

# Middletown Branch, Louisville, KY: Delivery Operations

## AUDIT REPORT

Report Number 25-074-2-R25 | June 4, 2025



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# Transmittal Letter



OFFICE OF INSPECTOR GENERAL  
UNITED STATES POSTAL SERVICE

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June 4, 2025

**MEMORANDUM FOR:** DEREK STRISSEL  
MANAGER, KENTUCKY-WEST VIRGINIA DISTRICT

A handwritten signature in black ink, reading "Sean Balduff", is centered below the memorandum header.

**FROM:** Sean Balduff  
Director, Field Operations, Central & Southern

**SUBJECT:** Audit Report – Middletown Branch, Louisville, KY: Delivery Operations  
(Report Number 25-074-2-R25)

This report presents the results of our audit of delivery operations and property conditions at the Middletown Branch in Louisville, KY.

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

Attachment

cc: Postmaster General  
Chief Retail & Delivery Officer & Executive Vice President  
Vice President, Delivery Operations  
Vice President, Retail & Post Office Operations  
Vice President, Central Area Retail & Delivery Operations  
Director, Retail & Post Office Operations Maintenance  
Corporate Audit and Response Management

# Results

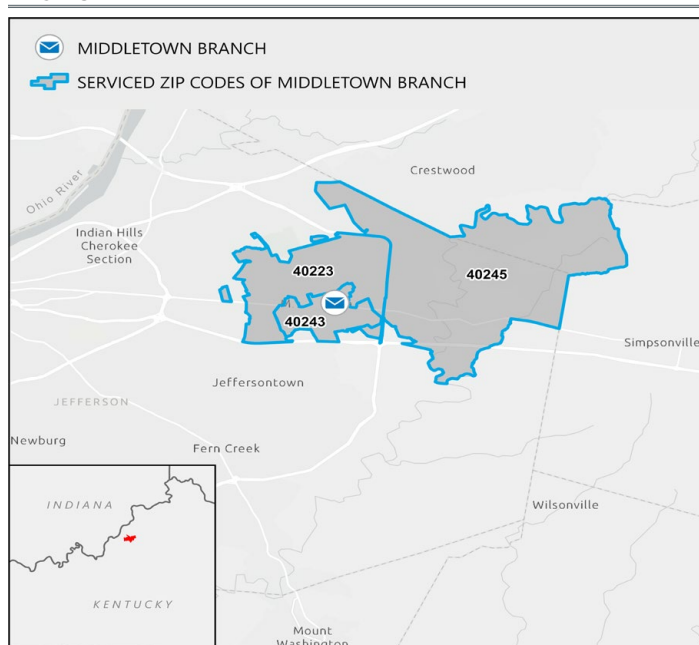
## Background

The U.S. Postal Service's mission is to provide timely, reliable, secure, and affordable mail and package delivery to more than 160 million residential and business addresses across the country. The U.S. Postal Service Office of Inspector General (OIG) reviews delivery operations at facilities across the country and provides management with timely feedback in furtherance of this mission.

This interim report presents the results of our self-initiated audit of delivery operations and property conditions at the Middletown Branch in Louisville, KY (Project Number 25-074-2). The Middletown Branch is in the Kentucky-West Virginia District of the Central Area and serves about 71,559 people in ZIP Codes 40223, 40243, and 40245, which are considered predominantly urban communities<sup>1</sup> (see Figure 1).

This delivery unit has 45 rural routes and 11 city routes. From January 25 through February 21, 2025, the delivery unit had three assigned supervisors,<sup>2</sup> of which one was acting in a higher-level manager detail at this facility. During our fieldwork, the unit had one relief<sup>3</sup> supervisor. The Middletown Branch falls under the Louisville Post Office for employee availability measurement. As of February 21, 2025,<sup>4</sup> the employee availability rate for the Louisville Post Office was 87.9 percent year to date, which is under the Postal Service's retail and delivery operations employee availability goal of 93.7 percent for fiscal year 2025. The Middletown Branch is one of three delivery units<sup>5</sup> the OIG reviewed during the week of March 31, 2025, that are serviced by the Louisville Processing and Distribution Center (P&DC).

**Figure 1. ZIP Codes Serviced by the Middletown Branch**



Source: OIG analysis of ZIP Code data.

We assessed all units serviced by the Louisville P&DC based on the number of Customer 360 (C360)<sup>6</sup> delivery-related inquiries,<sup>7</sup> Informed Delivery<sup>8</sup> contacts, stop-the-clock (STC)<sup>9</sup> scans performed away from the delivery point and at the unit, undelivered route information, and first and last mile failures<sup>10</sup> between December 1, 2024, through February 28, 2025.

We judgmentally selected the Middletown Branch primarily based on the number of C360 inquiries related to delivery. Specifically, the unit had an average of 20.3 inquiries per route, which exceeded the district average of 17.5 inquiries per route by

<sup>1</sup> We obtained ZIP Code information related to population and urban/rural classification from 2020 Census Bureau information. Of the people living in these ZIP Codes, 67,738 (95 percent) were considered living in urban communities and 3,821 (5 percent) were considered living in rural communities.

<sup>2</sup> According to the Postal Service's Time and Attendance Collection system (TACS). TACS is the system used by the Postal Service to automate the collection of employee time and attendance information.

<sup>3</sup> Relief supervisors work a non-standard, flexible schedule to cover tours and facilities within a designated commuting distance, all with potential minimal advance notice.

<sup>4</sup> The last day of Pay Period 05.

<sup>5</sup> The other two units were the Iroquois Station, Louisville, KY, (Project Number 25-074-1) and the Pleasure Ridge Park Branch, Louisville, KY, (Project Number 25-074-3).

<sup>6</sup> A cloud-based application that enables Postal Service employees to diagnose, resolve, and track customer inquiries.

<sup>7</sup> A compilation of package inquiry, package pickup, daily mail service, and hold mail inquiries.

<sup>8</sup> Informed Delivery is a free and optional notification service that gives residential customers the ability to digitally preview their letter-sized mail and submit inquiries for mailpieces that were expected for delivery but have not arrived.

<sup>9</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 Pickup," and "No Access."

<sup>10</sup> First mile failures occur when a mailpiece is collected and does not receive a processing scan at the P&DC on the day that it was intended. Last mile failures occur after the mailpiece has been processed at the P&DC on a final processing operation and is not delivered to the customer on the day it was intended.

2.8 percent. The unit was also chosen based on first and last mile failures and undelivered routes.

Objective, Scope, and Methodology

Our objective was to evaluate mail delivery operations and property conditions at the Middletown Branch in Louisville, KY.

To accomplish our objective, we focused on the following audit areas: delayed mail, package scanning, arrow keys,<sup>11</sup> carrier separations and transfers, and property safety and security conditions. Specifically, we reviewed delivery metrics, including the number of routes and carriers, mail arrival time, amount of reported delayed mail, package scanning, and carrier complement. During our site visit we observed mail conditions; package scanning procedures; arrow key security procedures; employee separation procedures; and unit safety and security conditions. We also analyzed the scan status of mailpieces at the carrier cases and interviewed unit management and employees. We discussed our observations and conclusions as summarized in Table 1 with management on May 15, 2025, and included its comments, where appropriate.

We are issuing this interim report to provide the Postal Service with timely information regarding conditions we identified at the Middletown Branch. We will issue a separate capping report<sup>12</sup> that provides the Postal Service with the overall findings and recommendations for all three delivery units, as well as the district. The capping report will include

actions taken by management to address the issues identified in this interim report. See [Appendix A](#) for additional information about our scope and methodology.

Results Summary

We identified issues affecting delivery operations and property conditions at the Middletown Branch. Specifically, we found issues with four of the areas we reviewed (see Table 1). We also found issues related to the separation of packages.

Table 1. Summary of Results

Audit Area	Deficiencies Identified	
	Yes	No
Delayed Mail	X	
Package Scanning	X	
Arrow Keys	X	
Carrier Separations and Transfers		X
Property Conditions	X	

Source: Results of our fieldwork during the week of March 31, 2025.

We analyzed employee data from January 18 through February 28, 2025. All carriers assigned to the unit either reported to work or were accounted for by management during this time, indicating no issues with employee separations and transfers.

<sup>11</sup> 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 keys are accountable property and are subject to strict controls.  
<sup>12</sup> Project Number 25-074.

# Finding #1: Delayed Mail

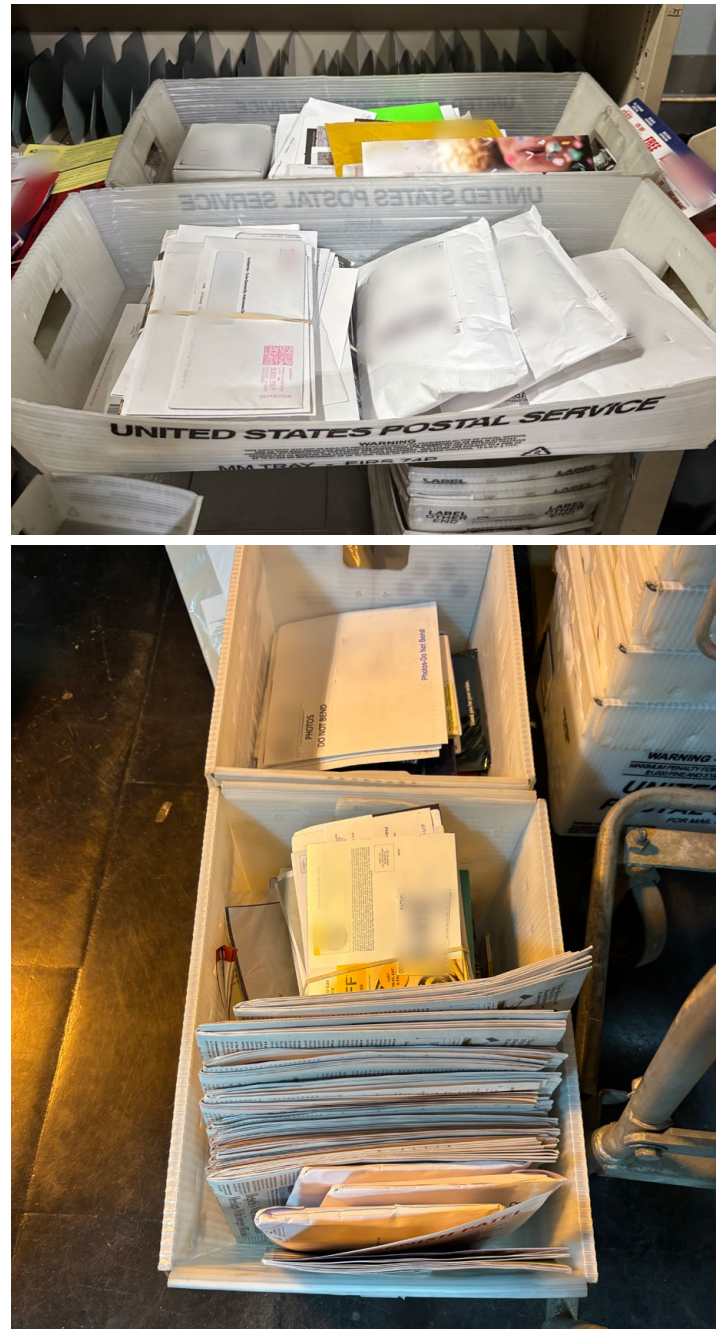
## What We Found

On the morning of April 1, 2025, we identified 1,327 delayed mailpieces at 27 carrier cases. Specifically, we identified 934 letters and 393 flats. This mail was not reported as delayed in the Delivery Condition Visualization (DCV)<sup>13</sup> system. In addition, the carriers did not complete Postal Service (PS) Forms 1571, *Undelivered Mail Report*,<sup>14</sup> to document the undelivered mailpieces. See Figure 2 for examples of delayed mail found in the carrier cases.

## Why Did It Occur

Unit management stated that some of the delayed mail we identified was received late from the Louisville P&DC and could not be distributed to the carriers before they left for their routes. In addition, management was not enforcing the Redline<sup>15</sup> process. Specifically, management did not verify the carriers identified and placed mail brought back from their routes into the appropriate area or completed a PS Form 1571 to document the reason why the mail could not be delivered. Further, carriers were not using the 3M case<sup>16</sup> to enable supervisor review of the mail but, instead, were putting the mail back in their cases upon returning from their routes. In addition, supervisors did not consistently conduct a review of the workroom floor, which would have included reviewing the carrier cases for mail brought back to the unit. The PM supervisor stated that he was unable to enforce the Redline process or perform a complete review of the unit due to other competing responsibilities, such as completing operating reports and dispatching carriers to the street.

Figure 2. Examples of Delayed Mail in the Carrier Cases



Source: OIG photos taken April 1, 2025.

<sup>13</sup> A tool for unit management to manually self-report delayed mail, which provides a snapshot of daily mail conditions at the point in time when carriers have departed for the street.

<sup>14</sup> PS Form 1571, *Undelivered Mail Report*, lists all mail distributed to the carrier for delivery that was left in the office or returned undelivered.

<sup>15</sup> A standardized framework encompassing manager and carrier responsibilities after carriers return to the delivery unit upon completion of delivery assignments, ensuring that any mail returned from the street is identified with a signed completed PS Form 1571 and that no mail is taken back to the carrier case.

<sup>16</sup> The area of the delivery unit where carriers place their missent, missorted, and missequenced mail.

### What Should Have Happened

Management should have verified that all mail was processed and delivered daily and that any mail returned from a route was properly identified. Postal Service policy<sup>17</sup> states that all types of First-Class Mail, Priority Mail, and Priority Mail Express are always committed for delivery on the day of receipt. In addition, policy<sup>18</sup> states delivery units must follow the Redline process, which includes carriers properly depositing mail in the missent, missorted, and missequenced mail case and completing a PS Form 1571 for other undelivered mail brought back to the delivery unit. Further, managers must complete a review of the unit to verify that any delayed mail has a PS Form 1571 attached.

### Effect on the Postal Service and Its Customers

When mail is delayed, there is an increased risk of customer dissatisfaction, which may adversely affect the Postal Service brand. In addition, inaccurate reporting of delayed mail in DCV 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.

#### Postal Service Response

The Postal Service agreed with this finding. See [Appendix B](#) for management's comments in their entirety.

<sup>17</sup> Committed Mail & Color Code Policy for Marketing Mail stand-up talk, February 2019.

<sup>18</sup> Standard Operating Procedures, Redline Policy.



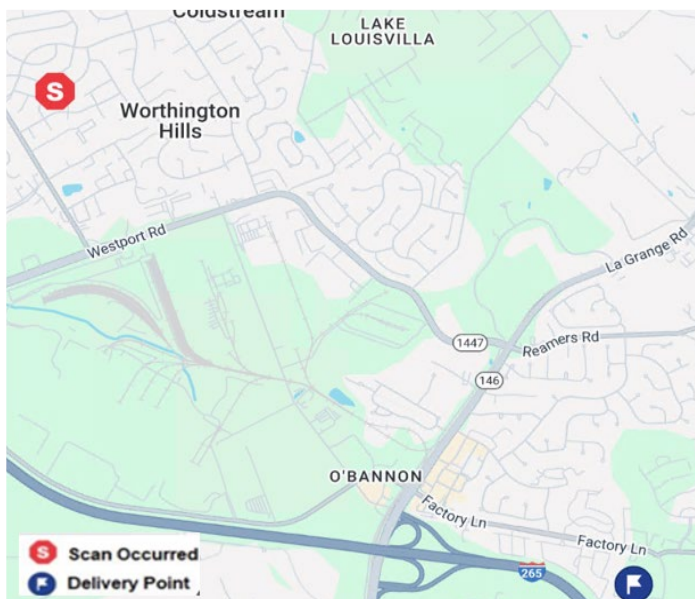
## Finding #2: Package Scanning

### What We Found

We found issues with employees improperly scanning packages. On the morning of April 1, 2025, before carriers arrived for the day, we selected 30 packages from the carrier cases to review and analyze scanning and tracking history. Of the 30 packages sampled, six (20 percent) had improper scans, including:

- Four packages were scanned “Delivery Attempted – No Access to Delivery Location” between 0.8 and 3.6 miles from the delivery point. However, scans should be made as close to the delivery point as possible. See Figure 3 for an example.
- One package was scanned “Delivered,” which should only be performed when a package is successfully left at the customer’s delivery address. An active “Hold Mail Request” was on file for the package.
- One package was missing an STC scan to let the customer know the reason for non-delivery.

**Figure 3. Scan Away From the Delivery Point in Louisville, KY**



Source: Postal Service Single Package Look Up.

### Why Did It Occur

The scanning issues occurred because unit management did not monitor scan performance daily. The supervisor stated on the evening of March 31, 2025, he had carriers out past 8 p.m. delivering packages. He stated his focus was on coordinating with the carriers to get all the packages delivered, which prevented him from analyzing the scanning details for the packages.

### What Should Have Happened

Management should have monitored scan performance daily. The Postal Service’s goal is to ensure proper delivery attempts for mailpieces to the correct address with proper service, which includes scanning packages at the time and location of delivery.<sup>19</sup>

### Effect on the Postal Service and Its Customers

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 improve mail visibility, increase customer satisfaction, and enhance the customer experience and the Postal Service brand.

### Postal Service Response

The Postal Service agreed with this finding.

<sup>19</sup> Delivery Done Right the First-Time stand-up talk, March 2020.



## Finding #3: Arrow Keys

### What We Found

Unit management did not properly update the arrow key inventory log and safeguard arrow keys. On the morning of April 3, 2025, we reviewed the unit's arrow key certification list in the Retail and Delivery Applications and Reports (RADAR)<sup>20</sup> system and conducted a physical inventory of keys at the unit. Unit management reported 57 keys in RADAR as "In-Use" or "In-Vault." Based on our physical review of arrow keys at the unit, six of the 57 keys were missing, and an additional nine keys found at the unit were not recorded in RADAR. Further, unit management did not report any missing keys to the U.S. Postal Inspection Service. We also found one arrow key that was recorded as "Lost" in RADAR.

In addition, unit management did not always verify keys were being signed out by carriers on the daily key inventory log or returned properly. Further, arrow keys were not always kept secure. Specifically, we observed instances where the [REDACTED] [REDACTED] were unattended when supervisors were away from their desk.

### Why Did It Occur

Management did not properly manage arrow keys due to competing responsibilities. Specifically, the unit manager stated he spent most of his time focusing on mail delivery operations, such as managing the distribution of mail and dispatching

carriers to the street. This impacted his ability to conduct monthly certifications, properly secure arrow keys, monitor carriers signing for the keys, and verify carriers returned keys daily.

### What Should Have Happened

Management should have verified that arrow key procedures were properly followed. According to Postal Service policy,<sup>21</sup> management must keep an accurate inventory of all arrow keys. Any missing keys must be immediately reported to the U.S. Postal Inspection Service.

In addition, policy states that arrow keys must remain secured until they are individually assigned to personnel. A supervisor or clerk must supervise employees signing out keys on the inventory log. Upon return, arrow keys should be deposited in a secure location, and a supervisor or clerk must verify all keys have been returned and accounted for daily.

### Effect on the Postal Service and Its Customers

When there is insufficient oversight and supervision of accountable items, such as arrow keys, there is increased risk of mail theft. These thefts damage the Postal Service's reputation and diminish public trust in the nation's mail system. Additionally, because arrow keys open mail receptacles, lost or damaged keys can result in undelivered mail.

### Postal Service Response

The Postal Service agreed with this finding.

<sup>20</sup> The arrow key certification in RADAR provides a national platform for all facilities to verify current inventory and account for all arrow keys.

<sup>21</sup> *Arrow/Modified Arrow Lock (MAL) Key Accountability Standard Work Instruction*, dated May, 2024.

## Finding # 4: Property Conditions

### What We Found

We found one property security issue at the Middletown Branch. Specifically, there was no sign posted in the employee parking area stating that vehicles may be subject to search.

### Why Did It Occur

The unit manager was not aware a sign was required. On April 3, 2025, the unit manager provided support showing he ordered the sign to initiate corrective action.

### What Should Have Happened

Management should have verified security policies were properly followed. According to Postal Service policy,<sup>22</sup> management must post signage stating that vehicles are subject to search.

### Effect on the Postal Service and Its Customers

Management's attention to security policies can reduce the risk of employee theft and employee and customer lawsuits, and enhance the Postal Service brand.

### Postal Service Response

The Postal Service agreed with this finding.

<sup>22</sup> Postal Service Handbook RE-5, *Building and Site Security Requirements*, September 2009.

## Finding # 5: Separation of Packages for Dispatch

### What We Found

Employees at the Middletown Branch did not properly separate packages destined for the Louisville P&DC. Specifically, on April 2, 2025, during the unit's evening operations, we observed Ground Advantage<sup>23</sup> and Priority Mail<sup>24</sup> packages comingled in the same container for dispatch to the P&DC.

### Why Did It Occur

Management did not provide oversight to verify that employees properly separated packages for dispatch to the P&DC. Unit management stated it had received instructions from the Louisville P&DC to combine the packages. However, it was unable to provide documentation to support that instruction.

### What Should Have Happened

The Postal Service requires all level 22 and above units to separate Priority Mail from non-Priority Mail packages and use a specific placard when dispatching this mail to the processing facility.<sup>25</sup>

### Effect on the Postal Service and Its Customers

Proper mail preparation is required for visibility throughout the Postal Service network. When mail is not properly separated for dispatch to the processing facility, in accordance with procedures, there is an increased likelihood that mail will require additional processing steps. Furthermore, this can result in delays and service failures and an increased risk of customer dissatisfaction, which may adversely affect the Postal Service brand.

#### Postal Service Response

The Postal Service agreed with this finding.

<sup>23</sup> A service providing an affordable and reliable way to send parcels inside the U.S. Parcels under 70 pounds generally arrive in two to five business days.

<sup>24</sup> An expedited service that may contain any mailable matter weighing no more than 70 pounds.

<sup>25</sup> *Learn and Grow RDC/RSC Updates*, May 2024.



# Appendix A: Additional Information

We conducted this audit from March through June 2025 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.

In planning and conducting the audit, we obtained an understanding of the delivery operations internal control structure to help determine the nature, timing, and extent of our audit procedures. We reviewed the management controls for overseeing the program and mitigating associated risks. Additionally, we assessed the internal control components and underlying principles, and we determined that the following three components were significant to our audit objective:

- Control Activities
- Information and Communication
- Monitoring

We developed audit work to ensure that we assessed these controls. Based on the work performed, we identified internal control deficiencies related to all three that were significant within the context of our objectives. We will issue a separate report that provides the Postal Service with the overall findings and recommendations for the Iroquois Station, Middletown Branch, and Pleasure Ridge Park Branch, as well as the district.

We assessed the reliability of Product Tracking and Reporting<sup>26</sup> and DCV data by reviewing existing information, comparing data from other sources, observing operations, and interviewing Postal Service officials knowledgeable about the data. We determined that the data were sufficiently reliable for the purposes of this report.

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<sup>26</sup> The system of record for all delivery status information for mail and packages with trackable services and barcodes.

# Appendix B: Management's Comments



May 15, 2025

VICTORIA SMITH  
ACTING DIRECTOR, AUDIT SERVICES

SUBJECT: Management Response: Middletown Branch, Louisville, KY: Delivery Operations  
(Report Number 25-074-2-DRAFT)

Thank you for providing the Postal Service with an opportunity to review and comment on the findings contained in the draft audit report, *Middletown Branch, Louisville, KY: Delivery Operations*.

Management generally agrees with the five findings in the report on delayed mail, package scanning, arrow keys, separation of packages, and property conditions.

Management has begun taking steps to address the five findings.

*Delayed Mail:* Management will conduct a service talk on proper handling and recording of delayed mail in DCV. Management will also reiterate the requirement to use PS Form 1571 *Undelivered Mail Report* and follow the *Redline* process. Reviews will be conducted to monitor for compliance.

*Package Scanning:* Management will provide a service talk on proper scanning procedures and conduct reviews to monitor compliance.

*Arrow Keys:* Management will update the inventory log to reflect all arrow keys on hand and report all missing keys to the US Postal Inspection Service. Management will also conduct training on proper management and security of arrow keys. Additionally, reviews will be conducted to monitor for compliance.

*Property Conditions:* Management has abated the property condition related to security.

*Separation of Packages for Dispatch:* Management will provide service talks to reinforce package separation practices to ensure Priority Mail is not comingled with non-priority mail. Reviews will be conducted to monitor for compliance.

E-SIGNED by DEREK J STRISSEL  
on 2025-05-16 08:59:31 EDT

Derek J. Strissel  
a/District Manager, KY-WV District

cc: Vice President, Area Retail & Delivery Operations (Central)  
Corporate Audit Response Management

# OFFICE OF INSPECTOR GENERAL

UNITED STATES POSTAL SERVICE



This document contains sensitive information that has been redacted for public release. These redactions were coordinated with USPS and agreed to by the OIG.

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