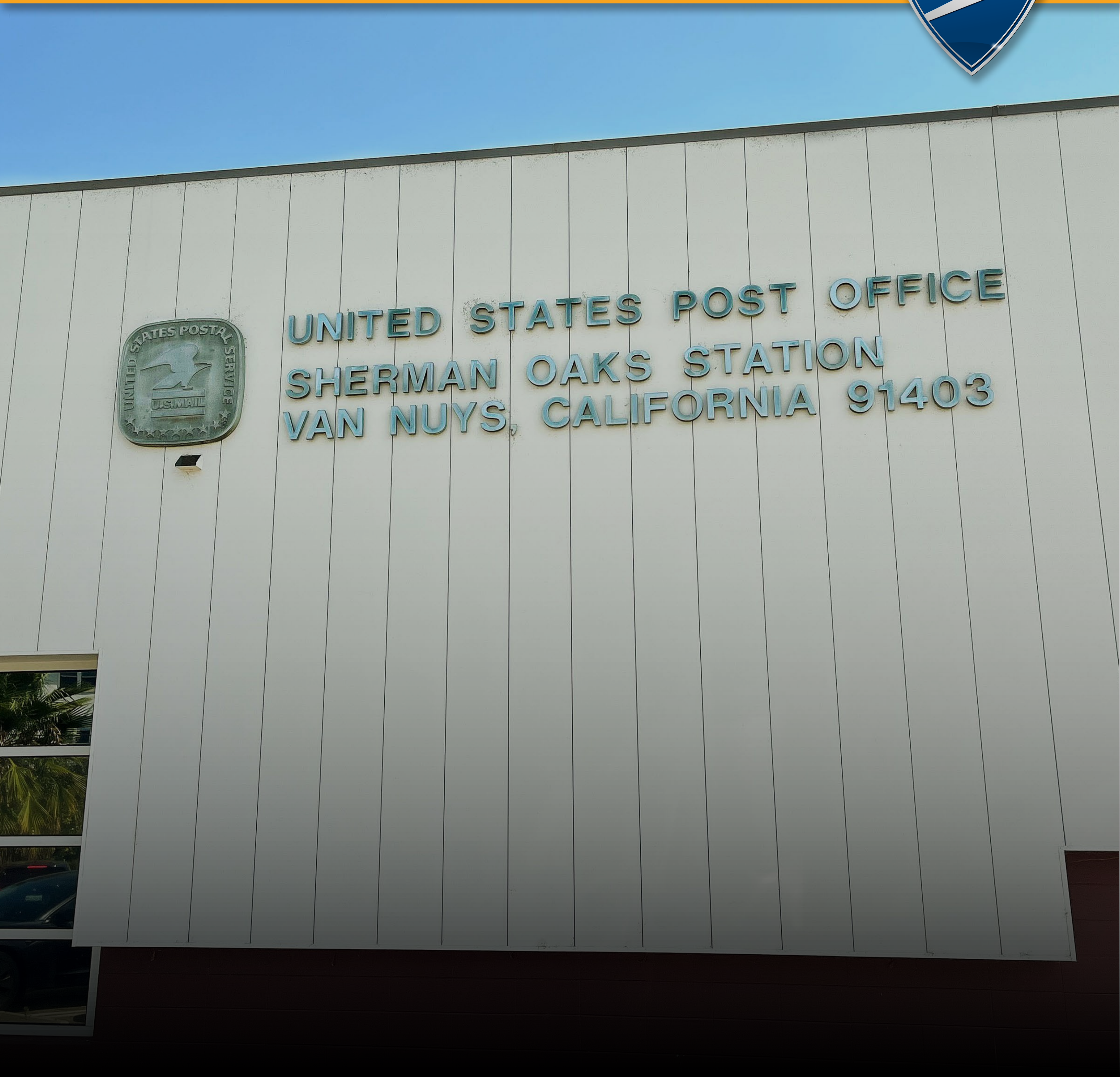
OFFICE OF INSPECTOR GENERAL | UNITED STATES POSTAL SERVICE

Sherman Oaks Branch, Sherman Oaks, CA: Delivery Operations

AUDIT REPORT

Report Number 25-124-3-R26 | October 14, 2025



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Transmittal Letter

OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

October 14, 2025

MEMORANDUM FOR: AL SANTOS
MANAGER, CALIFORNIA 3 DISTRICT

FROM: Joseph E. Wolski
Director, Field Operations, Atlantic & WestPac

SUBJECT: Audit Report – Sherman Oaks Branch, Sherman Oaks, CA: Delivery Operations (Report Number 25-124-3-R26)

This report presents the results of our audit of delivery operations and property conditions at the Sherman Oaks Branch, Sherman Oaks, CA.

We appreciate the cooperation and courtesy provided by your staff. If you have any questions or need additional information, please contact Frank McElligott, 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, WestPac Area Retail & Delivery Operations
Director, Retail & Post Office Operations Maintenance
Corporate Audit Response Management

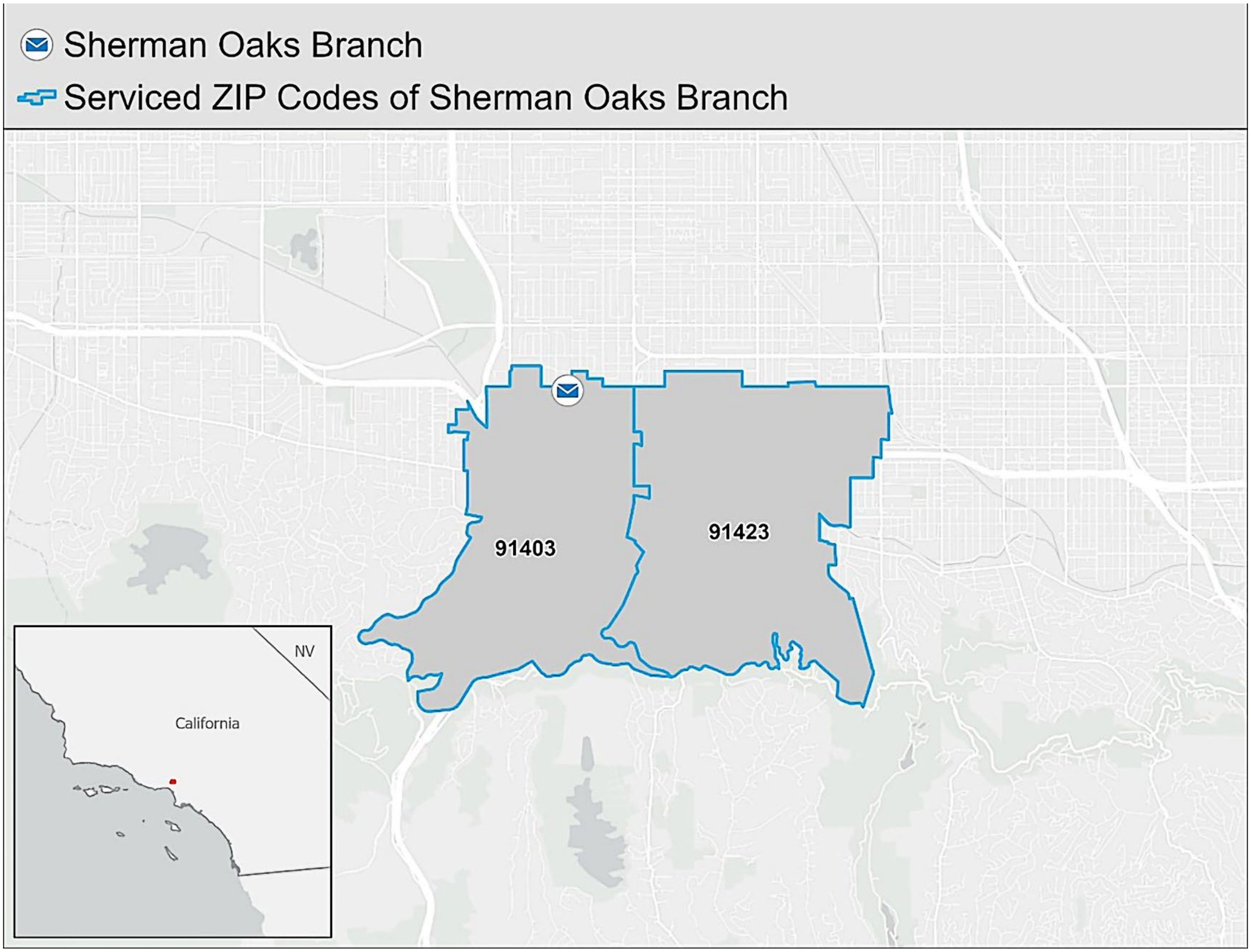
Results

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 Sherman Oaks Branch in Sherman Oaks, CA (Project Number 25-124-3). The Sherman Oaks Branch is in the California 3 District of the WestPac Area and serves about 58,140 people in ZIP Codes 91403 and 91423, which are considered urban communities[1] (see Figure 1). The unit also services ZIP Code 91413 for Post Office Box routes.

Figure 1. ZIP Codes Serviced by the Sherman Oaks Branch



Source: OIG analysis of ZIP Code data.

1 We obtained ZIP Code information related to population and urban/rural classification from 2020 Census Bureau information.

This delivery unit has 50 city routes. From June 14 through July 11, 2025, the delivery unit had four supervisors and one station manager assigned.[2] During our visit, one of these supervisors was reporting to a different unit. The Sherman Oaks Branch falls under the Van Nuys Post Office for employee availability[3] measurement. As of July 11, 2025,[4] the year-to-date employee availability rate for the Sherman Oaks Branch was 94.4 percent, which is over the Postal Service's retail and delivery operations employee availability goal of 93.7 percent for fiscal year (FY) 2025. The Sherman Oaks Branch is one of four delivery units[5] the OIG reviewed during the week of August 11, 2025, that are serviced by the Santa Clarita Processing and Distribution Center (P&DC).

We assessed all units serviced by the Santa Clarita P&DC based on the number of Customer 360 (C360)[6] delivery-related inquiries,[7] stop-the-clock (STC)[8] scans performed away from the delivery point and at the unit, undelivered route information, and Leg 1 and Leg 3 failures[9] between March 18 through June 18, 2025.

We judgmentally selected the Sherman Oaks Branch primarily based on the number of C360 inquiries related to delivery. Specifically, the unit had an average of 5.7 inquiries per route compared to the district average of 4.7. The unit was also chosen based on six Leg 1 and Leg 3 failures.

Objective, Scope, and Methodology

Our objective was to evaluate mail delivery operations and property conditions at the Sherman Oaks Branch in Sherman Oaks, CA.

To accomplish our objective, we focused on the following audit areas: delayed mail, package scanning, arrow keys,[10] carrier separations and transfers, Voyager card[11] premium fuel transactions, property safety and security conditions, and package separations. 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 from August 12-14, 2025, we reviewed mail conditions, package scanning procedures, arrow key security procedures, carrier separation and transfer procedures, Voyager card transactions, unit safety and security conditions, and package separation procedures. 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 September 24, 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 Sherman Oaks Branch. We will issue a separate capping report[12] that provides the Postal Service with the overall findings and recommendations for all four 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 Sherman Oaks Branch.

2 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.
3 The Postal Service calculates employee availability by dividing straight time hours worked by potential straight time hours. Potential straight time hours generally include actual straight time hours worked, sick leave taken, and leave without pay.
4 The last day of Pay Period 15.
5 The other three units were the Chandler Station, North Hollywood, CA (Project Number 25-124-1); the Encino Branch, Encino, CA (Project Number 25-124-2); and the Woodland Hills Main Post Office, Woodland Hills, CA (Project Number 25-124-4).
6 A cloud-based application that enables Postal Service employees to diagnose, resolve, and track customer inquiries.
7 A compilation of package inquiry, package pickup, daily mail service, and hold mail inquiries.
8 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."
9 Leg 1 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. Leg 3 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.
10 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.
11 The U.S. Postal Service uses credit cards, called Voyager cards, to pay for commercially purchased fuel, oil, and routine maintenance for its vehicles.
12 Project Number 25-124.

Specifically, we found issues with three of the areas we reviewed (see Table 1).

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
Voyager Card Transactions	X	
Property Conditions	X	
Package Separations		X

Source: Results of our fieldwork during the week of August 11, 2025.

- On the morning of August 12, 2025, we observed carrier cases and other areas in the unit for delayed mail and found only 266 delayed mailpieces, comprised of 200 letters and 66 flats.
- We analyzed employee data from June 7 through July 18, 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.
- We observed the procedures for safeguarding arrow keys and did not identify any issues. The unit stored arrow keys in a secure location and management monitored carriers signing the keys in and out. We also verified all keys included in the arrow key inventory were located at the unit.[13]
- We observed package separation procedures on August 13, 2025, and determined the unit was properly separating Priority Mail from non-Priority Mail packages.

13 We found two extra keys not included in the inventory; however, when we brought this to management's attention, it promptly added the two keys to the inventory list.

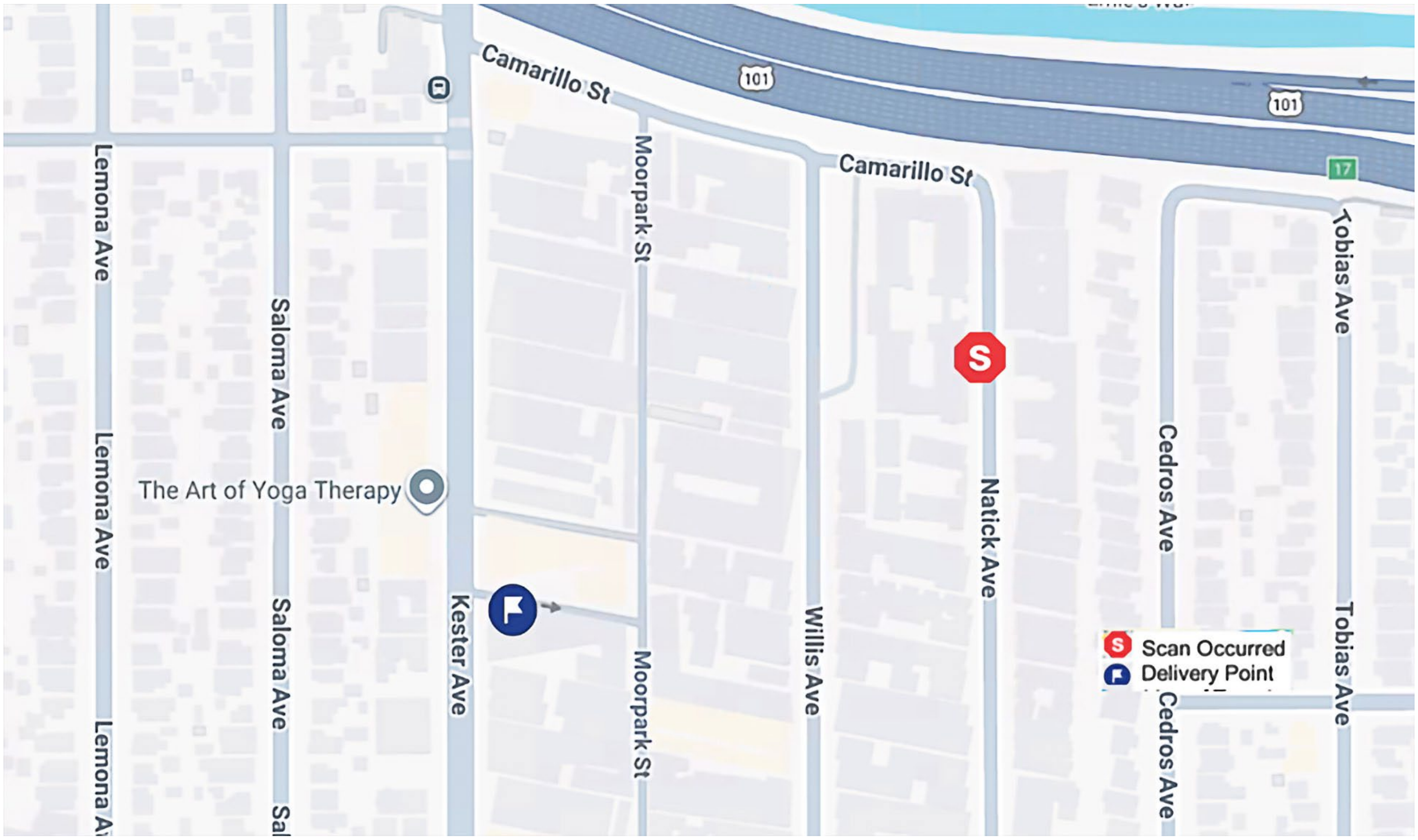
Finding #1: Package Scanning

What We Found

We found issues with scanning and handling of packages in the unit. On the morning of August 12, 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 sampled packages, 15 (50 percent) had improper scans or handling issues, including:

- Eight packages were scanned “Delivered, In/At Mailbox,” “Delivered, Front Desk/Reception/Mail Room” or “Delivered, Front Door/Porch” and subsequently rescanned “Held at Post Office at customer request.” A “Delivered” scan should only be performed when a package is successfully left at the customer’s delivery address.
- Two packages were scanned “Delivered” but were in the carrier case.
- Two packages scanned “Delivery Attempted - No Access to Delivery Location,” were scanned between 0.2 and 0.5 miles away from the delivery point. Scans should be made as close to the delivery point as possible. Specifically, one package was scanned 0.5 miles away from the delivery point (See Figure 2).
- One package was scanned “Insufficient Address” 0.2 miles away from the delivery point.
- One package was scanned “Return to Post Office for address verification” 0.4 miles away from the delivery point.
- One package was scanned “Held at Post Office at customer request” and subsequently rescanned “Delivered.” This scan is used when a package is being held for a customer at their request and does not require a subsequent “Delivered” scan.

Figure 2. Scan Away From the Delivery Point in Sherman Oaks, California



Source: Postal Service Single Package Look Up.

Why Did It Occur

These scanning issues occurred because unit management did not adequately enforce proper package scanning and handling procedures. Unit management stated that some of the packages that we sampled were "Vacation Hold" packages. Additionally, unit managers stated that they were aware of carriers scanning packages as "Delivered" and then subsequently rescanning them as "Held at Post Office at Customer Request" because carriers had been instructed to scan them that way but were not aware that it was an issue. Unit management stated that scanning vacation hold packages that way has been a long-standing practice in the district, but unit managers could not provide supporting documentation.

What Should Have Happened

Management should have enforced proper package scanning and handling procedures. Carriers should have only used the "Held at Post Office at Customer Request" scan when holding a package for the customer. The Postal Service's goal is to ensure proper delivery attempts for mailpieces to the correct address,[14] which includes scanning packages at the time and location of delivery.[15]

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. See Appendix B for management's comments in their entirety.

14 *Delivery Done Right the First Time* stand-up talk, March 2020.
15 *Carriers Delivering the Customer Experience* stand-up talk, July 2017.

Finding #2: Premium Fuel Voyager Card Transactions

What We Found

Unit management did not always properly reconcile unauthorized Voyager card premium fuel transactions. We reviewed the Fuel Asset Management System (FAMS) reconciliation exception report for premium fuel transactions from February 4, 2025, through July 31, 2025, and identified 33 unauthorized premium fuel transactions valued at $1,572. Although these transactions were marked as reconciled by unit management, all 33 transaction reconciliation comments did not show that corrective action was taken for the unauthorized premium fuel transactions and did not identify the purchases as premium fuel.

In addition, 24 of these premium fuel transactions were from one carrier. While unit management was aware that premium fuel should not be used for Postal Service vehicles, there was no indication in the FAMS reconciliation comments that the matter was addressed.

Why Did It Occur

Management did not provide sufficient oversight to prevent the purchase of premium fuel. Although unit management was aware that premium fuel should not be used for Postal Service vehicles, management did not communicate this requirement to carriers or properly annotate in the FAMS reconciliation comments that the matter was addressed. According to management, this issue was overlooked due to other competing duties.

What Should Have Happened

According to Postal Service policy,[16] at least once per month, unit management is responsible for ensuring that driver receipts are reconciled in the FAMS eFleet "*Reconciliation Exception Report*" module. In addition, all high-risk transactions must be reconciled, and a comment must be entered into each transaction's note block.

When fueling vehicles in the Postal Fleet, drivers should never purchase a fuel grade above regular unleaded and there are no vehicles in the Postal Fleet that require premium fuel such as premium plus or premium super fuel.[17]

Effect on the Postal Service and Its Customers

When premium fuel transactions are not properly reconciled, there is an increased risk that the Postal Service will not identify unauthorized purchases.

Postal Service Response

The Postal Service agreed with this finding.

16 *Voyager Fleet Card SOP*, Section 4.2 Responsibilities, October 2023.
17 *Voyager Fleet Card SOP*, Section 2.4 Acceptable Fuel Types, October 2023.

Finding #3: Property Conditions

What We Found

We found one property security issue at the Sherman Oaks Branch. There was no sign posted entering the employee parking area stating that vehicles may be subject to search.

Why Did It Occur

Management was not aware of the requirement to have a "subject to search" sign posted in the employee parking lot.

What Should Have Happened

According to policy,[18] the Postal Service is required to provide signage that vehicles may be subject to search.

Effect on the Postal Service and Its Customers

Management's attention to safety and security deficiencies can reduce the risk of injuries to employees and customers; reduce related costs, such as workers' compensation claims, lawsuits, and penalties; and enhance the customer experience and the Postal Service brand.

Postal Service Response

The Postal Service agreed with this finding.

18 Handbook RE-5, *Building and Site Requirements*, Site Security, 2-2.4 – Site Signage, September 2009.

Appendix A: Additional Information

We conducted this audit from July through October 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 components 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 Chandler Station, Encino Branch, Sherman Oaks Branch, and Woodland Hills Main Post Office, as well as the district.

We assessed the reliability of Product Tracking and Reporting, Delivery Condition Visualization, FAMS, and TACS 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.

Appendix B: Management's Comments

UNITED STATES POSTAL SERVICE

September 25, 2025

LAURA LOZON
DIRECTOR, AUDIT SERVICES

SUBJECT: Management Response: Sherman Oaks Branch, Sherman Oaks, CA: Delivery Operations (Report Number 25-124-3-DRAFT)

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

Management generally agrees with the three findings in the report on package scanning, voyager card transactions, and property conditions.

Management has begun taking steps to address the three findings.

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

Voyager Card Transactions: Management will provide a service talk on guidelines for the purchase of unleaded fuel for Postal Service vehicles. In addition, management will reiterate the responsibility of the site manager to ensure driver receipts, and "high-risk" transactions are reconciled within Fuel Asset Management System (FAMS) eFleet. Reviews will be conducted to monitor for compliance.

Property Conditions: Management has abated the security issue found during the audit.

E-SIGNED by ALFRED SANTOS JR
on 2025-10-02 09:52:04 EDT

Al Santos
District Manager, California 3 District

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

Contact us via our Hotline and FOIA forms. Follow us on social networks. Stay informed.

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