervisors a tool for quality control.⁹ Identifying and segregating misdirected mail is the most important procedure in resolving delayed, looping,¹⁰ or missing mail. For example, at the Brentwood Post Office three trays of misdirected mail had incorrect barcodes. The barcodes on the mailpieces did not represent the correct ZIP Code on the address block. If the audit team had not identified this problem, it is likely it would have become loop mail.

⁸ Postal Service Handbook PO-440, *Remittance Mail Processing Best Practices*, April 2002.

⁹ Handbook PO-440, page 15.

¹⁰ Loop mail is mail with an incorrect barcode and/or ZIP Code discovered at a destination for which it is not addressed.

Figure 5. Courier Returns Misdirected Mail

Source: OIG photograph taken November 17, 2015.

Communication across Functional Lines

The Postal Service could improve communication across functional lines. For example, the Merrifield Post Office customer service supervisor did not provide the plant supervisor with updated courier service information. As a result, the Caller Service clerk released mail to the wrong courier. The mail process involves complex coordination of functions: in-plant support staff ensures sorting plans are accurate, sort machine operators run the equipment, mail handlers move the mail, Caller Service clerks stage and release the mail, and customer service employees invoice BRM and ensure Caller Service and BRM accounts are current. Staff members responsible for these various functions may work different tours, have different supervisors, and work in separate physical locations. The Postal Service must develop effective teamwork across functional lines from collection through to delivery¹¹ because lack of effective communication at any stage in the process may result in delayed or misdirected mail and poor customer service.

As a result of the control weaknesses identified in this report, customers complained of delayed mail, mail returned to sender and misdirected mail. To better serve customers, it is important that management implement sufficient controls to adequately safeguard and ensure proper delivery of courier mail, caller service, and returned mail. Management must also implement stronger communication channels to overcome cross-functional communication barriers.

¹¹ Handbook PO-440, page 1.

Recommendations

We recommend the district manager, Capital District, and the acting district manager, Northern Virginia District, develop remediation plans to include the following:

1. Safeguard Caller Service mail and supervise courier pick-up of mail on loading docks.
2. Establish and maintain courier logs.
3. Develop standard operating procedures for caller and courier service.
4. Establish activity control logs to record misdirected mail returned by couriers and evaluate possible causes.
5. Implement a formal communication process between customer service and plant management concerning Caller Service changes to ensure timely notification and confirmation of receipt.

Management's Comments:

Management agreed with our finding and recommendations.

Regarding our finding, management agreed that control weaknesses do exist concerning courier service and efforts are needed to correct deficiencies and improve the customer's experience.

Regarding recommendation 1, management agreed to safeguard caller service mail and supervise courier pick-up of mail on loading docks by installing a bell that will alert plant staff to monitored pick-ups. The target implementation date is March 31, 2016.

Regarding recommendation 2, management agreed and established a courier log maintained by the caller service clerks within the plant. Management stated they implemented the log on February 22, 2016.

Regarding recommendation 3, management agreed to develop standard operating procedures for caller and courier service by creating a standard of work for remittance mail and courier service. The target implementation date is March 4, 2016.

Regarding recommendation 4, management agreed to establish activity control logs to record misdirected mail returned by couriers and evaluate possible causes. The target implementation date is March 4, 2016.

Regarding recommendation 5, management agreed to implement a formal communication process between customer service and plant management concerning Caller Service changes to ensure timely notification and confirmation of receipt.

Management implemented a communication process, between the window service manager and lead Output Subsystem clerk, to update and communicate changes. Management stated they implemented these processes on February 22, 2016.

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

Evaluation of Management's Comments

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

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

Capital District Manager
Northern Virginia District Manager



February 25, 2016

Lori Lau Dillard
Director Audit Operations
Office of Inspector General
United States Postal Service

Subject: Response to OIG Draft Management Alert – Capital and Northern Virginia District Courier Service, Report Number MS-MT-16-DRAFT

Thank you for the opportunity to respond to the OIG Management Alert concerning courier service issues in Capital and Northern Virginia Districts. We agree in general that some control weaknesses do exist in the sites visited during this audit and that remedial efforts need to be made to correct the deficiencies and improve our customer's experience.

OIG Recommendation #1

We recommend the district manager, Capital District, and the acting district manager, Northern Virginia District, develop remediation plans to safeguard Caller Service mail and supervise courier pick-up of mail on loading docks.

Management Response/ Action Plan

Management agrees with this recommendation and will implement by installing a bell for all couriers to ring upon arrival to alert the plant staff so the pickups can be monitored.

Target Implementation Date

3/31/2016

Responsible Officials

Manager, In Plant Support / Manager, Marketing

OIG Recommendation #2

We recommend the district manager, Capital District, and the acting district manager, Northern Virginia District, develop remediation plans to establish and maintain courier logs.

Management Response/ Action Plan

Capital and Northern Virginia District management agree with this recommendation and have already established a Courier Log that is maintained by caller service clerks within the plant.

Target Implementation Date

2/22/2016

Responsible Officials

Manager, In Plant Support / Manager, Marketing

OIG Recommendation #3

We recommend the district manager, Capital District, and the acting district manager, Northern Virginia District, develop remediation plans to develop standard operating procedures for caller and courier service.

Management Response/ Action Plan

Capital and Northern Virginia District management agrees with the recommendation and will implement by creating a Standard of Work for remittance mail and courier service.

Target Implementation Date

3/4/2016

Responsible Officials

Manager, In Plant Support / Manager, Marketing

OIG Recommendation #4

We recommend the district manager, Capital District, and the acting district manager, Northern Virginia District, develop remediation plans to establish activity control logs to record misdirected mail returned by couriers and evaluate possible causes.

Management Response/ Action Plan

Capital and Northern Virginia District management agrees with the recommendation and will implement by utilizing activity control logs to track and record misdirected mail returned by couriers.

Target Implementation Date

3/4/2016

Responsible Officials

Manager, In Plant Support / Manager, Marketing

OIG Recommendation #5

We recommend the district manager, Capital District, and the acting district manager, Northern Virginia District, develop remediation plans to implement a formal communication process between customer service and plant management concerning Caller Service changes to ensure timely notification and confirmation of receipt.

Management Response/ Action Plan

Capital and Northern Virginia District management agrees with the recommendation and has implemented a communication process between the window service manager and lead OSS clerk so that any changes in courier pickups can be communicated to the lead OSS so that sort plans can be updated.

Target Implementation Date

2/22/2016

Responsible Officials

Manager, In Plant Support / Manager, Marketing



Sal Vacca
District Manager, Capital District



Steve Darragh
District Manager (A), Northern Virginia District

cc: Sally Hering – OIG
Files