Audit Report

Mail Delivery and Customer Service Operations – Castle Rock Main Post Office, Castle Rock, CO

OFFICE OF
INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

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Transmittal Letter

OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

April 28, 2021

MEMORANDUM FOR: JASON MCMAHILL
                        MANAGER, COLORADO/WYOMING DISTRICT

FROM: Sean Balduff
                        Director, Delivery and Retail Response Team

SUBJECT: Audit Report – Mail Delivery and Customer Service
                        Operations – Castle Rock Main Post Office, Castle Rock, CO
                        (Report Number 21-122-R21)

This report presents the results of our audit of Mail Delivery & Customer Service
Operations – Castle Rock Main Post Office, Castle Rock, CO.

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

Attachment

cc: Postmaster General
    Corporate Audit and Response Management
    Vice President, Delivery Operations
    Vice President, Retail and Post Office Operations
    Acting Vice President, Western/Pacific Area

Results

Background

This report presents the results of our self-initiated audit of Mail Delivery and Customer Service Operations at the Castle Rock Main Post Office (MPO), Castle Rock, CO (Project Number 21-122). The Castle Rock MPO is in the Colorado/Wyoming District of the WestPac Area. This audit was designed to provide U.S. Postal Service management with timely information on potential scanning, mail delivery, and customer service operations risks at the Castle Rock MPO.

The unit has 33 city routes which are delivered by 46 city carriers. The unit also has 20 Contract Delivery Service (CDS)[1] routes which are delivered by CDS route contract owners[2] and their substitute employees. We chose the Castle Rock MPO based on the number of stop-the-clock (STC)[3] scans occurring at the delivery unit.

Objective, Scope, and Methodology

Our objective was to evaluate select mail delivery and customer service operations and determine whether internal controls were effective at the Castle Rock MPO, Castle Rock, CO.

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,[4] carriers return to office time and Customer 360 (C360)[5] data. During our site visits on March 2-4, 2021, we reviewed unit safety and security procedures, mail conditions, Voyager credit card and arrow lock key[6] security procedures, and COVID-19 safety procedures. We analyzed the scan status of mailpieces at the carrier cases and in the "Notice Left"[7] area and interviewed unit management and employees.[8]

We conducted this performance audit from March through April 2021 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 April 14, 2021 and included their comments where appropriate.

We relied on computer-generated data from the Product Tracking and Reporting (PTR)[9] system, Customer Service Daily Reporting System (CSDRS),[10] and the Surface Visibility[11] database. 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. Therefore, we determined that the data were sufficiently reliable for the purposes of this report.

Finding #1: Delayed Mail

We found delayed mail and packages for 27 city routes and one CDS route during our site visit on March 2, 2021. Specifically, we identified 453 pieces

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1   Contract agreements between the Postal Service and private individuals or firms for delivery and collection of mail from homes and businesses.
2   A single contract owner can "own" multiple CDS routes. Contract owners can have multiple substitute employees assist them on their contracted routes daily.
3   A scan event that indicates the Postal Service has completed its commitment to deliver or attempt to deliver the mail piece. Examples of STC scans include "Delivered", "Available for Pick-Up", "No Access", and "Business Closed".
4   Time of day that clerks have completed distributing mail to the carrier routes.
5   A cloud-based application which enables Postal Service employees to diagnose, resolve, and track customer inquiries.
6   A distinctively shaped key 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.
7   The area of a postal facility where letters or packages that the carriers were unable to deliver are stored for customer pickup.
8   The city carriers we interviewed had from less than one to over 30 years of service.
9   A system of record for all delivery status information for mail and packages with trackable services and barcodes.
10 A delivery unit-based system that provides a snapshot of the daily condition of the mail at the point in time when the carriers have departed for the street. The data in this system is used to provide management with a formal delayed mail reporting tool.
11 Surface Visibility collects end-to-end data by linking multiple scans of a single asset to create visibility data to support planning, management, and optimization of the surface network.

of delayed mail for the three zip codes serviced by the unit. (see Table 1 and Figure 1).

Table 1. Delayed Mail by Zip Codes Serviced by Castle Rock MPO

Mail Type	80104	80108	80109	Total Number of Pieces
Letters and Flats	135	202	101	438
Packages	0	6	9	15
Total	**135**	**208**	**110**	**453**

Source: U.S. Postal Service Office of Inspector General (OIG) analysis based on conducted mail counts.

Figure 1. Example of Delayed Mail in Carrier Cases

Source: OIG photos taken on March 2, 2021.

Management stated the delayed mail we identified was not delivered because it was not in the correct delivery sequence from the previous day. The mail was mis-sequenced or missorted during the manual casing process. City carriers

stated they sort the mis-sequenced mail in their case when they return at the end of the day.

According to Postal Service policy[12] carriers should identify and separate mis-sequenced and missorted mail and place it in the 3M mail case. In addition, the supervisor should ensure all 3M mail from carrier routes is placed into the 3M mail case at the end of the day.[13]

In addition, unit employees did not place delivery color code tags on mail for 26 city carrier routes and eight CDS routes (see Figure 2). Delivery color code tags are applied to mail based on the date and time the mail arrives at the unit and are used to establish the scheduled day of delivery. When color code tags are not used, the scheduled day of delivery cannot be reasonably determined, and timely delivery of the mail could be delayed.

Figure 2. Example of Mail Without Delivery Color Code Tags

Source: OIG photos taken on March 2, 2021.

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12 *3M (Missent, Missort and Missequence) Standard Work Instruction: Carrier.*
13 *3M (Missent, Missort and Missequence) Standard Work Instruction: Supervisor.*

Finding #2: Reporting of Delayed Mail

Management did not ensure that all delayed mail was accurately reported in CSDRS. We determined that 1,209 delayed packages were reported in CSDRS on the morning of March 1, 2021, which was the day prior to our visit. However, during our observations on the morning of March 2, 2021, we identified 453 delayed mailpieces that carriers returned to the station the previous evening. This mail was not reported in CSDRS.

This occurred because management did not follow the PM Unit Review which includes verifying no deliverable mail was returned from the street without a PS Form 1571[14] attached. The postmaster stated the closing supervisor did not report the delayed mail from the previous evening because he did not notice it in the cases. Managers are required to report all properly addressed undelivered mail that is scheduled for delivery and returned from the street each evening in CSDRS. Inaccurate reporting of delayed mail in CSDRS provides management at the local, district, area, and headquarters levels with an inaccurate status of mail delays and can result in improper actions taken to address issues.

Finding #3: Package Delivery Scanning

Delivery unit employees improperly scanned packages at the delivery unit rather than at the delivery point. We analyzed scans performed between November 2020 and January 2021 and found that 17,985 packages received an STC scan at the delivery unit instead of at the delivery point (see Table 2). The majority of these packages were scanned "Delivered" (see Table 3). Of the 17,985 packages scanned at the delivery unit, 14,263 (about 79 percent) were scanned by employees on CDS routes.

Table 2. STCs at Delivery Unit - November 2020 through January 2021

November	December	January	Total
3,475	9,278	5,232	**17,985**

Source: OIG analysis of Postal Service PTR system data.

Table 3. STC Scan Types

Scan Type	Count	Percentage of Scans
Delivered	15,190	84.46
No Secure Location Available	2,265	12.59
Receptacle Full/Item Too Large	497	2.76
No Authorized Recipient	31	0.17
Refused	2	0.01
Total	**17,985**	**100%**

Source: OIG analysis of Postal Service PTR system data.

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14 PS Form 1571, Undelivered Mail Report.

We further identified 13,571 of the packages (about 75 percent) scanned at the delivery unit had missing employee information. CDS owners stated some substitute CDS employees did not have badges, were instructed by the CDS owners to scan the owner's badge, and did not enter their name while setting up the scanners. According to the postmaster, this occurred primarily because the CDS owners did not always provide the names of substitute employees to district management to request clearance and an employee badge. This information must be provided before any individual begins work on a CDS route.[15] Further, employees are required to scan the barcode on their identification badge and enter their name in the scanner during setup.[16] When management does not ensure all employees have a badge and use it during setup, they are unable to determine accountability for improper scanning. In addition, management cannot determine whether individuals are authorized to be in the building if they do not have a badge to display.

We also conducted on-site observations at the unit on the morning of March 2, 2021, before carriers arrived for the day. During our observations, we judgmentally selected 60 packages (31 were in the carrier cases and 29 were in the "Notice Left" area) for review of scanning and tracking data.

Of the 31 packages in carrier cases, 25 had improper or missing scans and/or were scanned at a location other than the delivery point. Specifically:

- Fourteen packages were improperly scanned "Delivered". Ten of the fourteen were scanned at the delivery point but were not delivered at that time. Of the remaining four packages, three were scanned at the delivery unit. A "Delivered" scan should only be made when a package is successfully left at the delivery address, in a P.O. Box or parcel locker, or delivered to the customer directly.

- Eight packages were scanned "No Access" at a location other than the delivery point. Four of the eight were scanned at the delivery unit.

- Two packages were scanned "Return to Sender" or "Insufficient Address" at a location other than the delivery point.

- One package was missing the STC scan.

Of the 29 packages in the "Notice Left" area, 17 had improper or missing scans and/or were scanned at a location other than the delivery point. Specifically:

- Eight packages were improperly scanned "Delivered".

- Four packages were scanned "No Secure Location Available" at a location other than the delivery point.

- Two packages had missing STC scans.

- One package was scanned "Receptacle Full/Item Oversized" at the delivery unit.

- One package was improperly scanned "No Access" at the delivery unit.

- One package was scanned "No Authorized Recipient Available" at the delivery unit.

In addition, six mailpieces in the "Notice Left" area should have been returned to the sender. These mailpieces ranged from four to 53 days past their return dates.[17]

These issues occurred because district and local management did not adequately monitor and enforce package scanning and handling procedures. In addition, carriers stated they scanned mail as "Delivered" at the delivery unit instead of the delivery address for the following reasons:

- CDS route owners stated they used multiple substitute employees on a route but are assigned one scanner per route. The CDS owners stated they scanned packages as "Delivered" while at the unit for substitute employees that do not have a scanner to take with them as they delivered the route.

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15 Management Instruction, *Screening Highway Transportation Contractor Personnel.*
16 *MDD-USPS Mobile Delivery Device System User Guide Document*, June 18, 2014.
17 July 2007 Notice Left and Return Guidelines state that parcels should be returned on the 15th calendar day and international mail should be returned on the 30th calendar day.

- Carriers could not leave the package in a secure area because the cluster box unit[18] was either full or broken. Carriers held the packages with other mail at their case for customer pickup.

- Mail was being held at the delivery unit at the customers' request.

The Postal Service's goal is to ensure proper delivery attempts for mailpieces to the correct address with proper service, which includes accurate scanning of mailpieces at the point of delivery, thus ensuring 100 percent visibility throughout the process.

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 #4
We recommend the **Manager, Colorado/Wyoming District**, instruct the **Postmaster, Castle Rock**, to ensure that employees follow standard operating procedures for scanning, periodically review and monitor scan data for compliance, and provide personnel with refresher training on package scanning and handling procedures.

Recommendation #5
We recommend the **Manager, Colorado/Wyoming District**, ensure that all Contract Delivery Service (CDS) employees obtain an employee badge prior to working on a CDS route.

Finding #4: Safeguarding of Assets

Castle Rock MPO management did not properly manage and safeguard Voyager Fleet cards. We conducted a physical inventory of the unit's assigned Voyager Fleet cards and found that 22 of the 31 cards were unaccounted for on March 2, 2021, the first day of our site visit. However, we conducted a second

physical inventory and found that seven additional cards were present, leaving 15 cards unaccounted for on March 4, 2021.

These conditions occurred because unit management did not provide sufficient oversight of Voyager Fleet cards. Specifically, unit management did not ensure the cards were turned in daily and accounted for, as required. In addition, unit management stated several cards were destroyed when they were declined while drivers were purchasing fuel. However, management did not record these cards as being destroyed.

Postal Service policy[19] states that every vehicle is assigned a Voyager Fleet card which should be accounted for each day. Voyager Fleet cards are accountable items and should be treated as such and they should never be carried by off-duty personnel or left in unattended vehicles or other locations with unrestricted access. When there is insufficient oversight and supervision of accountable items such as Voyager Fleet cards, there is an increased risk of theft. Furthermore, management cannot prevent potentially fraudulent charges and unauthorized purchases.

Recommendation #6
We recommend the **Manager, Colorado/Wyoming District**, instruct the **Postmaster, Castle Rock**, to ensure all delivery vehicles are assigned a Voyager Fleet card, and follow procedures to ensure Voyager Fleet cards are safeguarded and properly managed.

Finding #5: Inbound Truck Scanning Procedures

Castle Rock MPO employees did not scan all incoming trailer/truck barcodes (99T)[20] arriving with mail from the Denver Processing and Distribution Center, the Denver Network Distribution Center, and the Denver Peak Annex. From November 2020 to January 2021, employees scanned 163 out of 535 (about 30 percent) 99T barcodes on incoming trailers/trucks.

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18 Centralized unit of individually locked compartments for the delivery and collection of mail.
19 *Standard Work Instructions (Quick Reference): US Bank Voyager Fleet Card Management for Site Managers.*
20 The 15-digit trailer barcode located on the back door and inside right and left walls of the trailer.

Postal Service policy[21] states that employees must scan the trailer barcode when Postal Service trailer/trucks and Highway Contract Route trucks arrive at the delivery unit during local operating hours. Delivery unit clerks stated they scanned the 99T barcodes on all trucks, but the scanner was not transmitting properly in December. The clerks also stated that they received an "International mail" error message when they scanned some 99T barcodes. However, station management did not review 99T scan performance data and follow-up with delivery unit clerks regarding missing scans.

When employees do not scan the 99T barcode, the Postal Service does not receive timely transportation information and is unable to address issues that may be causing mail delays.

> **Recommendation #7**
> We recommend the **Manager, Colorado/Wyoming District**, instruct the **Postmaster, Castle Rock**, to review truck/trailer arrival scanning performance daily for compliance and follow-up for correction as necessary.

Management's Comments

Management agreed with all recommendations in the report and in subsequent communications stated that they agree with all the findings. See Appendix A for management's comments in their entirety.

Regarding recommendation 1, district management stated the Manager, Post Office Operations Area 3, will instruct the Postmaster, Castle Rock, to follow procedures for identifying and properly separating 3M mail returned from routes. Management's target implementation date was April 23, 2021.

Regarding recommendation 2, district management stated the Manager, Post Office Operations Area 3, will instruct the Postmaster, Castle Rock, to follow procedures for applying color code tags to incoming mail as required. Management's target implementation date was April 23, 2021.

Regarding recommendation 3, district management stated the Manager, Post Office Operations Area 3, will instruct the Postmaster, Castle Rock, to follow

procedures for identifying and reporting delayed mail returned from the routes. Management's target implementation date was April 23, 2021.

Regarding recommendation 4, district management stated the Manager, Post Office Operations Area 3, will instruct the Postmaster, Castle Rock, to ensure that employees follow standard operating procedures for scanning and provide refresher training on scanning as appropriate. Further, district management stated the postmaster will be instructed to review undelivered scan reports and to track the routes and employees that are not following the standard work instructions. Management added that remedial training will be provided for repeat offenders. Management's target implementation date was April 23, 2021.

Regarding recommendation 5, district management stated they will develop a standard operating procedure for all offices to utilize when obtaining badges for Contract Delivery employees. Management's target implementation date is May 21, 2021.

Regarding recommendation 6, district management stated the Manager, Post Office Operations Area 3, will instruct the Postmaster, Castle Rock, to ensure all delivery vehicles are assigned a Voyager Fleet card, and follow procedures to ensure Voyager Fleet cards are safeguarded and properly managed. Management's target implementation date was April 23, 2021.

Regarding recommendation 7, district management stated the Manager, Post Office Operations Area 3, will instruct the Postmaster, Castle Rock, to review truck/trailer arrival scanning performance daily for compliance and follow-up for correction as necessary. Management's target implementation date was April 23, 2021.

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 action(s) are completed and

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21 *United States Postal Service Standard Operating Procedure - Subject: Trailer Scans at Delivery Units (DU).*

supporting documentation for those actions that have already been 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

UNITED STATES POSTAL SERVICE

4/20/2021

JOSEPH E. WOLSKI
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Mail Delivery & Customer Service Operations – Castle Rock Main Post
           Office, Castle Rock, CO (Project Number 21-122-DRAFT)

Recommendation 1: We recommend the Manager, Colorado/Wyoming District, instruct
the Postmaster, Castle Rock, to follow procedures for identifying and properly
separating 3M mail returned from routes.

Management Response/Action Plan:

Management agrees with the recommendation. The Manager, Post Office Operations
Area 3, Colorado/Wyoming District, will instruct the Postmaster, Castle Rock, to follow
procedures for identifying and properly separating 3M mail returned from routes.

Target Implementation Date: 4/23/2021

Responsible Official: Manager, Post Office Operations, Area 3, Colorado/Wyoming
District

Recommendation # 2: We recommend the Manager, Colorado/Wyoming District,
instruct the Postmaster, Castle Rock, to follow procedures for applying color code tags
to incoming mail as required.

Management Response/Action Plan:

Management agrees with the recommendation . The Manager, Post Office Operations
Area 3, Colorado/Wyoming District, will instruct the Postmaster, Castle Rock, to follow
procedures for applying color code tags to incoming mail as required.

Target Implementation Date: 4/23/2021

Responsible Official: Manager, Post Office Operations Area 3, Colorado/Wyoming District

Recommendation # 3: We recommend the Manager, Colorado/Wyoming District, instruct the Postmaster, Castle Rock, to follow procedures for identifying and reporting delayed mail returned from the routes.

Management Response/Action Plan:

Management agrees with the recommendation. The Manager, Post Office Operations Area 3, Colorado/Wyoming District, will instruct the Postmaster, Castle Rock, to follow procedures for identifying and reporting delayed mail returned from the routes.

Target Implementation Date: 4/23/2021

Responsible Official: Manager, Post Office Operations Area 3, Colorado/Wyoming District

Recommendation # 4: We recommend the Manager, Colorado/Wyoming District, instruct the Postmaster, Castle Rock, to ensure that employees follow standard operating procedures for scanning, periodically review and monitor scan data for compliance, and provide personnel with refresher training on package scanning and handling procedures.

Management Response/Action Plan:

Management agrees with the recommendation. The Manager, Post Office Operations Area 3, Colorado/Wyoming District, will instruct the Postmaster, Castle Rock, to ensure employees follow standard operating procedures for scanning. The Postmaster will be instructed to monitor scan data for compliance and provide refresher training on scanning as appropriate. Management will review Undeliverable scan report in RIMS and track the routes and employees that are not following SWI. Remedial training will be selected based on repeat offenders tracked with report.

Target Implementation Date: 4/23/2021

Responsible Official: Manager, Post Office Operations Area 3, Colorado/Wyoming District

Recommendation # 5: We recommend the Manager, Colorado/Wyoming District, ensure that all Contract Delivery Service (CDS) employees obtain an employee badge prior to working on a CDS route.
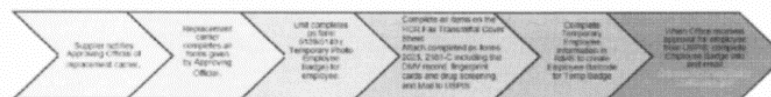
Management Response/Action Plan:

Management agrees with the recommendation. The Manager, Colorado/Wyoming District will develop a standard operating procedure for all offices to utilize when obtaining badges for Contract Delivery Service employees.

Target Implementation Date: 5/21/2021

Responsible Official: Manager, Colorado/Wyoming District

Recommendation # 6: We recommend the Manager, Colorado/Wyoming District, instruct the Postmaster, Castle Rock, to ensure all delivery vehicles are assigned a

Voyager Fleet card, and follow procedures to ensure Voyager Fleet cards are safeguarded and properly managed.

Management Response/Action Plan:

Management agrees with the recommendation. The Manager, Post Office Operations Area 3, Colorado/Wyoming District, will instruct the Postmaster, Castle Rock, to ensure all delivery vehicles are assigned a Voyager Fleet card and to follow procedures to ensure Voyager Fleet cards are safeguarded and properly managed.

Target Implementation Date: 4/23/2021

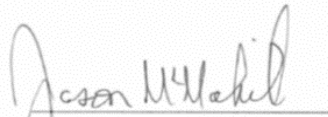Responsible Official: Manager, Post Office Operations Area 3, Colorado/Wyoming District

Recommendation # 7: We recommend the Manager, Colorado/Wyoming District, instruct the Postmaster, Castle Rock, to review truck/trailer arrival scanning performance daily for compliance and follow-up for correction as necessary.

Management Response/Action Plan:

Management agrees with the recommendation . The Manager, Post Office Operations Area 3, Colorado/Wyoming District, will instruct the Postmaster, Castle Rock, to review truck/trailer arrival scanning performance daily for compliance and follow-up for correction as necessary.

Target Implementation Date: 4/23/2021

Responsible Official: Manager, Post Office Operations Area 3, Colorado/Wyoming District

Jason McMahill
Manager, Colorado/Wyoming District

cc: Corporate Audit and Response Management

Eduardo Ruiz, Vice President /A, Operations – WestPac Area

Kangcong Zhang, Controller/A

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INSPECTOR
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UNITED STATES POSTAL SERVICE

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