

Efficiency of Operations at the Denver Processing and Distribution Center, Denver, CO

AUDIT REPORT

Report Number 24-136-R24 | September 24, 2024



Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

September 24, 2024

MEMORANDUM FOR: KYLE WALSH
WESTERN DIVISION DIRECTOR, LOGISTICS

FELIPE FLORES
WESTERN DIVISION DIRECTOR, PROCESSING OPERATIONS

A handwritten signature in black ink, reading "Joseph E. Wolski", is centered below the names of the recipients.

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

SUBJECT: Audit Report – Efficiency of Operations at the Denver
Processing and Distribution Center, Denver, CO
(Project Number 24-136-R24)

This report presents the results of our audit of the Denver Processing and Distribution Center.

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. All recommendations 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 courtesies provided by your staff. If you have any questions or need additional information, please contact Monica Brym, Audit Manager, or me at 703-248-2100.

Attachment

cc: Postmaster General
Chief Processing and Distribution Officer and Executive Vice President
Chief Logistics Officer and Executive Vice President
Vice President, Processing and Maintenance Operations
Vice President, Logistics
Vice President, Western Regional Processing Operations
WestPac Regional Director, Logistics
Corporate Audit Response Management

Results

Background

The U.S. Postal Service needs effective and productive operations to fulfill its mission of providing prompt, reliable, and affordable mail service to the American public. It has a vast transportation network that moves mail and equipment among about 330 processing facilities and 31,100 post offices, stations, and branches. The Postal Service is transforming its processing and logistics networks to become more scalable, reliable, visible, efficient, automated, and digitally integrated. This includes modernizing operating plans and aligning the workforce; leveraging emerging technologies to provide world-class visibility and tracking of mail and packages in near real time; and optimizing the surface and air transportation network. The U.S. Postal Service Office of Inspector General (OIG) reviews the efficiency of mail processing operations at facilities across the country and provides management with timely feedback to further the Postal Service’s mission.

This report presents the results of our self-initiated audit of the efficiency of operations at the Denver Processing and Distribution Center (P&DC) in Denver, CO (Project Number 24-136). We judgmentally selected the Denver, CO, P&DC based on a review of first and last mile failures;¹ workhours; scanning compliance;² and late, canceled, and extra trips. The Denver P&DC is in the Western Division and processes letters, flats, and parcels. The Denver P&DC services multiple 3-digit ZIP Codes in urban and rural communities³ (see Table 1).

Table 1. Population Demographics

3-Digit ZIP Codes	Urban Population	Rural Population	Total Population
800-807	3,787,060	376,436	4,163,496
814-818	281,839	118,597	400,436
820	115,730	26,061	141,791
822-828	186,337	138,397	324,734

Source: Postal Service National Distribution Labeling List and 2020 Census Bureau data.

Objective, Scope, and Methodology

Our objective was to evaluate the efficiency of operations at the Denver P&DC. To accomplish our objective, we focused on five audit areas: mail clearance times;⁴ delayed mail; late, canceled, and extra outbound trips; scanning compliance; and security of registry items. We reviewed Surface Visibility Web (SVWeb)⁵ data for late, canceled, and extra trips, as well as scan compliance for the period from July 1, 2023, to June 30, 2024. Further, we identified mail clearance time goals for the Denver P&DC and compared them with operations shown in the Run Plan Generator report.⁶ During our site visit the week of July 29, 2024, we interviewed P&DC management and observed mail processing and dock operations.

During this time, the OIG also audited four delivery units⁷ serviced by the Denver P&DC. We will provide the results of those audits to Colorado – Wyoming (CO-WY) District management in separate reports. See [Appendix A](#) for additional information about our scope and methodology.

1 First mile failures occur when a mailpiece is collected and does not receive a processing scan at the origin processing facility on the day that it was intended. Last mile failures occur after the mailpiece has been processed at a processing facility on a final processing operation and is not delivered to the customer on the day it was intended.

2 Scans include load, depart, unload, close, assign, and arrive.

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

4 The latest time committed mail can clear an operation for proper dispatch or delivery.

5 A website dedicated to the Surface Visibility program, which provides real-time transportation updates and reports on the movement of trailers in the surface network. The data captured to identify early, on-time, late, or canceled trips is also used to evaluate and improve transportation schedules.

6 An application mail processing facilities use to plan machine utilization based on volume, clearance times, and other criteria.

7 The four delivery units were Brighton Main Post Office, Brighton, CO (project number 24-137-1); Edgewater Branch, Lakewood, CO (project number 24-137-2); Mile High Station, Denver, CO (project number 24-137-3); and Stockyards Station, Denver, CO (project number 24-137-4).

Results Summary

We identified deficiencies for four of the five areas we reviewed that affected the efficiency of operations at the Denver P&DC. We also identified other issues related to safety and security (see Table 2).

Table 2. Summary of Results

Audit Area	Issues Identified	
	Yes	No
Clearance Times		X
Delayed Mail	X	
Late, Canceled, and Extra Outbound Trips	X	
Scan Compliance	X	
Security of Registry Items	X	
Other Issues	X	

Source: Results of OIG data reviewed from July 1, 2023, to June 30, 2024, and fieldwork conducted from July 29 to August 1, 2024.

We analyzed mail processing schedules and data to verify the plant was meeting the scheduled clearance times. We did not find any systemic issues.

Finding #1: Delayed Mail

What We Found

We observed delayed mail at the Denver P&DC on each day of our field observations, from July 30 through August 1, 2024. Specifically, we identified delayed mail near the Single Induction Package Sorter (SIPS)⁸ machine, on Delivery Barcode Sorter (DBCS)⁹ machines, in the registry cage, the Express Mail¹⁰ operations, and in the manual letter and flat operations. Some of this mail was not properly reported in the Mail Condition Visualization (MCV) system.¹¹ Specifically, we identified:

- Ninety-six delayed letters on six DBCS machines on the morning of July 30, 2024. This mail was left behind on the machines after the processing operation was complete. This mail was not reported in the MCV system (see Figure 1).

Figure 1. Examples of Delayed Mail Left on DBCS Machines



Source: OIG photos taken July 30, 2024.

- Two bags of delayed registry items in the registry cage on July 31, 2024 (see Figure 2). The bags were in the registry cage at 8:20 a.m. on July 31, 2024, with a placard indicating they were scheduled for departure at 4:05 a.m. on the same day. This mail was not reported in the MCV system.

Figure 2. Example of Delayed Mail in Registry



Source: OIG photos taken July 31, 2024.

- Seventeen delayed mailpieces in the Express Mail operation on August 1, 2024. This mail was not reported in the MCV system (see Figure 3).

Figure 3. Example of Delayed Mail in Express Mail



Source: OIG photos taken August 1, 2024.

- Delayed mail in the manual letter operation that consisted of mostly Postal Automated Redirection System (PARS)¹² mail and some letters that were machinable. Management stated that PARS mail should be processed at the Colorado Springs P&DC, not the Denver P&DC. Plant management reported a

⁸ Single Induction Package Sorter is automated equipment that can sort packages at the rate of 2,500 pieces per hour.

⁹ Delivery Barcode Sorter. An automated letter sorting machine that is used for letter-size mail.

¹⁰ Express Mail is the USPS' fastest service for time-sensitive letters, documents, or merchandise. Express Mail offers overnight delivery to most locations with a money back guarantee.

¹¹ Mail Condition Visualization provides near real-time visibility of a facility's on-hand volume, delayed processing volume, delayed dispatch volume, and oldest mail date by mail category and processing operation and stores historical trailer information.

¹² Postal Automated Redirection System is a system that can intercept mail identified as undeliverable-as-addressed during processing by matching a change-of-address record in the national database with the name and delivery address on the mail.

total of 10,454 delayed mailpieces in the manual letter operations in the MCV system for July 30 and August 1, 2024, which represented what we observed. However, on July 31, 2024, we observed approximately 4,242 letters¹³ that were recorded in MCV as On-Hand¹⁴ and should have been recorded as Delayed Inventory.¹⁵

- Approximately 1,881 delayed flats in the manual flat operation on July 31, 2024. This mail was recorded in the MCV system as On-Hand but should have been recorded as Delayed Inventory.

In addition, we observed approximately 536 delayed packages near the SIPS machine on July 30, 2024, that were left behind on the machine and needed further processing. This mail was properly reported in the MCV system.

In total, plant management reported 18,411 delayed mailpieces in the MCV system during our visit (see Table 3), which represented the remaining mail we observed in the manual operations and on the workroom floor.

Table 3. Total Delayed Mailpieces in MCV

Actual Day of Delayed Mail Reported	Delayed Letters	Delayed Flats	Delayed Packages	Total Report Delayed Inventory
7/30/2024	2,879	227	1,410	4,516
7/31/2024	0	0	669	669
8/01/2024	7,575	4,417	1,234	13,226
Total	10,454	4,644	3,313	18,411

Source: MCV.

In addition, we identified poor placarding practices at the Denver P&DC. Specifically, we observed numerous containers without placards¹⁶ or missing and/or incorrect dates on the placard throughout the workroom floor (see Figure 4).

¹³ OIG estimates based on calculations made using Mail Condition Visualization, *Manual Line-Item entry Job Aid*, dated October 26, 2020.
¹⁴ On-hand pieces include pieces scanned at the facility and pieces nested to containers that arrived at the facility. Pieces are removed from on-hand counts when they complete their final processing operation in that facility or receive a scan at a different processing facility.
¹⁵ Mail that is not processed in time for its next operation.
¹⁶ A mail transportation equipment labeler placard is attached to mailpiece containers and contains route, trip, and destination information.

Figure 4. Examples of Poor Placarding Practices



Source: OIG photos taken July 31, 2024.

Why Did it Occur

The delayed mail was primarily due to a lack of management oversight. At the DBCS machines, the supervisor and manager did not ensure employees conducted a sweep for any mail left behind after operations were completed. Management took corrective action to address this issue when we mentioned it, and we observed no delayed mail left on these machines on the last two days of our observations.

The delayed mail in the manual mail operations was primarily due to lack of management oversight. Specifically, supervisors and managers did not verify the manual units had someone present to monitor the mail coming into the unit. Management had appointed an employee to monitor for machinable mail entering the manual letter unit, but that employee had been on leave for the past few weeks, including at the time of our visit. Regarding the PARS mail, management stated the Colorado Springs P&DC is responsible for processing PARS mail and is incorrectly sending this mail to the Denver P&DC for

manual processing. Plant management is working with management at the Colorado Springs P&DC to resolve the issue and plans to provide training to Colorado Springs P&DC employees to prevent the incorrect dispatch of PARS mail to Denver P&DC.

Delayed registry and Express Mail were primarily due to transportation issues. Specifically, delayed mail in the registry operation was due to late transportation pickup.¹⁷ Plant management stated that some Express Mail arrives to the P&DC from the delivery units after the scheduled drop-off time of 6 p.m., and as a result, misses the scheduled transportation to dispatch the express mail timely. Also, management did not use the Mail Arrival Quality/Plant Arrival Quality system (MAQ/PAQ)¹⁸ to communicate issues with late arriving Express Mail from the delivery units.

Delayed mail was not reported in MCV or not recorded properly due to a lack of management oversight and an incorrect understanding of the categories in MCV.

Additionally, management did not provide oversight to ensure all mail containers had a proper placard at the facility. Plant managers stated they have instructed employees to use and put specific times on the placards. However, they acknowledged they need to do a better job to following up to make sure it is done.

What Should Have Happened

Postal Service policy¹⁹ states that managers should continually gauge how well they are managing the flow of mail and have managerial control over the workload, personnel, and equipment needed for a well-run operation. As part of Postal Service practice, a delayed-mail count should be performed and accurately reported in the MCV system daily.²⁰ This practice indicates that mail not processed in time for the next operation should be reported as delayed inventory mail. Additionally, managers should use the MAQ/PAQ to communicate and resolve issues with Express Mail arriving from delivery units. Postal Service

¹⁷ We address this issue in Recommendation 5.

¹⁸ The Mail Arrival Quality/Plant Arrival Quality system facilitates communication and resolution of issues with the movement of mail, including Express Mail, between delivery units.

¹⁹ Handbook PO-413, *Platform Operations*, Sections 2-1 and 2-4.4, dated December 2013.

²⁰ MCV Manual Line Item Entry Job Aid.

policy²¹ also addresses the importance of accurately placarding mail, as placard information is used throughout the mailstream to ensure timely processing.

Effect on the Postal Service and Its Customers

When mail is not processed in accordance with proper procedures, there is an increased likelihood of delays. When mail is delayed, there is an increased risk of customer dissatisfaction, which may adversely affect the Postal Service brand.

Inaccurate reporting of delayed mail in the MCV 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. In addition, incorrect or incomplete labels on mail as it moves through a processing facility make it difficult to manage the mailflow and correctly prioritize the processing of mail.

Recommendation #1

We recommend the **Western Division Director, Processing Operations**, verify that the manual letter operation has a designated employee to monitor mail entering the unit on a daily basis at the Denver Processing and Distribution Center.

Recommendation #2

We recommend the **Western Division Director, Processing Operations**, verify delayed mail counts are completed and entered correctly into the Mail Condition Visualization system at the Denver Processing and Distribution Center.

Recommendation #3

We recommend the **Western Division Director, Processing Operations**, use the Mail Arrival Quality/Plant Arrival Quality system to communicate and resolve issues with Express Mail arriving late from delivery units.

Recommendation #4

We recommend the **Western Division Director, Processing Operations**, verify proper placarding procedures are followed at the Denver Processing and Distribution Center.

Postal Service Response

The Postal Service generally agreed with this finding and the associated recommendations. Regarding recommendation 1, management stated it will ensure that the manual operations are properly staffed and monitored for compliance. The target implementation date is October 31, 2024. For recommendation 2, management stated it will monitor usage of the MCV system to ensure delayed mail counts are entered correctly. The target implementation date is November 30, 2024. For recommendation 3, management will reiterate the requirement to use the MAQ/PAQ system to communicate issues with Express Mail and record resolutions. The target implementation date is February 28, 2025. For recommendation 4, management will reiterate instructions on proper use of placards and monitor for compliance. The target implementation date is October 31, 2024. See [Appendix B](#) for management's comments in their entirety.

OIG Evaluation

The OIG considers management's comments responsive to the recommendations.

²¹ Handbook PO-441, *Rehandling of Mail Best Practices*, Section 4-8.1, dated April 2002.

Finding #2: Late, Canceled, and Extra Trips

What We Found

From July 1, 2023, through June 30, 2024, there were a total of 188,297 outbound trips from the Denver P&DC. Of the total outbound trips, there were 34,959 late trips, 32,962 canceled trips, and 3,414 extra trips at the Denver P&DC. These trips represent about 37.9 percent of all outbound trips from the facility (see Table 4).

Table 4. Outbound Transportation Metrics

Transportation Metric	Number	Percent of Total Outbound trips
Late Trips	34,959	18.6%
Cancelled Trips	32,962	17.5%
Extra Trips	3,414	1.8%

Source: SVWeb.

We did not find any systemic issues with extra trips.

Why Did it Occur

The late and canceled trips were due to dock congestion, traffic, and contractor failure. Management stated that a lot of the canceled trips were due to issues with local transportation and trips to the Denver Network Distribution Center (NDC). Management also stated that the Denver NDC is not adhering to its operational plan, causing many of these trips to be canceled. Management stated it is currently working on this issue. For example, from July 1, 2023, through June 20, 2024, there were approximately 49,000 outbound trips from the Denver P&DC to the Denver NDC, and approximately 14,500 (or 30 percent) were canceled. Most were noted as canceled by postal management. We also noted that

a formal review of transportation needs at the Denver P&DC has not been completed since 2021.

What Should Have Happened

According to Postal Service policy,²² key elements to effective dispatch and routing include evaluating transportation performance to planned schedules and ensuring that planned dispatches are compatible with an effective mail arrival profile at the destination.

Effect on the Postal Service and Its Customers

When there are late and canceled trips, there is an increased risk the mail will not be delivered on time, which can adversely affect Postal Service customers, harm the brand, send mailers to competitors, increase operating costs, and cause the Postal Service to lose revenue.

Management Actions

During our audit, plant management provided documentation showing it developed a plan to identify transportation needs to decrease late and canceled trips.

Recommendation #5

We recommend the **Western Division Director, Logistics Operations**, complete a review of transportation schedules and identify and implement actions to address transportation needs at the Denver Processing and Distribution Center.

Recommendation #6

We recommend the **Western Division Director, Logistics Operations**, coordinate with the Denver Network Distribution Center to determine and implement optimal transportation schedules and reduce the number of canceled outbound trips.

²² Handbook M-22, *Dispatch and Routing Policies*, dated July 2013.

Postal Service Response

The Postal Service generally agreed with this finding and the associated recommendations. Regarding recommendation 5, management stated it will complete monthly transportation reviews and a Zero Base Study to adjust transportation schedules. For recommendation 6, management stated it will continue coordinating the transportation needs with the Denver NDC and decrease the number of cancelled trips. Management stated the monthly transportation reviews and Zero Base Study will include outbound trips from the Denver NDC to the Denver P&DC. The target implementation date for both recommendations is May 31, 2025.

OIG Evaluation

The OIG considers management's comments responsive to the recommendations.

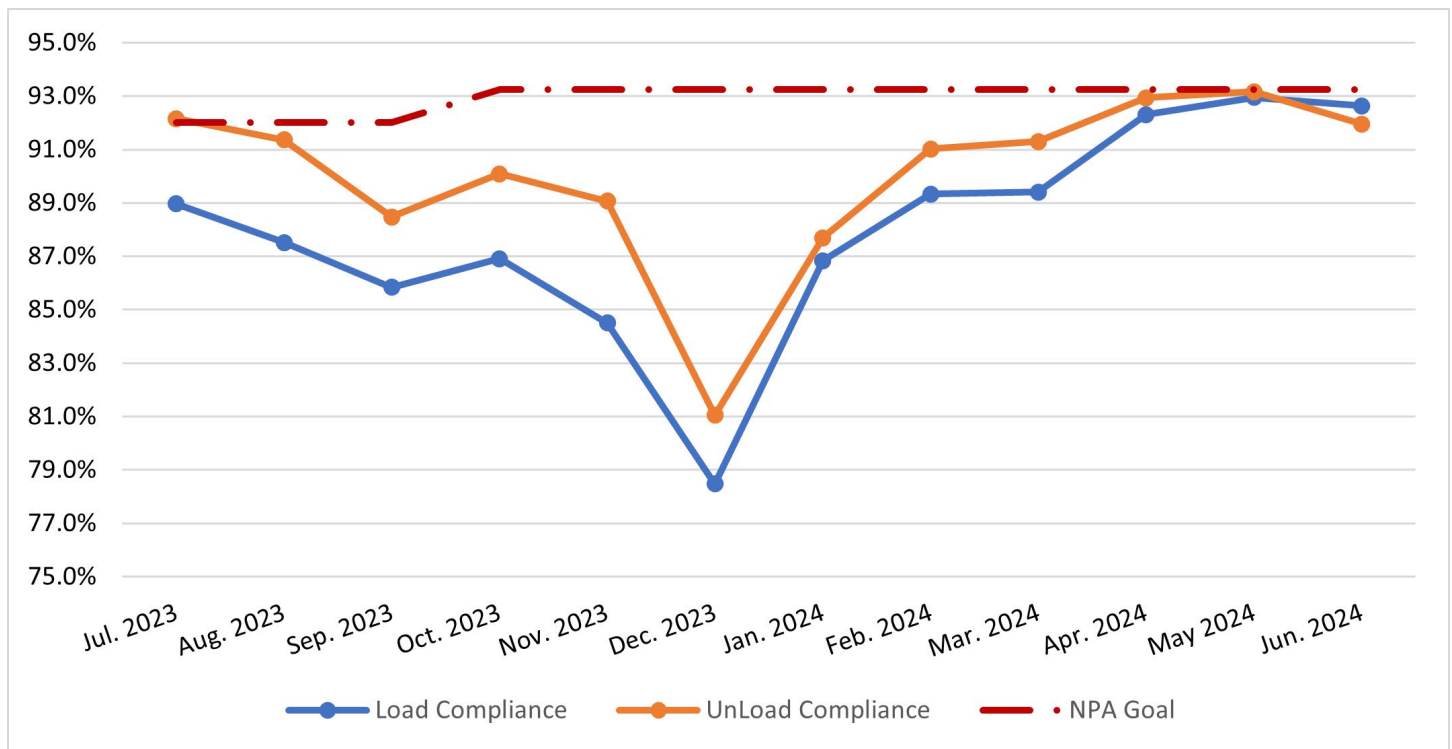
Finding #3: Scan Compliance

What We Found

The Denver P&DC did not meet load²³ and unload²⁴ scan goals. From July 1, 2023, through June 30, 2024, the average compliance for load scans at the Denver P&DC was 87.7 percent, and the average compliance for unload scans was 89.9 percent (see

Figure 5). During this same period, the Denver P&DC met unload scan goals in July 2023 and May 2024. The Postal Service goal for load and unload was 92 percent in fiscal year 2023 and 93.25 percent in fiscal year 2024.

Figure 5. Scanning Compliance at the Denver P&DC From July 1, 2023, to June 30, 2024



Source: SVWeb.

Management stated it is currently working to improve scanning scores by monitoring scanning compliance daily and holding weekly meetings to discuss scanning performance. In addition, management implemented a process to view which mail containers have been scanned. This initiative has helped to improve scanning performance at the Denver P&DC, but management acknowledged it requires continued enforcement. In April through June 2024, scanning performance for load and unload scans improved. For example, load scans improved and almost reached the goal in April through June of 2024, ranging between 92.3 and 92.9 percent.

Why Did it Occur

Load and unload scans were not performed consistently and were below the goal for most of this period due to a lack of management oversight. Management stated there is a lack of accountability by employees in complying with scanning requirements and acknowledged consistent oversight and visibility over scanning is needed to ensure consistent compliance.

²³ Load scans are performed when a container is loaded onto a trailer for dispatch.

²⁴ Unload scans record the unloading of a container off a trailer.

What Should Have Happened

Postal Service policy²⁵ states that employees are required to perform outbound and inbound scans of containers and trailers to ensure mail visibility.

Effect on the Postal Service and Its Customers

Scans help the Postal Service track mail as it flows through the network. Low scanning compliance contributes to inaccurate use data, missent mail, and operational inefficiencies. Management uses scanning data to streamline outbound container operations, enhance dispatch quality, and increase efficiency in the use of transportation containers and trailers. When scans are not made, management may not have the information needed to make accurate operational decisions.

Management Actions

During our audit, management provided evidence it is monitoring scan compliance. Continued

monitoring should help increase consistency in scanning compliance.

Recommendation #7

We recommend the **Western Division Directors of Processing Operations and Logistics** consistently meet load and unload scan goals at the Denver Processing and Distribution Center.

Postal Service Response

The Postal Service generally agreed with this finding and the associated recommendation. Management stated it will provide training on load and unload scans and monitor for compliance. The target implementation date is February 28, 2025.

OIG Evaluation

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

²⁵ *Surface Visibility Program User* booklet, updated January 10, 2023.

Finding #4: Security of Registry Items

What We Found

Employees at the Denver P&DC did not consistently follow procedures for the handling and security of registry items. Specifically, we found that registry clerks did not verify receipt of all registry pouches daily and did not report missing registry pouches when they were not received from delivery units. For example, on July 27, 2024, registry personnel did not verify receipt of registry pouches from 8 of 44 facilities (or about 18 percent).

Why Did it Occur

Employees did not consistently follow procedures to verify receipt of registry pouches. The registry clerk stated that he did not escalate reporting of the missing vouchers to the supervisor because he was the only clerk on duty and did not have time to report it. Plant management was unsure whether registry employees were trained on proper procedures.

What Should Have Happened

Postal policy²⁶ states that each office is required to send a Registered Mail pouch nightly. Any missing pouches are to be recorded, and the manager of distribution operations is responsible for follow-up action.

Effect on the Postal Service and Its Customers

Without adherence to the daily verification of receipt of registry pouches from all stations, there is an increased risk of undetected lost or stolen registered mail, and items may not be properly reported to the inspection service for follow-up.

Recommendation #8

We recommend the **Western Division Director, Processing**, verify training is provided to registry clerks and supervisors on the procedures for the daily verification of receipt of registry pouches and reporting of missing registry pouches at the Denver Processing and Distribution Center.

Postal Service Response

The Postal Service generally agreed with this finding and the associated recommendation. Management will provide training to registry clerks and supervisors on proper receipt and reporting of registry items pouches. The target implementation date is October 31, 2024.

OIG Evaluation

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

²⁶ Handbook DM-901, *Registry Mail*, Section 6-1.1.3, dated January 2016.

Finding #5: Safety and Security

What We Found

During our site observations, we observed several safety and security issues. Specifically, we observed the following:

- Trucks and trailers parked at the docks without wheel chocks placed next to the tire to prevent them from rolling away (see Figure 6).
- Drivers were not always securing trailer doors when departing from the facility.
- Several blocked doors on the workroom floor (see Figure 7) and entryways to the workroom floor area from the dock (see Figure 8).

Figure 6. Example of Trailer Without Wheel Chocks at the Denver P&DC



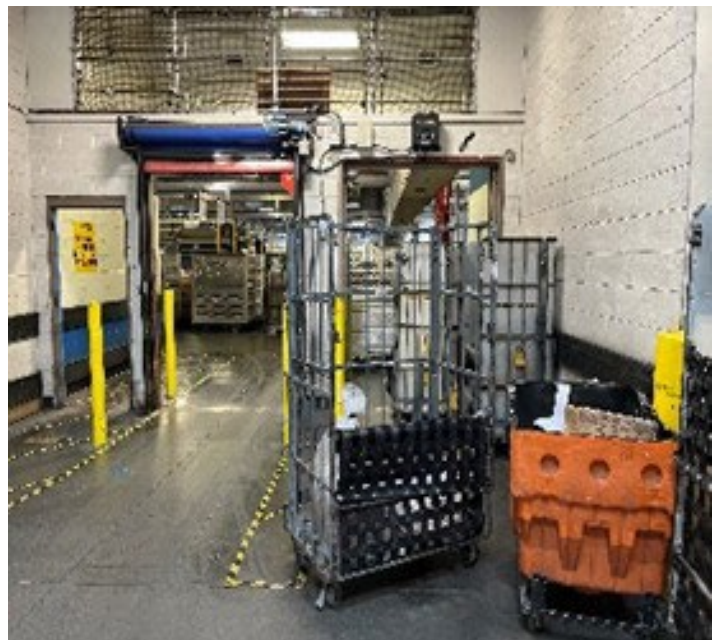
Source: OIG photos taken August 1, 2024.

Figure 7. Example of Blocked Door at the Denver P&DC



Source: OIG photo taken July 31, 2024.

Figure 8. Example of Blocked Entryway at the Denver P&DC



Source: OIG photo taken August 1, 2024.

Why Did it Occur

The inconsistent use of wheel chocks and trailer door locks and blocked doors and entryways was due to a lack of management oversight. We observed supervisors were not verifying that drivers were using wheel chocks or trailer door locks. In addition, management was unaware of the blocked doors and entryways we identified.

What Should Have Happened

The Postal Service must preserve the security of the mail and ensure drivers comply with security policies regarding the transportation of mail in trailers. Postal Service policy²⁷ states that all doors to the cargo compartment must be equipped with locks and kept locked while en route. Additionally, Postal Service policy²⁸ states that drivers must prevent trailers from rolling away from docks by using wheel chocks. In addition, the Occupational Safety and Health Administration (OSHA) requires employers to provide a safe and healthy workplace free of recognized hazards.²⁹

Effect on the Postal Service and Its Customers

When employees do not observe safe working practices and safety rules, there is an increased risk of employee accidents and injuries. Also, when the Postal Service does not preserve and protect the security of the mail in its custody there is an

increased risk of unauthorized opening, inspection, reading, tampering, delaying, or committing other unauthorized acts.

Management Actions

In response to our observations, plant management took action to conduct a stand-up talk on the need to use wheel chocks, secure trailer doors, and verify daily that the safety operations are followed in the dock area. Therefore, we will not be making a recommendation regarding these matters.

Recommendation #9

We recommend the **Western Division Director, Processing Operations**, ensure doors and entryways to the dock and workroom floor are not blocked at the Denver Processing and Distribution Center.

Postal Service Response

The Postal Service generally agreed with this finding and the associated recommendation. Management stated it will ensure that the doors and entryways to the dock and workroom floor are not blocked. The target implementation date is November 30, 2024.

OIG Evaluation

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

²⁷ Postal Operations Manual Issue 9, *Sealing Program and Procedures*, Section 476.2, Item H, updated August 31, 2023, and Handbook PO-515, *Highway Contractor Safety*, Section 448.2, dated July 2010.

²⁸ Handbook EL-803, *Maintenance Employee's Guide to Safety*, Section 1, subsection C dated July 2020.

²⁹ OSHA Act of 1970 and Handbook EL-801, *Supervisor's Safety Handbook*, dated 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. We discussed our observations and conclusions with management on September 5, 2024, and included their comments where appropriate.

In planning and conducting the audit, we obtained an understanding of the mail processing 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 control activities, information and communication, and monitoring that were significant within the context of our objectives. Our recommendations, if implemented, should correct the weaknesses we identified.

We assessed the reliability of MCV and SVWeb 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



9/13/2024

JOHN CIHOTA
DIRECTOR, AUDIT SERVICES

SUBJECT: Management Response: Efficiency of Operations at the Denver Processing and Distribution Center, Denver, CO (Report Number 24-136-DRAFT)

Thank you for providing the Postal Service with an opportunity to review and comment on the findings and recommendations contained in the draft audit report, 24-136-DRAFT.

Management generally agrees with the findings on Delayed Mail, Late, Canceled, and Extra Trips, Scan Compliance, Security of Registry Items, Safety and Security.

Following are our comments on each of the 9 recommendations.

Recommendation 1:

We recommend the Western Division Director, Processing Operations, verify that manual letter operation has a designated employee to monitor mail entering the unit on a daily basis at the Denver Processing and Distribution Center.

Management Response/Action Plan:

Management agrees with this recommendation.

Management will ensure that the manual operations are properly staffed and monitor for compliance.

Target Implementation Date: 10/31/2024

Responsible Official:

Division Director, Processing Operations

Recommendation 2:

We recommend the Western Division Director, Processing Operations, verify delayed mail counts are completed and entered correctly into the Mail Condition Visualization system at the Denver Processing and Distribution Center.

Management Response/Action Plan:

Management agrees with this recommendation.

Management will monitor MCV usage to ensure delayed mail counts are entered correctly.

Target Implementation Date: 11/30/2024

Responsible Official:

Division Director, Processing Operations

Recommendation 3:

We recommend the Western Division Director, Processing Operations, use the Mail Arrival Quality/Plant Arrival Quality system to communicate and resolve issues with Express Mail arriving late from delivery units.

Management Response/Action Plan:

Management agrees with this recommendation.

Management will reiterate the requirement to use the MAQ/PAQ system to communicate issues with Express Mail and record resolutions.

Target Implementation Date: 02/28/2025

Responsible Official:

Division Director, Processing Operations

Recommendation 4:

We recommend the Western Division Director, Processing Operations, verify proper placarding procedures are followed at the Denver Processing and Distribution Center.

Management Response/Action Plan:

Management agrees with this recommendation.

Management will reiterate instructions on proper use of placards and monitor for compliance.

Target Implementation Date: 10/31/2024

Responsible Official:

Division Director, Processing Operations

Recommendation 5:

We recommend the Western Division Director, Logistics Operations, complete a review of transportation schedules and identify and implement actions to address transportation needs at the Denver Processing and Distribution Center.

Management Response/Action Plan:

Management agrees with this recommendation.

Management addresses transportation needs of the Denver P&DC daily. Furthermore, management will complete monthly transportation reviews, and will complete a Zero Base Study to adjust transportation schedules to ensure they continue meeting transportation needs at the Denver P&DC.

Target Implementation Date: 05/31/2025

Responsible Official:

Division Director, Logistics Operations

Recommendation 6:

We recommend the Western Division Director, Logistics Operations, coordinate with the Denver Network Distribution Center to determine and implement optimal transportation schedules and reduce the number of canceled outbound trips.

Management Response/Action Plan:

Management agrees with this recommendation.

Management will continue coordinating the transportation needs with the Denver NDC and continue decreasing the number of cancelled trips. Furthermore, monthly transportation reviews and Zero Base Study will include outbound trips from the Denver NDC to the Denver P&DC.

Target Implementation Date: 05/31/2025

Responsible Official:

Division Director, Logistics Operations

Recommendation 7:

We recommend the Western Division Directors of Processing Operations and Logistics consistently meet load and unload scan goals at the Denver Processing and Distribution Center.

Management Response/Action Plan:

Management agrees with this recommendation.

Management will provide training on load and unload scans and monitor for compliance.

Target Implementation Date: 02/28/2025

Responsible Official:

Division Director, Processing Operations

Recommendation 8:

We recommend the Western Division Director, Processing, verify training is provided to registry clerks and supervisors on the procedures for the daily verification of receipt of registry pouches and reporting of missing registry pouches at the Denver Processing and Distribution Center.

Management Response/Action Plan:

Management agrees with this recommendation.

Management will provide training to registry clerks and supervisors on proper receipt and reporting of registry items pouches.

Target Implementation Date: 10/31/2024

Responsible Official:

Division Director, Processing Operations

Recommendation 9:

We recommend the Western Division Director, Processing Operations, ensure doors and entryways to the dock and workroom floor are not blocked at the Denver Processing and Distribution Center.

Management Response/Action Plan:


Management agrees with this recommendation.

Management will ensure that the doors and entryways to the dock and workroom floor are not blocked.


Target Implementation Date: 11/30/2024

Responsible Official:

Division Director, Processing Operations

 E-SIGNED by FELIPE FLORES JR
on 2024-09-12 15:14:08 EDT

Felipe Flores
Division Director, Processing Operations

 E-SIGNED by Kyle.A Walsh
on 2024-09-13 14:03:13 EDT

Kyle Walsh
Division Director, Logistics Operations

cc: Corporate Audit & Response Management

OFFICE OF INSPECTOR GENERAL

UNITED STATES POSTAL SERVICE



Contact us via our [Hotline](#) and [FOIA](#) forms. Follow us on social networks. Stay informed.

1735 North Lynn Street, Arlington, VA 22209-2020
(703) 248-2100

For media inquiries, please email press@uspsoig.gov or call (703) 248-2100