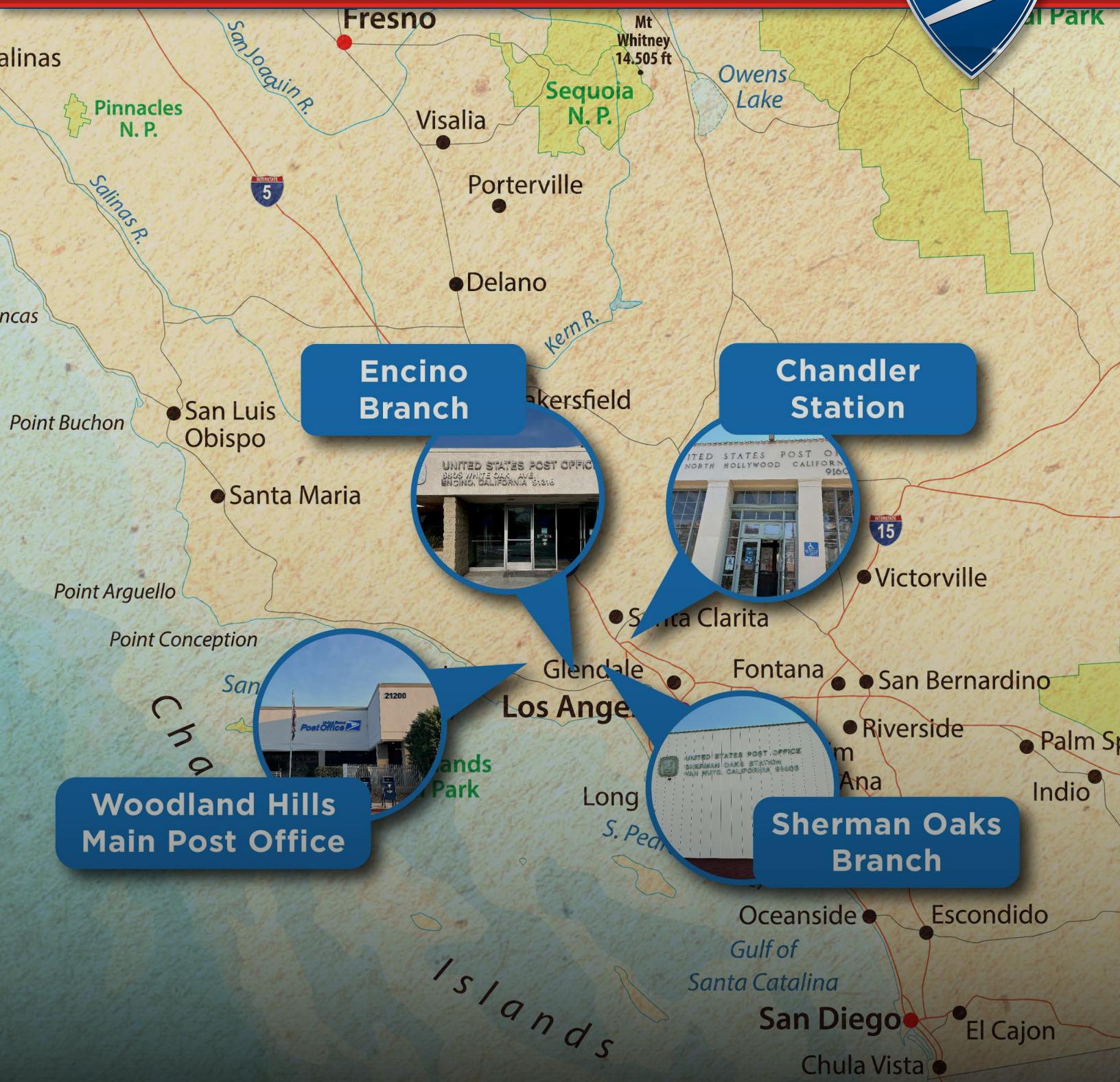


# California-3 District: Delivery Operations

## AUDIT REPORT

Report Number 25-124-R26 | February 18, 2026



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# Transmittal Letter



OFFICE OF INSPECTOR GENERAL  
UNITED STATES POSTAL SERVICE

February 18, 2026

**MEMORANDUM FOR:** ALFRED SANTOS, JR  
MANAGER, CALIFORNIA-3 DISTRICT

A handwritten signature in black ink that reads "Monica J. Brym".

**FROM:** Monica J. Brym  
Director, Field Operations, Atlantic & WestPac

**SUBJECT:** Audit Report – California-3 District: Delivery Operations (Report Number 25-124-R26)

This report presents the results of our audits of mail delivery operations in the California-3 District in the WestPac Area.

All recommendations require U.S. Postal Service Office of Inspector General (OIG) concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. Recommendations 1 and 2 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.

We appreciate the cooperation and courtesy provided by your staff. If you have any questions or need additional information, please contact Valeta Bradford, 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 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 over 160 million residential and business addresses across the country. To fulfill this role, the Postal Service is committed to ensuring its delivery platform and services are always a trusted, visible, and valued part of America's social and economic infrastructure. This includes leveraging people, technology, and systems at more than 300 processing facilities and 31,100 post offices, stations, and branches in the nation to provide world-class visibility of mail and packages as they move through the Postal Service's integrated system. 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.

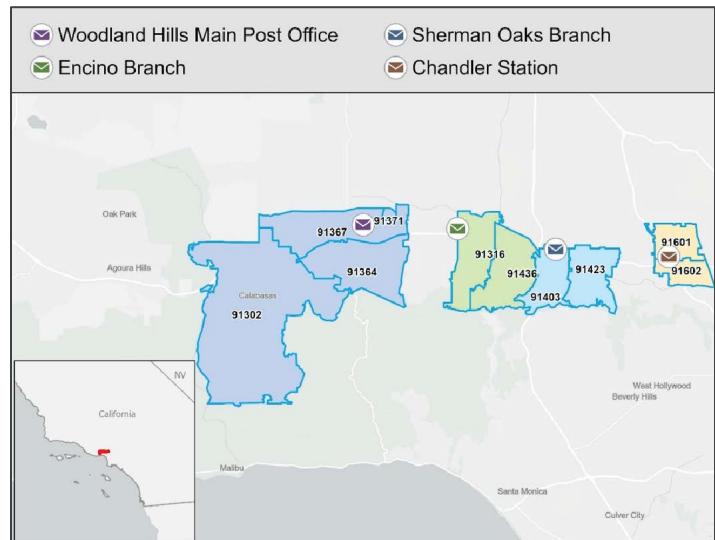
This report presents a summary of the results of our self-initiated audits of delivery operations and property conditions at four delivery units, as well as district-wide delivery operations in the California-3 (CA-3) District in the WestPac Area (Project Number 25-124). The delivery units included the Chandler Station in North Hollywood, CA; Encino Branch in Encino, CA; Sherman Oaks Branch in Sherman Oaks, CA; and Woodland Hills Main Post Office (MPO) in Woodland Hills, CA (see Figure 1).

We previously issued interim reports<sup>1</sup> to district management for each of the four delivery units regarding the conditions we identified. We also issued a report on the efficiency of operations at the Santa Clarita Processing and Distribution Center (P&DC),

Santa Clarita, CA, which services these delivery units.<sup>2</sup> We judgmentally selected the four delivery units based on the number of Customer 360 (C360)<sup>3</sup> inquiries related to delivery,<sup>4</sup> Informed Delivery<sup>5</sup> contacts associated with the unit, and stop-the-clock (STC)<sup>6</sup> scans performed away from the delivery point and compared them to the district average. We also chose the units based on first and last mile failures<sup>7</sup> and undelivered routes.

These four delivery units had 190 city routes and six rural routes that served about 260,000 people in 14 ZIP Codes (see Figure 1). Specifically, of the people living in these ZIP Codes, about 257,000 (99 percent) live in urban communities and 3,000 (1 percent) live in rural areas<sup>8</sup> (see Table 1).

**Figure 1. ZIP Codes for the Four Delivery Units Visited**



Source: OIG analysis of ZIP Code data.

<sup>1</sup> The reports were *Chandler Station, North Hollywood, CA Delivery Operations* (Report Number 25-124-1-R26, dated October 14, 2025); *Encino Branch, Encino, CA: Delivery Operations* (Report Number 25-124-2-R26, dated October 14, 2025); *Sherman Oaks Branch, Sherman Oaks, CA: Delivery Operations* (Report Number 25-124-3-R26, dated October 14, 2025); and *Woodland Hills MPO, Woodland Hills, CA* (Report Number 25-124-4-R26, dated October 14, 2025).

<sup>2</sup> This report was *Efficiency of Operations at the Santa Clarita Processing and Distribution Center (P&DC), Santa Clarita, CA* (Report Number 25-123-R26, dated October 14, 2025).

<sup>3</sup> C360 is a cloud-based application that enables Postal Service employees to diagnose, resolve, and track customer inquiries.

<sup>4</sup> Delivery-related inquiries include a compilation of package inquiry, package pickup, daily mail service, and hold mail inquiries.

<sup>5</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>6</sup> An STC scan is 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 Pickup," and "Delivery Attempted-No Access to Delivery Location."

<sup>7</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.

<sup>8</sup> We obtained ZIP Code information related to population and urban/rural classification from 2020 Census Bureau information.

**Table 1. Service Area and Population**

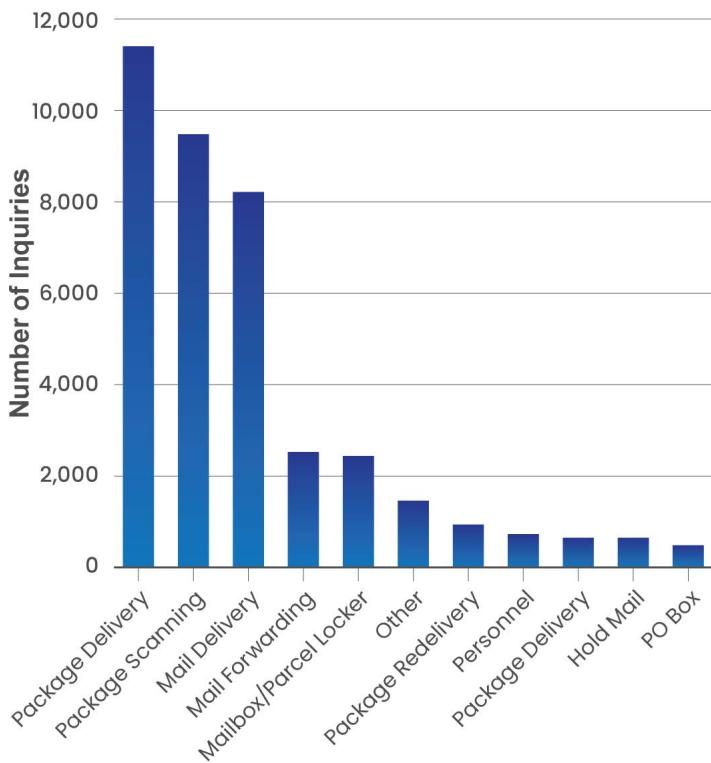
Delivery Units	Service Area and ZIP Codes	Population (rounded)	City Routes	Rural Routes
Chandler Station	91601, 91602, 91603*	59,000	36	0
Encino Branch	91316, 91436, 91416*	44,000	32	0
Sherman Oaks Branch	91403, 91423, 91413*	58,000	50	0
Woodland Hills MPO	91302, 91364, 91367, 91371, 91365*	99,000	72	6
<b>Total</b>		<b>260,000</b>	<b>190</b>	<b>6</b>

Source: OIG analysis of Postal Service Address Management System and Census data.

\*Chandler Station, Encino and Sherman Oaks Branches, and Woodland Hills MPO also service Post Office Boxes for ZIP Codes 91603, 91416, 91413, and 91365, respectively.

We conducted a text analysis of C360 inquiries for the entire CA-3 District between May 1 and September 30, 2025. In total, we reviewed and categorized the customer notes for 39,110 inquiries.<sup>9</sup> See Figure 2 for the results.

**Figure 2. C360 Inquiry Analysis**



Source: OIG analysis of C360 inquiries.

Package delivery, package scanning, and mail delivery made up the majority of the C360 comments. Specifically:

- Within Package Delivery, the most common sub-categories included delayed package deliveries, missing parcel locker keys, and return to sender issues.
- Within Package Scanning, the most common sub-categories included missing parcel locker keys after delivery, false delivery confirmations, and delivery scan discrepancies.
- Within Mail Delivery, the most common sub-categories included missing mail, lack of mail delivery, and missing mail from Informed Delivery.

We also analyzed the Postal Service's Triangulation Report<sup>10</sup> to determine how the CA-3 District performed for mail and package delivery in relation to all 50 Postal Service districts. The Postal Service provides an opportunity ranking that lists all 50 districts from 1 through 50, where 1 indicates the lowest performing district and 50 is the top performing district. For the period July 1 through September 30, 2025, the CA-3 District had an average opportunity ranking of 37 for mail delivery and 24 for package delivery, placing this district as above average for mail delivery and average for package delivery. See Table 2 for the results of our analysis.

<sup>9</sup> We analyzed 40,835 inquiries and excluded 1,725 outliers — resulting in 39,110 records with at least 40 characters used to create the model by category.

<sup>10</sup> The Triangulation Report is designed to provide the health of operations within a delivery unit regarding mail and package delivery. The report includes an analysis of several key performance indicators including C360 inquiries, first and last mile failures, route coverage, employee availability, and scanning integrity.

**Table 2. CA-3 District Average Ranking Compared to All 50 Districts**

Month	Mail Delivery Opportunity Rank	Package Delivery Opportunity Rank
July	39	23
August	36	24
September	35	25
Average	37	24

Source: Postal Service Triangulation Report.

We reviewed employee retention data obtained from Workforce<sup>11</sup> for the CA-3 District. From October 1, 2024, through September 30, 2025, the district hired a total of 1,368 carriers and clerks. The district lost 438 (32 percent) carriers and clerks during this period. Overall, the CA-3 District had a better employee retention record when compared to other districts we recently audited (see Table 3). In addition, the district had 483 authorized Executive and Administrative Schedule (EAS)<sup>12</sup> positions, of which 467 employees (3.3 percent vacancy rate) were on the rolls as of October 6, 2025.

The district and human resources managers stated that the district holds weekly complement meetings, engages in hiring events/job fairs, uses targeted mailings to recruit employees, and follows the 511 National Initiative – Improving the Employee Experience – First 90 Days.<sup>13</sup> Once onboarded, the district follows the New Employee Experience and Retention Program (NEERP)<sup>14</sup> and New Employee Mentoring Program (NEMP)<sup>15</sup> to coach and retain

employees. The Postal Service uses these programs to help the district retain employees by acclimating them to their jobs while supporting a work-life balance.

**Table 3. District Turnover Information**

District Audited	Turnover Percent for Carriers & Clerks	One-Year Hiring Time Period
NC	21.9	June 2024 – May 2025
KS-MO	32.3	Aug. 2024 – July 2025
IA-NE-SD	41.3	Oct. 2024 – Sept. 2025
CA-3	32.0	Oct. 2024 – Sept. 2025

Source: Postal Service Workforce.

## Objective, Scope, and Methodology

Our objective was to evaluate mail delivery operations in the CA-3 District of the WestPac Area.

To accomplish our objective, we focused on the following audit areas: delayed mail, package scanning, arrow keys,<sup>16</sup> carrier separations and transfers, Voyager card transactions,<sup>17</sup> property safety and security conditions, and package separations. Specifically, we analyzed key delivery metrics, including the number of carriers and routes, delayed mail volume, mail arrival times, package scanning compliance, and carrier staffing levels. During our site visits, we observed and assessed the operations and procedures within these categories and consulted with unit personnel regarding the issues we identified.

<sup>11</sup> Workforce is a centralized hub that links to staff planning, insights, and analytics.

<sup>12</sup> EAS is a salary structure that applies to most managerial and administrative employees.

<sup>13</sup> This program focuses on recruiting and hiring non-career workforce and standardizing onboarding processes within the first 90 days to improve the employee experience.

<sup>14</sup> NEERP, implemented nationally July 1, 2025, was designed to improve communication between new letter carriers and their managers and co-workers. The program provides work experience that gives new letter carriers the ability to learn their jobs at a more moderate pace and provides them with continuing education beyond the Carrier Academy and the on-the-job instruction stages.

<sup>15</sup> NEMP, implemented nationally July 1, 2025, provides a formal mentoring relationship and training program between the mentors and mentees. Mentors and mentees meet regularly to discuss and address concerns, provide encouragement and advice, conduct performance-related discussions and evaluations, and identify potential training needs.

<sup>16</sup> An arrow key is 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>17</sup> The U.S. Postal Service uses credit cards, called Voyager cards, to pay for commercially purchased fuel, oil, and routine maintenance for its vehicles.

In addition to summarizing our findings at the four delivery units, we analyzed service performance scores for First-Class Mail, Marketing Mail,<sup>18</sup> Priority Mail,<sup>19</sup> and Ground Advantage<sup>20</sup> products, and reviewed carrier and clerk retention levels within the CA-3 District. We discussed our observations and conclusions, as summarized in Table 4, with management on January 30, 2025, and included its comments, where appropriate. See [Appendix A](#) for additional information about our scope and methodology.

## Results Summary

We identified service performance issues across the CA-3 District, and delivery operations and property

condition issues at the delivery units audited (see Table 4). Specifically, we found issues related to delayed mail or voyager card transactions at two units; issues with package scanning and arrow key management at three units; and property condition deficiencies at all four units. None of the units had issues with package separations.

For carrier separations and transfers, we analyzed employee data from August 1 to July 31, 2025. All carriers assigned to the units either reported to work or were accounted for by management during this timeframe, indicating no issues with carrier separations and transfers.

**Table 4. Summary of Issues Identified**

Audit Area	Deficiencies Identified – Yes or No			
	Chandler Station	Encino Branch	Sherman Oaks Branch	Woodland Hills MPO
Delayed Mail	No	No	No	Yes
Package Scanning	No	Yes	Yes	Yes
Arrow Keys	Yes	Yes	No	Yes
Carrier Separations & Transfers	No	No	No	No
Voyager Card Transactions	No	No	Yes	No
Property Conditions	Yes	Yes	Yes	Yes
Package Separations*	No	N/A	No	No

Source: Interim reports from select units.

\* The Encino Branch did not fall under the package separation requirements. Only level 22 and above delivery units are required to make package separations.

<sup>18</sup> Marketing Mail is mail matter not required to be mailed as First-Class Mail or Periodicals, which mailers can use to send specific types of mail such as flyers, circulars, and advertisements.

<sup>19</sup> Priority Mail is an expedited service for shipping mailable matter, subject to certain standards, such as size and weight limits, that includes tracking and delivery in one to four expected business days.

<sup>20</sup> Ground Advantage is a service that provides an affordable and reliable way to send packages under 70 pounds inside the U.S. within two to five business days.

# Finding #1: Service Performance in the CA-3 District

## What We Found

We visited four delivery units in the CA-3 District on the morning of August 12, 2025, and identified about 7,114 pieces of delayed mail<sup>21</sup> left from the prior day,<sup>22</sup> including 2,210 pieces of Every Door Direct Mail (EDDM) without an indication of the scheduled delivery date.<sup>23</sup> See Table 5 for the number

of pieces by mail type and location and Figure 3 for examples of delayed mail/packages found at the units. Management did not report this mail as delayed in the Delivery Condition Visualization (DCV) system<sup>24</sup> nor did carriers complete Postal Service (PS) Form 1571, *Undelivered Mail Report*,<sup>25</sup> to document any undelivered mail brought back to the delivery unit.

**Table 5. Type of Delayed Mail**

Type of Mail	Chandler Station	Encino Branch	Sherman Oaks Branch	Woodland Hills MPO	Total Count of Delayed Mail
Carrier Cases					
Letters	56	262	200	2,946	3,464
Flats	38	156	66	3,067	3,327
Other Areas*					
Packages	0	27	0	296	323
Letters	0	0	0	0	0
<b>Totals</b>	<b>94</b>	<b>445</b>	<b>266</b>	<b>6,309</b>	<b>7,114</b>

Source: OIG count of delayed mailpieces identified during our visit August 12, 2025.

\*This included a collection mail area at the Woodland Hills MPO's loading dock.

**Figure 3. Examples of Delayed Mail/Packages**

Carrier Case at Woodland Hills MPO



Source: OIG photos taken the morning of August 12, 2025.

Loading Dock at Woodland Hills MPO



<sup>21</sup> While we found the majority of delayed mail at the Woodland Hills MPO, on the morning of August 12, 2025, the audit teams identified 94 delayed mailpieces at the Chandler Station, 445 at the Encino Branch, and 266 at the Sherman Oaks Branch. Although we did not include these amounts in the individual reports, we include them in the capping report total.

<sup>22</sup> The delayed mail we identified included individual piece counts and estimates based on conversion factors in Management Instruction PO-610-2007-1, *Piece Count Recording System*.

<sup>23</sup> EDDM is a service designed mainly for local business to send geographically targeted advertising mail to every household or business on a postal delivery route. The Postal Service uses colored tags to indicate the delivery day. Each color corresponds to a different day of the week. See Poster 215-*Destination Delivery Code Application for Delivery Units*, June 2008.

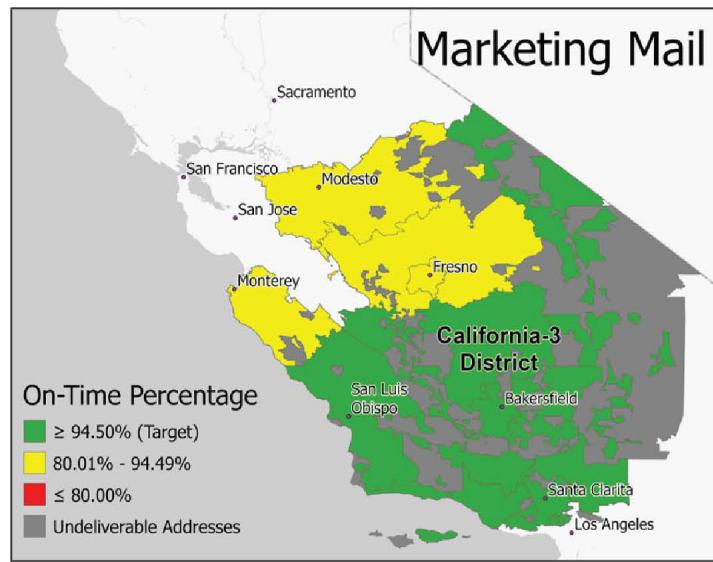
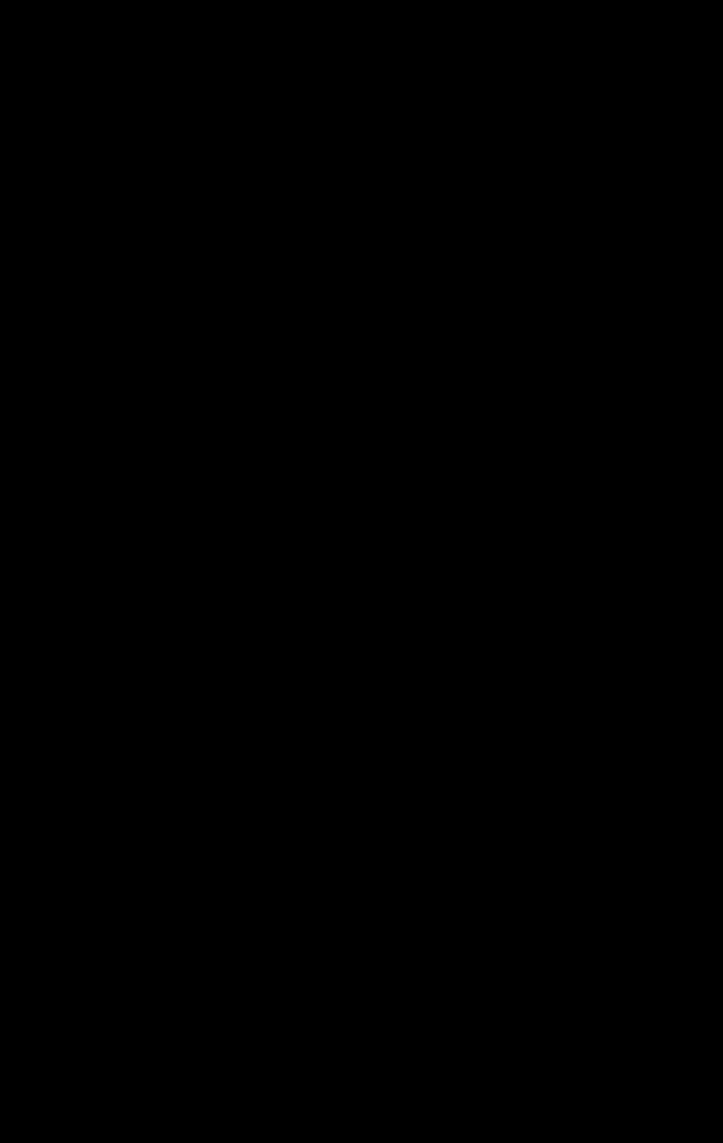
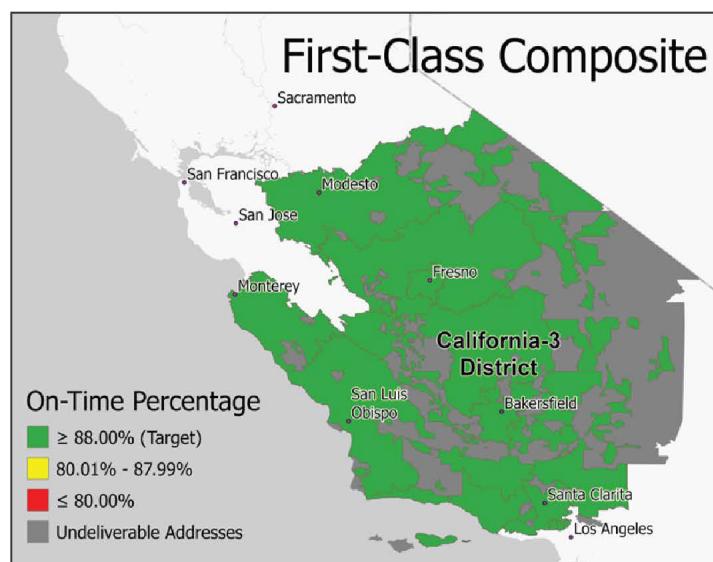
<sup>24</sup> The DCV system is a tool used for unit management to manually self-report delayed mail, which provides a snapshot of daily mail conditions at the point in time when carriers have departed for the street.

<sup>25</sup> PS Form 1571 lists all mail distributed to the carrier for delivery that was left in the office or returned undelivered.

We analyzed service performance scores in the district for First-Class Mail, Marketing Mail, Priority Mail, and Ground Advantage products mailed within the CA-3 District between April 1 and September 30, 2025. We found that the entire district met its targets for

First-Class Mail, Priority Mail, and Ground Advantage products while most of the district met its target for Marketing Mail products. See Figure 4 for heat maps showing the performance for each product in the CA-3 District.

**Figure 4. Service Performance Heat Maps by 3-Digit ZIP Code in the CA-3 District Between April 1 and September 30, 2025**



Source: OIG analysis of Postal Service Informed Visibility (IV) and Enterprise Data Warehouse (EDW) data. IV provides comprehensive and integrated capabilities for data-driven real-time service performance measurement and diagnostics of market-dominant products, mail inventory, and predictive workloads of all mail to include packages and end-to-end tracking and reporting for mail. EDW is a repository intended for all data and the WestPac source for information on retail, financial, and operational performance.

We also analyzed service performance scores for the same period for mail sent from the district to other locations in the nation and mail coming into the district from other locations in the nation. Overall, we found that inbound and outbound First-Class Mail and Priority Mail products met their targets most of the time. We also found that although all inbound Ground Advantage products met their targets, outbound Marketing Mail and Ground Advantage products met their targets less than half of the time.

Although service performance failures for these types of mail could be attributed to a plant or delivery unit outside the district, the failures may negatively affect customer perceptions within the district. The district manager stated that he meets regularly with plant and district personnel to discuss mailflow issues and the district is subjected to Performance Optimization Deployment Support reviews<sup>26</sup> conducted by headquarters personnel.

The district had an above average mail delivery and an average package delivery opportunity ranking in the Triangulation Report. We found 7,114 delayed mailpieces at the units; however, none of the units reported them in the DCV system. We also reviewed DCV data for the entire district for August 11, 2025, and found of the 238 units listed in the DCV system, only 48 units (20 percent) reported 30,565 total pieces of delayed mail. Based on our observations and analyses, we would expect to see a significant amount of reported delayed mail across the district.

### Why Did It Occur

The delayed mail we identified at Woodland Hills MPO occurred because management did not follow established procedures. Specifically, the PM supervisor did not follow the redline process,<sup>27</sup> which includes carriers completing a PS Form 1571 for any undelivered mail brought back to the delivery unit.

Instead, the PM supervisor allowed carriers to leave mail on their cases and said that she would put it in a tray and complete a PS Form 1571 and label it "Clean Up." In addition, management did not accurately report delayed mail in the DCV system or verify that the delivery date was annotated for EDDM because the PM supervisor had only been in the position for eight months and had not been fully trained in all aspects of the closing process, according to the postmaster.

Further, management did not transport collection mail to the P&DC that carriers brought back after the last truck left the unit. Also, if the last truck to the plant was getting full, the unit would prioritize collection mail from the retail unit and not send all collection mail brought to the unit by carriers. The district manager stated that the delivery unit did not have to take the late collection mail to the plant. According to new Postal Service training material, this late collection mail does not have to go to the plant for Regional Transportation Optimization (RTO)<sup>28</sup> offices; however, this unit is a non-RTO office.

### What Should Have Happened

Management should have ensured that all mail was processed and delivered daily. EDDM mail at carrier cases should have been tagged to indicate the intended delivery dates. Postal Service policy<sup>29</sup> states that all types of First-Class Mail, Priority Mail, and Priority Express Mail are always committed for delivery on the day of receipt. Further, management should have adhered to the redline process.<sup>30</sup> Also, if collection mail did not make it on the final dispatch truck to the plant, management should have initiated procedures to transport it to the processing plant that evening instead of retaining it in the facility until the next day.<sup>31</sup> Since Woodland Hills is not an RTO delivery unit, all collection mail should have been taken to the plant to be processed the day of acceptance.

<sup>26</sup> Headquarters teams conduct regular reviews of operations processes and performance metrics to identify areas for improvement and optimization within selected facilities.

<sup>27</sup> The redline process is 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>28</sup> RTO is the Postal Service's effort to align transportation schedules between processing facilities and Post Office locations to improve operational efficiencies. RTO aims to improve the efficiency of the transportation network for Post Office locations that serve ZIP Codes more than 50 miles from its assigned plant.

<sup>29</sup> *Committed Mail & Color Code Policy for Marketing Mail* stand-up talk, February 2019.

<sup>30</sup> Standard Operating Procedures, Redline Policy.

<sup>31</sup> *Dispatch Deviation Policy Standard Operating Procedure*, July 19, 2024.

On October 3, 2025, headquarters management changed the procedures<sup>32</sup> for processing late collection mail and rescinded the previously issued Dispatch Deviation Policy Standard Operating Procedure, dated July 19, 2024. The procedures no longer require delivery units to transport late collection mail to the plant but still require this mail to be reported in the DCV system.

#### **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 the DCV system 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.

#### **Management Actions**

During our audit, district management provided evidence demonstrating that management at Woodland Hills MPO received training on proper delivery practices and the reporting of curtailed and delayed mail. Also, headquarters management

changed the procedures for processing late collection mail. Therefore, we are not making a recommendation to require Woodland Hills to transport late collection mail to the plant.

#### **Recommendation # 1:**

We recommend the **District Manager, California-3 District**, train management at all delivery units in the district on the proper procedures for reporting delayed mail.

#### **Postal Service Response**

The Postal Service agreed with this finding and the associated recommendation. Management stated that it would hold a virtual training session with delivery unit managers in the district on the proper procedures for reporting delayed mail. The target implementation date is March 31, 2026. See [Appendix B](#) for management's comments in their entirety.

#### **OIG Evaluation**

The OIG considers management's comments responsive to recommendation 1.

<sup>32</sup> *Dispatch of Value (DOV) & Collection Mail* memorandum, dated October 3, 2025.

## Finding #2: Package Scanning and Handling

### What We Found

We identified package scanning and handling issues at the Encino Branch, Sherman Oaks Branch, and the Woodland Hills MPO. In total, employees scanned 534 packages at the Encino Branch instead of at the recipients' delivery point between April and June 2025 (see Table 6). Further analysis of the STC scan data for these packages showed that 79.6 percent of them were scanned "Delivered."<sup>33</sup>

**Table 6. STC Scans at Encino Branch**

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%
<b>TOTAL</b>	<b>534</b>	<b>100%</b>

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 reviewed 1,237 scans occurring away from the delivery unit and over 1,000 feet from the intended delivery point for the Woodland Hills MPO from April 1 – July 31, 2025. We removed from our review scans that could have been performed away from the delivery point per the policy, such as "Animal Interference" and "Unsafe Conditions." Further analysis of the STC scan data for these packages showed over 98 percent were scanned as "Delivered" (see Table 7).

**Table 7. STC Scan Types More Than 1,000 Feet Away From Delivery Point in Woodland Hills, CA**

Scan Type	Count	Percent of Scans
Delivered	1,216	98.3
Delivery Attempted - No Access	17	1.4
Forwarded	2	0.2
No Authorized Recipient Available	1	0.1
No Secure Location Available	1	0.1
<b>TOTAL</b>	<b>1,237</b>	<b>100*</b>

Source: OIG analysis of the Postal Service's PTR system data.

\*Total percentage does not equal 100 percent due to rounding.

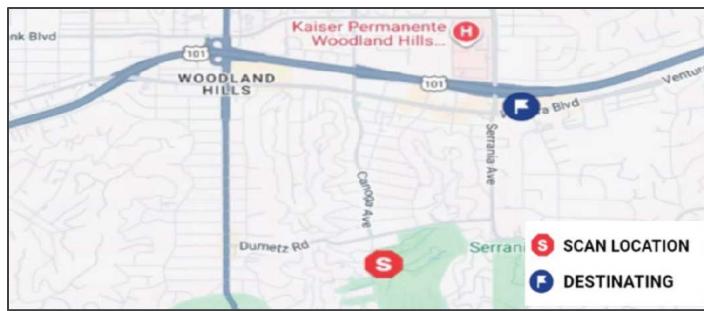
In addition, on the morning of August 12, 2025, before the carriers arrived for the day, we selected a total of 96 packages from carrier cases at the four delivery units to review and analyze the scanning and tracking history. Of the 96 packages sampled from the carrier cases, 57 (59 percent) had missing or improper scans, including:

- Thirty packages were scanned "Delivered," which should only be performed when a package is successfully left at the customer's delivery address.
- Twenty-four packages scanned "Held at Post Office at Customer Request," "Delivered," "Delivery Attempted – No Access to Delivery Location," "Insufficient Address," or "Returned to Post Office for Address Verification" were scanned between 0.2 and 1.5 miles away from the delivery point (see [Figure 5](#) for an example). Scans should be made as close to the delivery point as possible.
- Two packages were missing an "Arrival-at-Unit" (AAU) scan, which is a required scan for performance measurement.
- One package was scanned "Held at Post Office at Customer Request" and subsequently re-

<sup>33</sup> 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.

scanned "Delivered." This scan should be used when a package is being held for a customer at their request and does not require a subsequent "Delivered" scan.

**Figure 5. Package Scanned 1.5 Miles Away From Delivery Point in Woodland Hills, CA**



Source: Postal Service Single Package Look Up.

Also, employee badge barcodes were not properly managed at the Woodland Hills MPO. Specifically, a carrier hung a list of employee badge barcodes in his carrier case, which could allow employees to log into a scanner as someone else.

### Why Did It Occur

These scanning issues occurred because unit management did not adequately monitor and enforce or were unaware of proper package scanning procedures. Specifically:

- Encino Branch 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 it could not provide supporting documentation of upper management's instructions. Additionally, packages did not get an AAU scan due to management oversight.
- Sherman Oaks Branch 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

subsequently re-scanning them as "Held at Post Office at Customer Request" because carriers had been instructed to scan them that way and were not aware that it was an issue. Unit management stated that scanning packages as "Vacation Hold" had been a long-standing practice in the district, but it could not provide supporting documentation.

- Woodland Hills MPO's station manager stated that she usually monitors scans daily by reviewing district reports, which detail package scanning failures. The postmaster stated that district reports consistently showed that the unit scanned packages away from the delivery point. She added that many of these scans were attributed to scanner connectivity issues while others were true scanning violations that she was currently addressing with unit staff. Regarding the issue of carriers scanning hold packages delivered rather than "Customer Hold" or "Available for Pick-Up," we attributed this to a misunderstanding of proper scanning procedures. In addition, management was not aware that a carrier case contained a list of employee badge barcodes. The postmaster removed the list once we brought it to her attention.

### What Should Have Happened

Management should have monitored scan performance daily and enforced compliance with proper package scanning and handling procedures. The Postal Service's goal is to ensure proper delivery attempts for mailpieces to the correct address,<sup>34</sup> which includes scanning packages at the time and location of delivery.<sup>35</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. Package scanning inquiries were the second most common C360 inquiry type in the district, as demonstrated in [Figure 2](#). By improving scanning

<sup>34</sup> *Delivery Done Right the First Time* stand-up talk, March 2020.  
<sup>35</sup> *Carriers Delivering the Customer Experience* stand-up talk, July 2017.

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

#### **Management Actions**

During this audit, district management provided evidence showing that managers and supervisors at the Encino Branch, Sherman Oaks Branch, and Woodland Hills MPO were trained on the standard operating procedures governing package scanning and handling and tracking scanning performance. District management also provided evidence showing that unit managers are now properly monitoring package scanning at the units.

Due to district management taking these actions, we are not making a recommendation for tracking and reducing inaccurate scans.

#### **Postal Service Response**

The Postal Service agreed with the finding.

# Finding #3: Arrow Keys

## What We Found

Management at three of the four units did not properly manage and/or safeguard its arrow key inventory. On the morning of August 13, 2025, we reviewed all four units' key certification list in the Retail and Delivery Applications and Reports (RADAR)<sup>36</sup> system and conducted a physical inventory of keys at the units. The RADAR system listed a combined 976 keys as "In-Use," "Damaged," "In-Vault," "Returned," or "Taken by USPIS" at these four units.<sup>37</sup> However, we found discrepancies during our observations at three of the four units. For example, management could not find 195 of the 976 keys, and we found 100 additional keys that were not reported in RADAR. In addition, management at these three units did not report any of the missing keys to the U.S. Postal Inspection Service. Further, at two of the three units, arrow keys were not always kept secure. Specifically:

- Chandler Station management reported 159 keys in RADAR. Based on our physical review of arrow keys at the unit, 99 of the 159 keys listed in RADAR were missing, and an additional 93 keys, including 75 damaged keys found at the unit, were not recorded in RADAR. In addition, arrow keys were not always kept secure. Specifically, arrow keys were kept inside the registry cage, which was often left open and unattended throughout our visit (see Figure 6).
- Encino Branch management reported 137 keys in RADAR. Based on our physical review of arrow keys at the unit, 29 of the 137 keys listed in RADAR were missing, and an additional four keys were not recorded in RADAR.
- Woodland Hills MPO management reported 547 keys in RADAR. Based on our physical review of arrow keys at the unit, 67 of the 547 keys listed in RADAR were missing, and an additional four keys were not recorded in RADAR. In addition, unit management recorded seven keys in RADAR as "Stolen," but none were reported to the Inspection

Service. Further, arrow keys were not always kept secure. Specifically, we observed carriers returning the keys at the end of the day and placing them near the PM supervisor's desk. The supervisor walked away multiple times without securing the keys.

**Figure 6. Unattended Arrow Keys**



Source: OIG photo taken August 13, 2025.

## Why Did It Occur

Management did not provide sufficient oversight to properly manage arrow keys, had competing priorities, or was unaware of policy/procedural requirements. Specifically:

- Chandler Station management was unaware of the missing or extra keys because it certified the arrow key list in RADAR without properly reconciling it to the physical keys on hand. Also, management did not properly secure the arrow keys because the clerk who normally hands out the keys was out, and no replacement was assigned.
- The Encino Branch station manager relied on the supervisor to complete the inventory and

<sup>36</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>37</sup> The 976 includes 133 keys at the Sherman Oaks Branch. On August 13, 2025, the team verified that all 133 keys were included in the arrow key inventory and located them at the unit.

certification without verifying that it was done correctly and therefore was unaware of the missing and extra keys.

- Woodland Hills MPO management was unaware of the missing or extra keys because it certified the arrow key list in RADAR without properly reconciling it to the physical keys on hand. In addition, the PM supervisor was unfamiliar with arrow key security requirements and procedures.

### What Should Have Happened

Management should have verified that arrow key security procedures were properly followed. According to Postal Service policy,<sup>38</sup> management must keep an accurate inventory of all arrow keys. Any missing arrow keys must be immediately reported to the Postal Inspection Service.<sup>39</sup> Further, damaged keys must be returned to the vendor, and the RADAR inventory log should record the status of the returned keys.<sup>40</sup>

In addition, policy states that arrow keys must remain secured until they are individually assigned to personnel. A supervisor or clerk must verify that employees are 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 that all keys have been returned and accounted for daily.

### Effect on the Postal Service and Its Customers

When there are 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.

### Management Actions

During our audit, management at the Chandler Station, Encino Branch, and Woodland Hills MPO provided evidence showing management updated its key logs and properly secured the keys. In addition, district management provided evidence showing that the lost keys were reported to the Inspection Service. The units also provided evidence that district-wide arrow key security training was given, and the units are now monitoring arrow key procedures.

Due to management taking these corrective actions, we are not making a recommendation for the arrow key issues.

### Postal Service Response

The Postal Service agreed with the finding.

<sup>38</sup> Arrow/Modified Arrow Lock (MAL) Key Accountability, Standard Work Instruction, dated May 2024.

<sup>39</sup> Requesting Arrow/MAL Locks and Keys in RADAR CRDO Field Users guide, dated February 2025.

<sup>40</sup> Arrow Key Guidebook, Standard Work Instructions, updated August 2023.

## Finding #4: Property Conditions

### What We Found

We found safety and security issues related to property conditions at all four units we visited. Specifically:

#### Property Safety:

A roof leak at Chandler Station resulted in severe floor damage in the manager's office, and the warped floorboards created a trip hazard (see Figure 7).

#### Property Security:

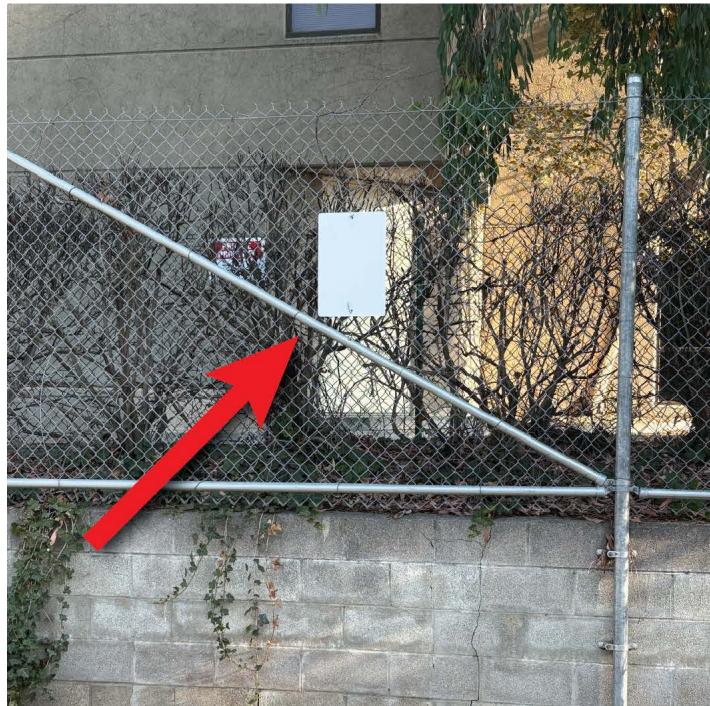
- None of the units had a sign posted in the employee parking area stating that vehicles may be subject to search.
- Signs along the parking lot fence at the Woodland Hills MPO were weather-damaged and could not be read (see Figure 8).

**Figure 7. Damaged Floor in Manager's Office**



Source: OIG photo taken August 14, 2025.

**Figure 8. Weather-Damaged Signage**



Source: OIG photos taken August 13, 2025.

## Why Did It Occur

Management at all four delivery units did not provide sufficient oversight or was unaware of the requirements to take the necessary actions to identify and address property safety and security conditions at the locations. Specifically:

- Chandler Station management reported the roof leak and warped floor in the Electronic Facilities Management System (eFMS)<sup>41</sup> on January 17, 2025, but did not ensure the repairs were made timely.
- Management at all four units were unaware that a “subject to search” sign was required in the employee parking lot.
- The Woodland Hills MPO postmaster did not know the signs in the parking lot were in ill-repair.

## What Should Have Happened

Management should have followed up when the roof and floor were not repaired timely. According to policy,<sup>42</sup> the Postal Service is required to provide

signage that states vehicles may be subject to search. Management should have installed the required signage which helps maintain a safe environment for employees and customers.<sup>43</sup>

## 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; reduce the risk of employee theft; and enhance the customer experience and Postal Service brand.

## Management Actions

During this audit, management addressed all property condition issues identified at the four units. Due to management taking these corrective actions, we are not making a recommendation for property conditions.

### Postal Service Response

The Postal Service agreed with the finding.

<sup>41</sup> The eFMS program is the official record for property inventory and the management system for all property related projects including repairs, health and safety mitigation, and property inspections.

<sup>42</sup> Handbook RE-5, *Building and Site Requirements*, Site Security, 2-2.4 – Site Signage, September 2009.

<sup>43</sup> Postal Service Handbook EL-801, *Supervisor’s Safety Handbook*, July 2020.

# Finding #5: Premium Fuel Voyager Card Transactions

## What We Found

Unit management at the Sherman Oaks Branch did not always properly reconcile unauthorized Voyager card premium fuel transactions. Specifically, we reviewed the Sherman Oaks Branch 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 the transaction exceptions were marked as reconciled by unit management, none of the comments addressed the unauthorized premium fuel purchases.

In addition, 24 of these premium fuel transactions were made by 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 at the Sherman Oaks Branch 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,<sup>44</sup> 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.<sup>45</sup>

Postal Service policy<sup>46</sup> further states that all high-risk transactions must have a comment entered for the transaction to be fully reconciled. If none of the pre-approved comment options are sufficient to explain the reason for the high-risk transaction, the "Other" option should be selected and an applicable comment entered manually.

## Effect on the Postal Service and Its Customers

When premium fuel transactions are not properly reviewed and documented, there is an increased risk that the Postal Service may pay higher prices for questionable and unnecessary purchases. Sherman Oaks Branch management paid \$1,572 for unauthorized premium fuel purchases.<sup>47</sup>

## Management Actions

On August 27 and 29, 2025, management at the Sherman Oaks Branch provided a Stand-Up Talk to managers and carriers on the proper procedures for vehicle fuel card purchases.

### Recommendation # 2:

We recommend the **District Manager, California-3 District**, enforce the requirement for unit management to monitor fuel card purchases, including annotating all high-risk fuel transactions with an appropriate comment.

### Postal Service Response

The Postal Service generally agreed with this finding and the associated recommendation. Management stated that it would monitor high risk transactions at the Sherman Oaks Branch to ensure appropriate comments are entered. The target implementation date is April 30, 2026.

<sup>44</sup> Voyager Fleet Card SOP, Section 4.2 Responsibilities, October 2023.

<sup>45</sup> Voyager Fleet Card SOP, Section 2.4 Acceptable Fuel Types, October 2023.

<sup>46</sup> FAMS User Guide, Reconciliation by Exception Process, March 5, 2013.

<sup>47</sup> We consider the \$1,572 as unsupported, unrecoverable, questioned costs because premium fuel is unauthorized.

Management disagreed with the monetary impact. Management stated that based on its calculation of the cost of premium fuel versus regular unleaded fuel, the monetary impact should be \$131.93, a difference of \$1,440.07.

**OIG Evaluation**

The OIG considers management's comments responsive to recommendation 2.

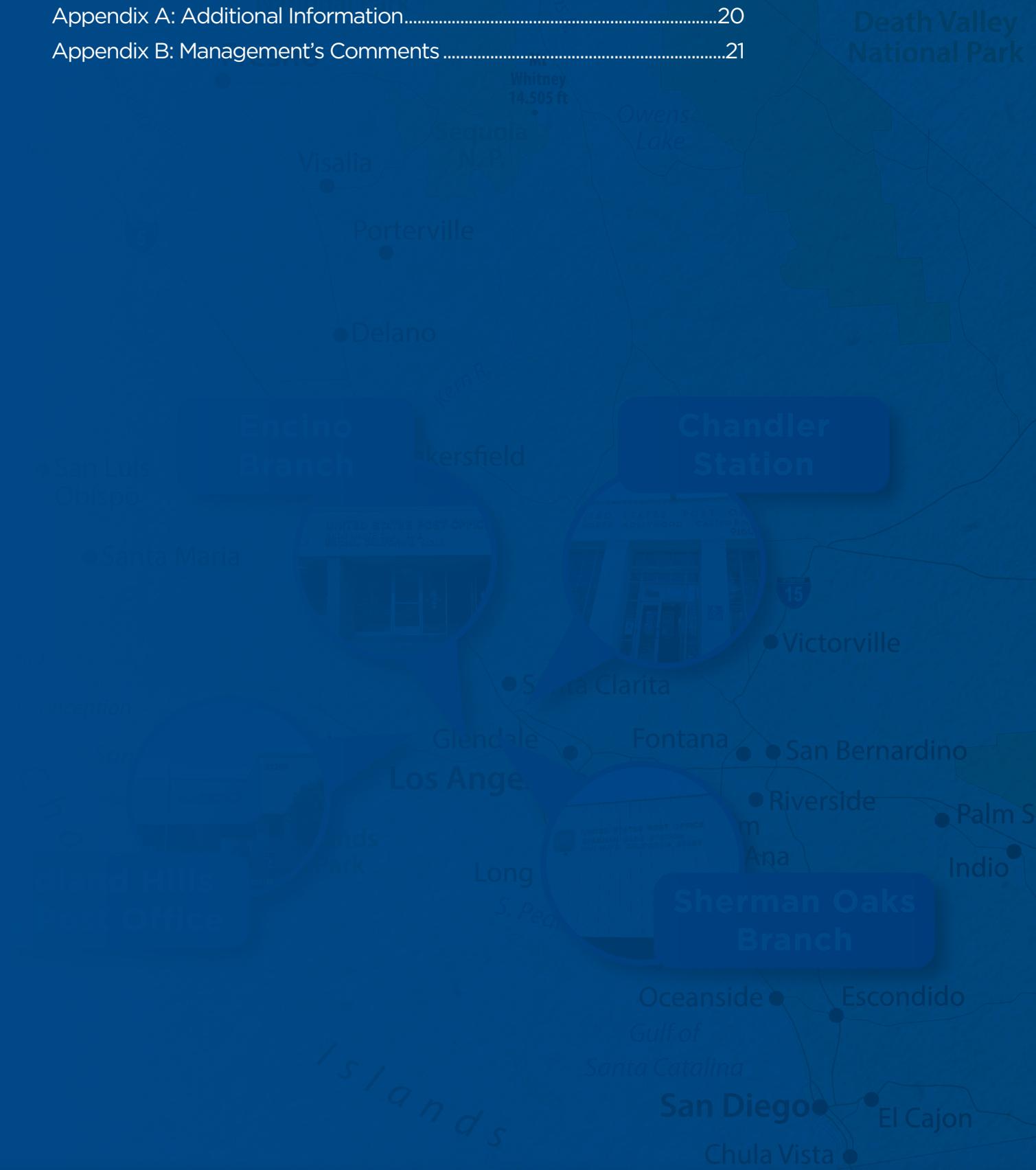
Regarding the monetary impact, we maintain that the total of \$1,572 in purchased premium fuel is unauthorized. Postal Service policy does not allow drivers to purchase a fuel grade above regular unleaded, and there are no vehicles in the Postal Fleet that require premium fuel. Further, these transactions lacked sufficient justification to reconcile these unauthorized transactions. Therefore, we consider the total value of the purchase of unauthorized fuel to be an unsupported, unrecoverable, questioned cost.<sup>48</sup>

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<sup>48</sup> A questioned cost is a type of monetary impact that the OIG believes is unnecessary, unreasonable, or an alleged violation of law, regulation, or contract.

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# Appendix A: Additional Information

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We conducted this audit from November 2025 through February 2026 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 assessed the reliability of IV, EDW, and Workforce 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



February 3, 2026

LAURA LOZON  
DIRECTOR, AUDIT SERVICES

SUBJECT: Management Response: Capping Report: California - 3 District: Delivery Operations (25-124-DRAFT)

Thank you for providing the Postal Service with an opportunity to review and comment on the findings contained in the draft audit report titled *California - 3 District: Delivery Operations*.

Management generally agrees with the findings in the report.

Regarding the monetary impact, management disagrees with the methodology used by the OIG to calculate the monetary impact of \$1572.00. Based on management's own calculation of the cost of premium fuel vs regular unleaded fuel the monetary impact was calculated to be \$131.93, which is a difference of \$1440.07.

Following are our comments on the two recommendations:

Recommendation 1: We recommend the District Manager, California-3 District, train management at all delivery units in the district on the proper procedures for reporting delayed mail.

Management Response/Action Plan:

Management agrees with this recommendation. Management will hold a virtual training session with delivery unit managers in the California 3 district on the proper procedures for reporting delayed mail.

Target Implementation Date: 03/31/2026

Responsible Official: Manager, California 3 District

Recommendation 2: We recommend the District Manager, California-3 District, enforce the requirement for unit management to monitor fuel card purchases, including annotating all high-risk fuel transactions with an appropriate comment.

Management Response/Action Plan:

Management agrees with this recommendation. Management will monitor high risk transactions at Sherman Oaks to ensure appropriate comments are entered.

Target Implementation Date: 04/30/2026

Responsible Official: Manager, California 3 District

E-SIGNED by ALFRED SANTOS JR  
on 2026-02-04 13:26:33 EST

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Alfred Santos  
District Manager, California 3 District

Cc: Vice President, Area Retail and Delivery (WestPac)  
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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