# Mile High Station in Denver, CO: Delivery Operations

## AUDIT REPORT

Report Number 24-137-3-R24 | September 24, 2024

# Transmittal Letter

OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

September 24, 2024

**MEMORANDUM FOR:** DOUGLAS S. SMITH
MANAGER, COLORADO-WYOMING DISTRICT

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

**SUBJECT:** Audit Report – Mile High Station, Denver, CO: Delivery Operations (Report Number 24-137-3-R24)

This report presents the results of our audit of delivery operations and property conditions at the Mile High Station in Denver, Colorado.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Richardo Martinez, 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

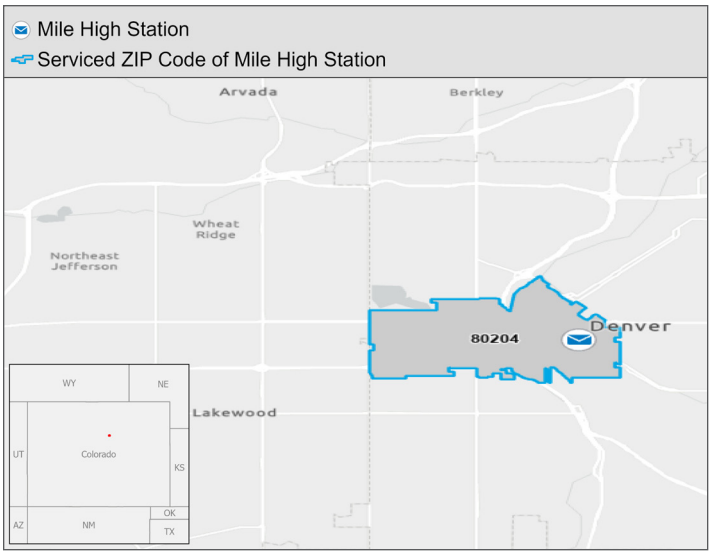
# Results

## Background

The U.S. Postal Service's mission is to provide timely, reliable, secure, and affordable mail and package delivery to 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 Mile High Station in Denver, CO (Project Number 24-137-3). The Mile High Station is in the Colorado-Wyoming (CO-WY) District of the WestPac Area and services ZIP Code 80204 (see Figure 1). This ZIP Code serves about 35,492 people in an urban area.[1]

### Figure 1. ZIP Code Serviced by the Mile High Station




Source: OIG analysis of ZIP Code data.

This delivery unit has 28 city routes. The Mile High Station is one of four delivery units[2] the OIG reviewed during the week of July 29, 2024, that are serviced by the Denver Processing and Distribution Center (P&DC).

We assessed all units serviced by the Denver P&DC based on the number of Customer 360[3] (C360) delivery-related inquiries,[4] Informed Delivery[5] contacts, stop-the-clock[6] (STC) scans performed away from the delivery point, and undelivered route information between March 1 and May 31, 2024. We also reviewed first and last mile failures[7] between March 2 and May 31, 2024.

We judgmentally selected the Mile High Station primarily based on the number of C360 inquiries related to delivery and Informed Delivery contacts. The unit was also chosen based on last mile failures and an undelivered route. See Table 1 for a comparison of some of these metrics between the unit and the rest of the district.

### Table 1. Delivery Metric Comparison Between March 1 through May 31, 2024

| Delivery Metric | Unit Average per Route | District Average per Route |
|---|---|---|
| C360 Delivery Inquiries | 10.1 | 6.2 |
| Informed Delivery Contacts | 17.3 | 11.8 |

Source: U.S. Postal Service OIG analysis of Postal Service's C360, Informed Delivery, and Product Tracking and Reporting (PTR) System data extracted July 1, 2024. PTR is the system of record for all delivery status information for mail and packages with trackable services and barcodes.

1 We obtained ZIP Code information related to population and urban classification from 2020 Census Bureau information.
2 The other three units were the Brighton Main Post Office, Brighton, CO (Project Number 24-137-1); the Edgewater Branch, Lakewood, CO (Project Number 24-137-2); and the Stockyards Station, Denver, CO (Project Number 24-137-4).
3 A cloud-based application that enables Postal Service employees to diagnose, resolve, and track customer inquiries.
4 A compilation of package inquiry, package pickup, daily mail service, and hold mail inquiries.
5 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.
6 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."
7 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.

## Objective, Scope, and Methodology

Our objective was to evaluate mail delivery operations and property conditions at the Mile High Station in Denver, CO.

To accomplish our objective, we focused on five audit areas: delayed mail, package scanning, arrow keys,[8] inaccurate carrier complement and timekeeping, and property conditions. Specifically, we reviewed delivery metrics, including the number of routes and carriers, mail arrival time, amount of reported delayed mail, package scanning, carrier complement and timekeeping, and distribution uptime.[9] During our site visit, we observed mail conditions; package scanning procedures; arrow key security procedures; timekeeping documentation; and unit safety, security, and maintenance conditions. We also analyzed the scan status of mailpieces at the carrier cases and in the "Notice Left" area[10] and interviewed unit management and employees. We discussed our observations and conclusions as summarized in Table 2 with management on September 9, 2024, and included their comments, where appropriate.

We are issuing this interim report to provide the Postal Service with timely information regarding conditions we identified at the Mile High Station. We will issue a separate report[11] that provides the Postal Service with the overall findings and recommendations for all four delivery units, as well as the district. See Appendix A for additional information about our scope and methodology.

## Results Summary

We identified issues affecting delivery operations and property conditions at the Mile High Station. Specifically, we found issues with four of the five areas we reviewed (see Table 2).

**Table 2. Summary of Results**

| Audit Area | Deficiencies Identified | |
|---|---|---|
| | Yes | No |
| Delayed Mail | X | |
| Package Scanning | X | |
| Arrow Keys | | X |
| Carrier Complement and Timekeeping | X | |
| Property Conditions | X | |

Source: Results of our fieldwork during the week of July 29, 2024.

We did not identify any issues with arrow keys or carrier complement. However, we did identify issues with timekeeping management (see Finding #3).

8 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.
9 Time of day that clerks have completed distributing mail to the carrier routes.
10 The area of a delivery unit where letters or packages that the carriers were unable to deliver are stored for customer pickup.
11 Project Number 24-137.

# Finding #1: Delayed Mail

### What We Found

On the morning of July 30, 2024, we identified 1,693 delayed mailpieces[12] at seven carrier cases. Specifically, we identified 1,543 letters, 140 flats, and 10 packages. Management did not report this mail as undelivered in the Delivery Condition Visualization (DCV)[13] system. See Figure 2 for an example of delayed mail found at the carrier cases. Further, the carriers did not complete Postal Service (PS) Forms 1571, *Undelivered Mail Report*,[14] to document the reason for the undelivered mailpieces.

**Figure 2. Example of Delayed Mail in the Carrier Cases**

Source: OIG photo taken July 30, 2024.

### Why Did It Occur

These conditions occurred due to inadequate management oversight. The new station manager was recently promoted and relied on the PM supervisor to verify that all mail was cleared from the unit, that delayed mail was reported in the DCV system, and that carriers used PS Form 1571. The PM supervisor stated that he did not consider undelivered mail brought back by carriers to be delayed mail.

### What Should Have Happened

Management should have made sure that all mail was delivered on the day it was committed for delivery and reported delayed mail in the DCV system. Management should have also verified that carriers documented on PS Form 1571 the reason for undelivered mail brought back from the street.[15] Postal Service policy[16] states that all types of First-Class Mail, Priority Mail, and Priority Express Mail are always committed for delivery on the day of receipt. In addition, managers are required[17] to report all mail in the delivery unit after the carriers have left for their street duties as either delayed or curtailed in the DCV system. Further, management must update the DCV system if volumes have changed prior to the end of the business day.

### 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.

### Postal Service Response

The Postal Service agreed with this finding. See Appendix B for management's comments in their entirety.

12 Count of mail included individual piece counts and OIG estimate based on Postal Service conversion factors in Management Instruction PO-610-2007-1
13 A tool for unit management to manually self-report delayed mail, which provides a snapshot of daily mail conditions at the point in time when carriers have departed for the street.
14 PS Form 1571, *Undelivered Mail Report*, lists all mail distributed to the carrier for delivery that was left in the office or returned undelivered.
15 Handbook M-41, City Delivery Carriers Duties and Responsibilities, paragraph 44.442.2.
16 *Committed Mail & Color Code Policy for Marketing Mail* stand-up talk, February 2019.
17 *Informed Visibility Delivery Condition Visualization User Guide,* August 2023.

# Finding #2: Package Scanning

## What We Found

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

We reviewed 62 scans occurring over 1,000 feet[18] from the intended delivery point between April and June 2024 (see Table 3). We removed scans that could have been performed within policy, such as "Animal Interference" and "Unsafe Conditions." Further analysis of the STC scan data for these packages showed that 41.9 percent of them were scanned "Delivered."

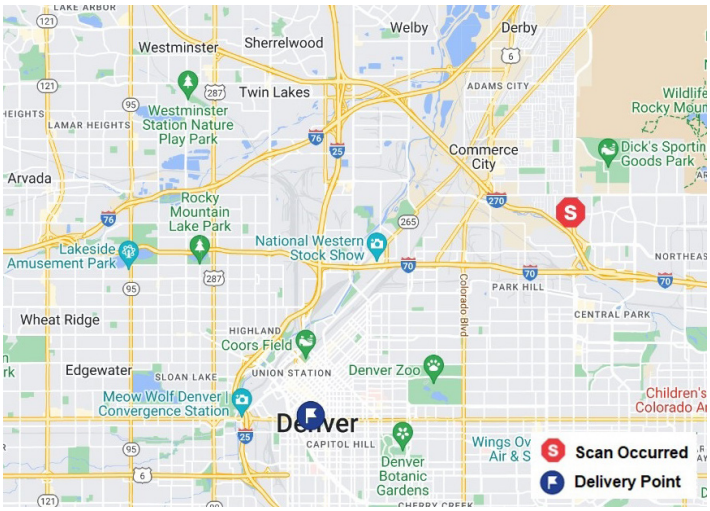
### Table 3. STC Scans Over 1,000 Feet Away From the Delivery Point

| STC Scan Type | Count | Percentage |
|---|---|---|
| Delivery Attempted – No Access to Delivery Location | 36 | 58.1% |
| Delivered | 26 | 41.9% |
| **Total** | **62** | **100%** |

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

For example, the map below (see Figure 3) shows an instance where a carrier scanned a package as delivered 8.2 miles away from the delivery point.

### Figure 3. Scan Away From the Delivery Point in Denver, Colorado




Source: Postal Service Single Package Look Up.

We also found issues with scanning and handling of packages in the unit. On the morning of July 30, 2024, before carriers arrived for the day, we selected 60 packages[19] to review and analyze scanning and tracking history. Of the 60 sampled packages, 14 (23 percent) had improper scans or handling issues, including:

- Eight packages (six from the carrier cases and two from the "Notice Left" area) were scanned delivered, which should only be performed when a package is successfully left at the customer's delivery address.
- Five packages from the carrier cases were scanned over 1,000 feet from the delivery point. These scans ranged from .2 to 8.2 miles from the delivery point. One of which was also scanned delivered and counted in the eight packages mentioned in the previous bullet.
- Two packages from the carrier cases scanned "Held at Post Office at Customer Request" had been held for 34 and 104 days and should have been returned to sender.

18 Packages are expected to be scanned within a designated buffer distance from the delivery point. The OIG evaluates any package that was scanned more than 1,000 feet from the delivery point.
19 We judgmentally selected 30 packages from the carrier cases and 30 packages from the "Notice Left" area.

Further, four packages in the "Notice Left" area were not returned to the sender, as required. These packages ranged from one to 55 days past their scheduled return dates.

### Why Did It Occur

The unit manager stated that some carriers may not be fully trained on package handling and scanning procedures. In addition, he explained that the scanning issues may have occurred because carriers will sometimes scan the package at the right address, but the scanner will show them being far away. We confirmed this with a carrier who showed a picture of him with the package at the address, while his scanner showed he was far away from the address. Management had not reported this issue for further investigation by the information technology helpdesk.

### What Should Have Happened

Management should have monitored scan performance daily and enforced compliance. The Postal Service's goal is to ensure proper delivery attempts for mailpieces to the correct address with proper service,[20] which includes scanning packages at the time and location of delivery.[21] Packages in the "Notice Left" area should have been reviewed for second notices and returned to sender if they remained after the prescribed number of days.[22] Also, management should have reported scanner technical issues to the Help Desk.[23]

### 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 both the customer experience and the Postal Service brand.

#### Postal Service Response

The Postal Service agreed with this finding.

20 *Delivery Done Right the First Time* stand-up talk, March 2020.
21 *Carriers Delivering the Customer Experience* stand-up talk, July 2017.
22 *Notice Left and Return Guidelines*, April 2016. Domestic packages should be returned to sender on the 15th calendar day after a notice is left, and international packages should be returned to sender on the 30th calendar day after a notice is left.
23 Postal Service Standard Operating Procedure - Scanning, Page 4.

# Finding # 3: Timekeeping Management

## What We Found

We determined that the station had 18 instances of unresolved disallowed time occurrences between April 6 through June 28, 2024. Management did not complete PS Forms 1017-A, *Time Disallowance Record*, entries in the Time and Attendance Collection System (TACS)[24] or print and retain PS Forms 1017-A[25] for any of these occurrences. Further, the unit had a binder that contained PS Forms 1017-B, *Unauthorized Overtime Record*,[26] but did not contain PS Forms 1017-A, and the binder was unsecured on the supervisor's desk on the workroom floor.

## Why Did It Occur

The unit manager stated that he was unfamiliar with the PS Form 1017-A requirements and did not know how to complete the occurrences in TACS. He also stated he was unaware of the requirement to secure the binder.

## What Should Have Happened

Postal Service policy[27] states that unit personnel must complete PS Form 1017-A and 1017-B entries and place them in a notebook binder that is secured from unauthorized access, documenting the reason for the disallowed time. Postal guidance[28] also provides instructions on how to complete the entries in TACS.

## Effect on the Postal Service and Its Customers

When proper documentation of time disallowance is not completed, management could incur additional managerial workhours. In addition, the Postal Service risks violation of the Fair Labor Standards Act[29] when unit management does not maintain documentation that shows the justifiable reason and employee notification for disallowed time.

### Management Actions

While we were on site, the unit manager removed the binder with PS Forms 1017-B from the workroom floor and placed it in a secured location.

### Postal Service Response

The Postal Service agreed with this finding.

24 The system used by the Postal Service to automate the collection of employee time and attendance information.
25 Form used only when a supervisor observes, or has reason to know, that an employee did not work while "on the clock." The supervisor must document the basis for any such disallowance. These forms serve as a cumulative record of disallowed time.
26 Managers and supervisors are required to complete a PS Form 1017-B the first time a non-exempt employee incurs unauthorized overtime. These forms serve as a cumulative record of unauthorized overtime.
27 Handbook F-21, *Time and Attendance*, Section 146 - Approving Entries, February 2016.
28 TACS Training Page, Training Video 1017-A 1017-B Enhancement Demo.
29 29 USC § 201-219.

# Finding # 4: Property Conditions

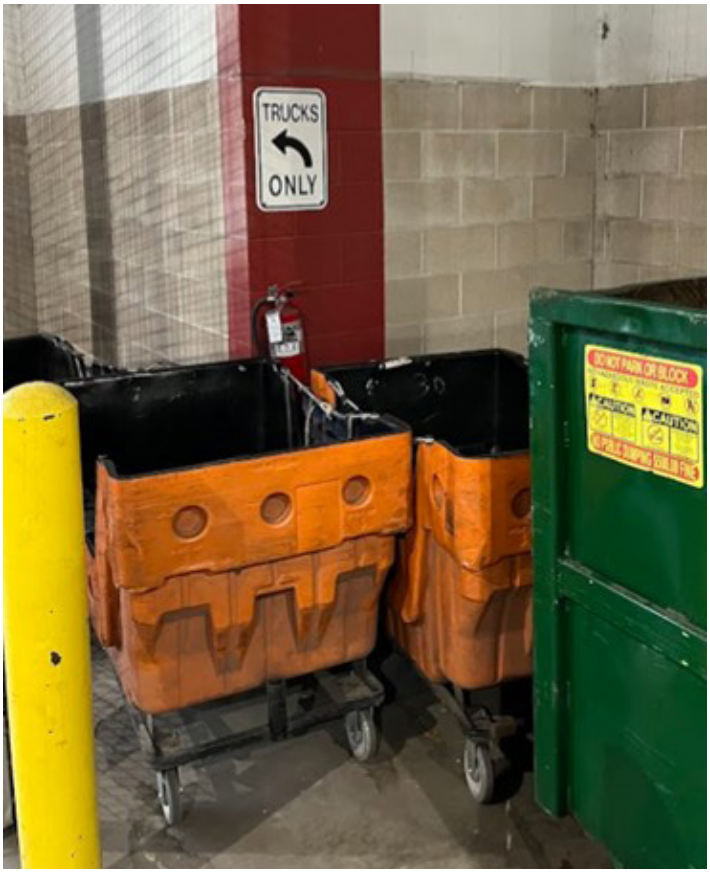
### What We Found

We found safety and maintenance issues at the Mile High Station.

Property Safety

- Nine fire extinguishers missing both the annual and monthly inspections, and one had monthly but missing the annual inspection.
- One fire extinguisher blocked by mail carts (see Figure 4).

**Figure 4. Blocked Fire Extinguisher**




Source: OIG photo taken July 30, 2024.

- A light switch in the manager's office missing the cover.

Property Maintenance

- Wall near dock damaged and wall in men's bathroom missing baseboard cover.

### Why Did It Occur

Management did not provide sufficient oversight and take the necessary actions to verify that all property condition issues were corrected. The unit manager was unaware that some of the fire extinguishers had not been inspected and that one was blocked. Also, he stated the light switch cover was removed for painting and had not been re-installed.

### What Should Have Happened

Management should have provided sufficient oversight of personnel responsible for maintaining facilities, reported safety and maintenance issues as they arose, and followed up for completion. The Postal Service requires management to maintain a safe environment for employees and customers.[30]

### Effect on the Postal Service and Its Customers

Management's attention to maintenance and safety 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.

30 Postal Service Handbook EL-801, *Supervisor's Safety Handbook,* July 2020.

# Appendix A: Additional Information

We conducted this audit from July through September 2024 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 Mile High Station 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 Brighton Main Post Office, Edgewater Branch, and the Stockyards Station, as well as the district. Our recommendations, if implemented, should correct the weaknesses we identified.

We assessed the reliability of PTR, DCV, and the 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 13, 2024

JOHN CIHOTA
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Management Response: Mile High Station, Denver, CO: Delivery Operations (Report Number 24-137-3-DRAFT)

Thank you for providing the Postal Service with an opportunity to review and comment on the findings contained in the draft audit report, *Mile High Station, Denver, CO: Delivery Operations.*

Management agrees with the four findings in the report on delayed mail, package scanning, complement and timekeeping management, and property conditions.

Management has begun taking steps to address the five findings.

*Delayed Mail*: Daily huddles are held to touch on scanning integrity and accuracy of mail delivery. Management will conduct service talks to reiterate policy on committed mail and the requirement to complete PS form 1571 to document undelivered mail. Management will provide training on the proper handling and recording of delayed mail in DCV and conduct reviews to monitor for compliance.

*Package Scanning:* Management will document scanning issues reported to the Help Desk. In addition, management will conduct training on proper handling and package scanning procedures and conduct reviews to monitor for compliance.

*Timekeeping Management:* Local management will be trained on proper recording of disallowed time occurrences in TACS. In addition, a stand-up talk will be conducted to reiterate the requirement to maintain and properly secure the notebook binder.

*Property Conditions*: Management has abated two of the four property condition issues and has submitted work orders for repairs required by other resources.

E-SIGNED by Douglas.S Smith
on 2024-09-13 15:09:05 EDT

Doug Smith
Manager, CO-WY District

Cc: Corporate Audit & Response

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

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