Encino Branch, Encino, CA: Delivery Operations

AUDIT REPORT

Report Number 25-124-2-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

Joseph E. Wolski

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

SUBJECT: Audit Report – Encino Branch, Encino, CA: Delivery Operations (Report Number 25-124-2-R26)

This report presents the results of our audit of delivery operations and property conditions at the Encino Branch in Encino, 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

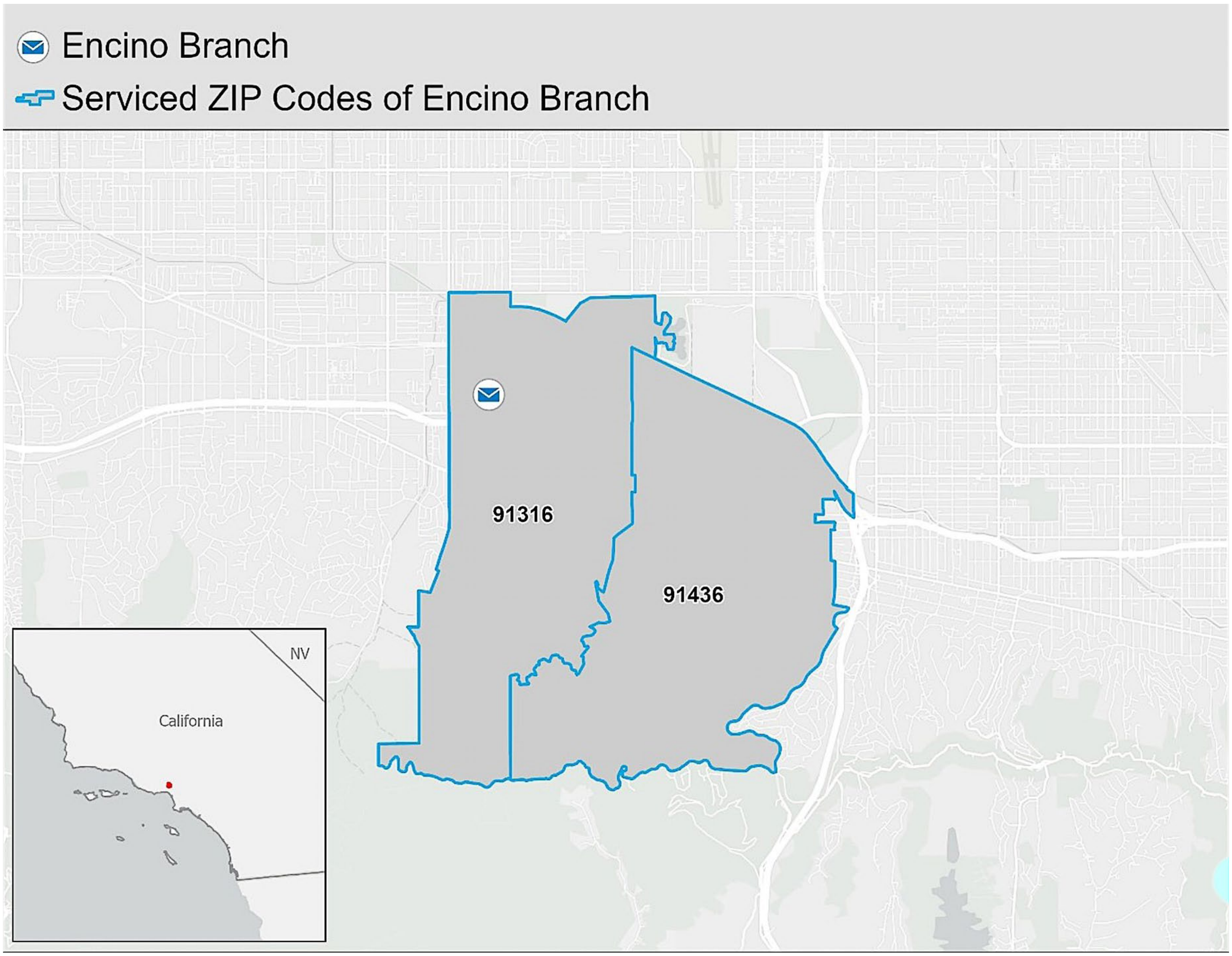
Results

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 Encino Branch in Encino, CA (Project Number 25-124-2). The Encino Branch is in the California 3 District of the WestPac Area and serves about 43,847 people in ZIP Codes 91316 and 91436, which are considered urban communities[1] (see Figure 1). The unit also services ZIP Code 91416 for Post Office (PO) Box routes.

Figure 1. ZIP Codes Serviced by the Encino 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 32 city routes. From June 14 through July 11, 2025, the delivery unit had three supervisors assigned.[2] During our visit, two of these supervisors were AM supervisors and one was a PM supervisor. The Encino 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 Van Nuys Post Office 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 Encino 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 and June 18, 2025.

We judgmentally selected the Encino 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 10 Leg 1 and Leg 3 failures.

Objective, Scope, and Methodology

Our objective was to evaluate mail delivery operations and property conditions at the Encino Branch in Encino, 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, 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 from August 12-14, 2025, we reviewed mail conditions, package scanning procedures, arrow key security procedures, carrier separation and transfer procedures, Voyager card transactions, 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 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 Encino 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 Encino Branch. Specifically, we found issues with three of the areas we reviewed (see Table 1).

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 Sherman Oaks Branch, Sherman Oaks, CA (Project Number 25-124-3); 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.

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	

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 445 delayed mail pieces, comprised of 262 letters, 156 flats, and 27 packages.
- 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 but did identify issues with the management of arrow keys (see Finding #2).
- We reviewed Voyager card premium fuel transactions from February 4 through July 31, 2025, and identified six unauthorized premium fuel purchases for $348 that appeared to be addressed by management during the reconciliation process. We did not identify any recurring systemic issues.

Finding #1: Package Scanning

What We Found

Employees scanned packages improperly at the delivery unit and scanned packages away from the intended delivery point.

We reviewed package scanning data for scans that occurred at the unit and removed any potentially accurate scans performed.[13] In total, employees improperly scanned 534 packages at the delivery unit between April and June 2025 (see Table 2). Further analysis of the STC scan data for these packages showed that 79.6 percent of them were scanned "Delivered."

Table 2. STC Scans at Delivery Unit

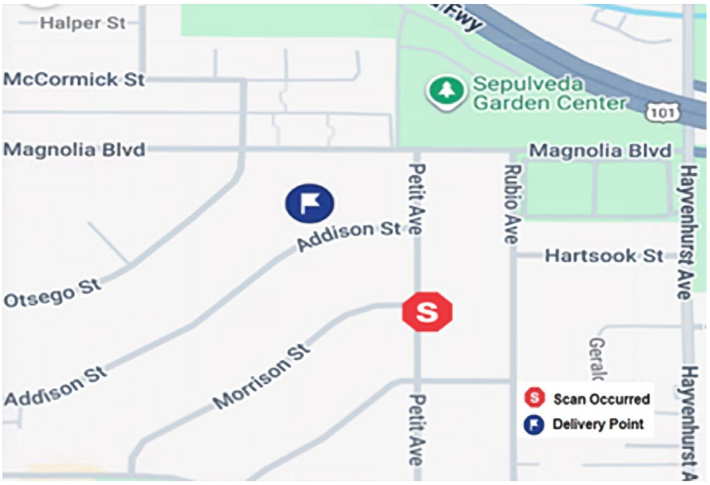
STC Scan Type	Count	Percent
Delivered	425	79.6
Delivery Attempted - No Access to Delivery Location	64	12.0
No Secure Location Available	36	6.7
Return to Sender	5	0.9
No Authorized Recipient Available	3	0.6
Receptacle Full / Item Oversized	1	0.2
Total	**534**	**100**

Source: OIG analysis of the Postal Service's Product Tracking and Reporting (PTR) System data. PTR is the system of record for all delivery status information for mail and packages with trackable services and barcodes.

We also found issues with scanning of packages in the unit. On the morning of August 12, 2025, before carriers arrived for the day, we selected all 27 packages from the carrier cases to review and analyze scanning and tracking history. Of the 27 packages, 21 (77.8 percent) had improper scans, including:

- Nineteen packages with a "Delivered" scan, which should only be performed when a package is successfully left at the customer's delivery address. These packages were scanned "Held at post office at customer's request" and seconds later were scanned "Delivered." Additionally, these packages were scanned between 0.2 and 0.9 miles away from the delivery point (See Figure 2).
- Two packages were missing an "Arrival-at-Unit" (AAU) scan, which is a required scan for performance measurement.

Figure 2. Scan Away From the Delivery Point in Encino, CA



Source: Postal Service Single Package Look Up.

Why Did It Occur

These scanning issues occurred because unit management did not adequately monitor and enforce proper package scanning procedures. Unit management stated that carriers were instructed to first scan vacation hold packages as "Vacation Hold" and then scan them again as "Delivered" at the unit. Unit management explained that these instructions came from upper management, but unit managers could not provide supporting documentation of upper management's instructions. Additionally, packages did not get an AAU scan due to oversight.

What Should Have Happened

Management should have monitored scan performance daily and enforced compliance. The

13 This data does not include scans that could properly be made at a delivery unit, such as "Delivered - PO Box" and "Customer (Vacation) Hold." Additionally, PO Box scans at the unit were only counted when the delivery point was an address away from the unit. This category does not include mail addressed for a PO Box.

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. Carriers should have scanned the packages "Held at the post office at the customer's request" and not followed up with a "Delivered" scan. Scans should be made as close to the delivery point as possible. Also, providing accurate tracking information at the destination facility begins with scanning AAU on each package. The AAU scan notifies the customer that their package has arrived at the local post office and generates an Out-for-Delivery scan event.[14]

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 *Stand-Up Talk: Arrival at Unit (AAU) Scanning*, January 3, 2022.

Finding #2: Arrow Keys

What We Found

Unit management did not properly manage arrow keys. On the morning of August 13, 2025, we reviewed the unit's arrow key certification list in the Retail and Delivery Applications and Reports (RADAR)[15] system and conducted a physical inventory of keys at the unit. Unit management reported 137 keys in RADAR as "In-Use," "In-Vault," or "Damaged." Based on our physical review of arrow keys at the unit, we determined 29 of the 137 keys could not be located or were missing, and an additional four keys found at the unit were not recorded in RADAR. Management was unaware of the four extra keys and had not reported any of the missing keys to the U.S. Postal Inspection Service.

Why Did It Occur

Management did not provide sufficient oversight to properly manage the arrow keys. Specifically, the station manager relied on the supervisor to complete the inventory and certification without verifying that it was done correctly and therefore was unaware of the missing and extra keys.

What Should Have Happened

Management should have verified that arrow key security procedures were properly followed. According to Postal Service policy,[16] management must keep an accurate inventory of all arrow keys. Any missing keys must be immediately reported to the U.S. Postal Inspection Service.

Effect on the Postal Service and Its Customers

When there is insufficient oversight and supervision of accountable items, such as arrow keys, there is an 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.

15 The arrow key certification in RADAR provides a national platform for all facilities to verify current inventory and account for all arrow keys.
16 *Standard Work Instruction: Arrow/Modified Arrow Lock (MAL) Key Accountability*, dated May 2024.

Finding #3: Property Conditions

What We Found

We found one property security issue at the Encino 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,[17] 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 Postal Service brand.

Postal Service Response

The Postal Service agreed with this finding.

17 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 the Woodland Hills Main Post Office, as well as the district.

We assessed the reliability of PTR and Delivery Condition Visualization 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: Encino Branch, Encino, CA: Delivery Operations (Report Number 25-124-2-DRAFT)

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

Management generally agrees with the three findings in the report on package scanning, arrow keys, 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.

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 security issue found during the audit.

E-SIGNED by ALFRED SANTOS JR
on 2025-10-02 09:51:57 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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