Apple Valley Branch, Saint Paul, MN: Delivery Operations

AUDIT REPORT
Report Number 24-032-1-R24 | January 22, 2024

OFFICE OF
INSPECTOR
GENERAL
UNITED STATES POSTAL SERVICE

Transmittal Letter

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UNITED STATES POSTAL SERVICE

January 22, 2024

MEMORANDUM FOR: ANGELA L. BYE
MANAGER, MINNESOTA-NORTH DAKOTA DISTRICT

FROM: Sean Balduff
Director, Field Operations, Central and Southern

SUBJECT: Audit Report – Apple Valley Branch, Saint Paul, MN: Delivery Operations
(Report Number 24-032-1-R24)

This report presents the results of our audit of mail delivery operations and property conditions at the Apple Valley Branch in Saint Paul, MN.

We appreciate the cooperation and courtesies 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, Central 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 Apple Valley Branch in Saint Paul, MN (Project Number 24-032-1). The Apple Valley Branch is in the Minnesota-North Dakota (MN-ND) District of the Central Area and services ZIP Code 55124 (see Figure 1). This ZIP Code serves about 56,297 people in a predominantly urban area.[1]

Figure 1. ZIP Code Serviced by the Apple Valley Branch
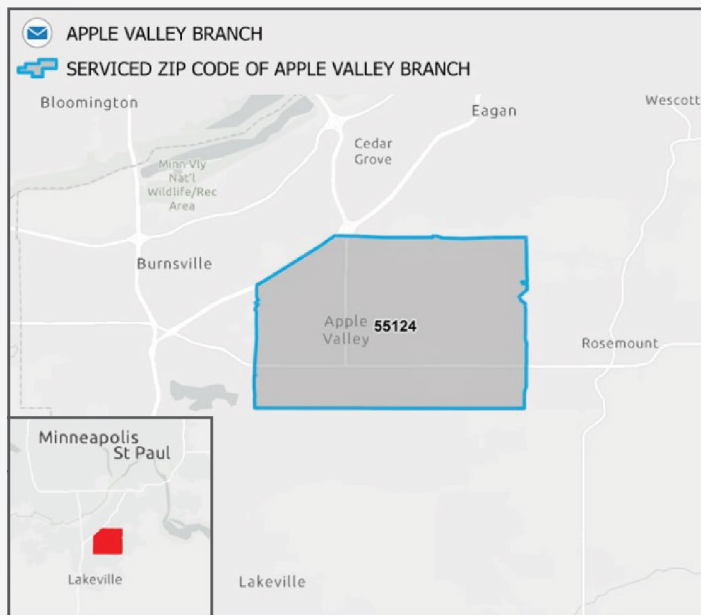
Source: US Postal Service Office of Inspector General (OIG).

This delivery unit has 28 rural routes. The Apple Valley Branch is one of three delivery units[2] the OIG reviewed during the week of November 13, 2023, that are serviced by the Saint Paul Processing and Distribution Center (P&DC).

We assessed all units serviced by the Saint Paul P&DC based on the number of Customer 360[3] (C360) delivery-related inquiries,[4] Informed Delivery[5] contacts, stop-the-clock (STC)[6] scans performed away from the delivery point, undelivered route information, and first and last mile failures[7] between July 1 and September 30, 2023.

We judgmentally selected the Apple Valley Branch primarily based on the number of C360 inquiries related to delivery, Informed Delivery contacts (about 13 times more than the district average), and congressional interest. The unit was also chosen based on first and last mile failures. 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 July 1 and September 30, 2023

Delivery Metric	Unit Average per Route	District Average per Route
C360 Delivery Inquiries	9.9	2.5
Informed Delivery Contacts	177.4	13.7

Source: OIG analysis of Postal Service's C360 and Informed Delivery data extracted on October 6, 2023.

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1. We obtained ZIP Code information related to population and urban/rural classification from 2020 Census Bureau information.
2. The other two units were the Eagan Branch, Eagan, MN (Project Number 24-032-2) and the New Brighton Carrier Annex, Saint Paul, MN (Project Number 24-032-3).
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 Apple Valley Branch in Saint Paul, MN.

To accomplish our objective, we focused on five audit areas: delayed mail, package scanning, arrow keys,[8] 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 up-time.[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 January 2, 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 Apple Valley Branch. We will issue a separate report[11] that provides the Postal Service with the overall findings and recommendations for 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 Apple Valley Branch. Specifically, we found issues with all five areas we reviewed (see Table 2).

Table 2. Summary of Results

Audit Area	Issues 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 November 13, 2023.

We did not identify any issues with inaccurate carrier complement. However, we did identify issues with timekeeping management (see Finding #4).

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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 24-032.

Finding #1: Delayed Mail

What We Found

On the morning of November 14, 2023, we identified about 28,917 delayed mailpieces at 21 carrier cases and the hot case.[12] Specifically, we identified 22,290 letters and 6,627 flats[13] dated as far back as November 10, 2023. However, management only reported 17,027 delayed mailpieces (59 percent) in the Delivery Condition Visualization (DCV)[14] system. See Table 3 for the number of pieces identified for each mail type and Figures 2 and 3 for examples of delayed mail found at carrier cases and the hot case.

Table 3. Areas Where Delayed Mail Was Identified

Type of Mail	Carrier Cases	Hot Case	Total Count of Delayed Mail
Letters	17,185	5,105	22,290
Flats	5,245	1,382	6,627
Totals	22,430	6,487	28,917

Source: OIG count of delayed mailpieces identified during our visit on November 14, 2023.

Figure 2. Delayed Mail in the Carrier Cases

Source: OIG photo taken on November 14, 2023.

Figure 3. Delayed Mail at the Hot Case

Source: OIG photo taken on November 14, 2023.

Why Did It Occur

The delayed mail occurred because management did not provide adequate oversight to verify all mail was cleared from the unit. Although management attributed the delayed mail to insufficient staffing, we analyzed complement data[15] and determined that the office was understaffed by only one rural carrier for the week ending November 17, 2023. Additionally, management instructed carriers to prioritize package deliveries over letters and flats to ensure prescription drugs were delivered timely.

Regarding the delayed mail inaccurately entered into DCV, the unit manager stated there was a misunderstanding between the PM and AM supervisors as to who was responsible for updating the delayed mail volume.

What Should Have Happened

Postal Service policy[16] states that managers must plan for unscheduled absences and situations that may interfere with normal delivery service. Policy[17] further states that all types of First-Class Mail, Priority Mail, and Priority Express Mail are always

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12   A case designed for final withdrawal of mail as carriers leave the office.
13   Count of mail included individual piece counts and the OIG estimates based on Postal Service Conversion factors in Management Instruction PO-610-2007-1, *Piece Count Recording System*.
14   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.
15   Complement data retrieved from the Postal Service Workforce webpage, which is a centralized hub with links to staff planning, insights, and analytics.
16   Handbook M-39, M*anagement of Delivery Services*, TL-14, Section 111.2, June 2019.
17   *Committed Mail & Color Code Policy for Marketing Mail* stand-up talk, February 2019.

committed for delivery on the day of receipt. In addition, managers are required[18] to report all mail in the delivery unit after the carriers have left for their street duties as either delayed or curtailed in DCV. Management must update DCV 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 may be an increased risk of customer dissatisfaction. At this delivery unit, customer dissatisfaction is reflected in the number of informed delivery inquiries detailed in the background. In addition, inaccurate reporting of delayed mail in DCV 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.

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18   *Informed Visibility Delivery Condition Visualization User Guide*, August 2023.

Finding #2: Package Scanning

What We Found

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

We reviewed package scanning data for scans that occurred at the unit and removed any potentially accurate scans performed.[19] In total, employees improperly scanned 223 packages at the delivery unit between July and September 2023 (see Table 4). Further analysis of the STC scan data for these packages showed that about 85 percent of them were scanned "Delivered."

Table 4. STC Scans at Delivery Unit

STC Scan Type	Count	Percentage
Delivered	189	84.8%
Delivery Attempted – No Access to Delivery Location	17	7.6%
Receptacle Full / Item Oversized	9	4.0%
Delivery Exception – Animal Interference	8	3.6%
Total	**223**	**100%**

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

We also reviewed scans occurring away from the delivery unit and over 1,000 feet[20] from the intended delivery point between July and September 2023 (see Table 5). 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 98 percent of them were scanned "Delivered."

Table 5. STC Scans Over 1000 Feet Away From the Delivery Point

STC Scan Type	Count	Percentage
Delivered	45	97.8%
Receptacle Full / Item Oversized	1	2.2%
Total	**46**	**100%**

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

For example, the map below (see Figure 4) shows an instance where a carrier scanned a package as delivered 3.5 miles away from the delivery point.

Figure 4. Scan Made Away From the Delivery Point

Source: Postal Service Single Package Look Up.

We also found issues with scanning and handling of packages in the unit. On the morning of November 14, 2023, before carriers arrived for the day, we selected 38 packages[21] to review and analyze for scanning and tracking history. Of the 38 packages, 16 (42 percent) had missing/improper scans or handling issues, including:

- Nine packages (two from the carrier cases and seven from the "Notice Left" area) were missing STC scans to let the customer know the reason for non-delivery.

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19 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.
20 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.
21 We selected all eight packages from the carrier cases and workroom floor and judgmentally selected 30 packages from the "Notice Left" area.
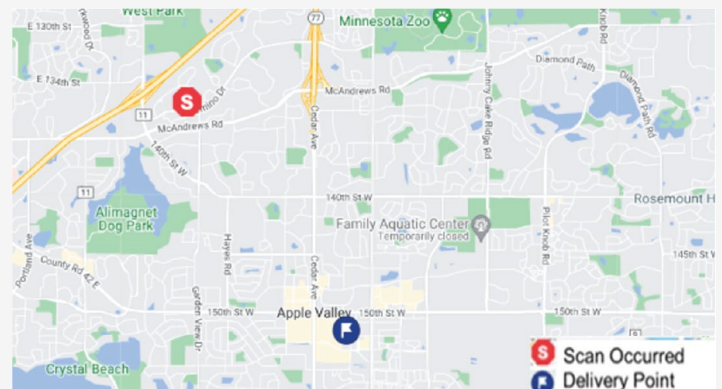
- Two packages from the carrier cases were scanned as "Receptacle Full/Item Oversized" but were not placed in the "Notice Left" section.

- Two packages from the "Notice Left" area each had two "Available for Pickup" scans. The scans were made 15 days apart for one package and 20 days apart for the other. This delayed the return of these packages to the senders.

- Two packages from the carrier cases – one scanned "No Such Number" and another scanned "Insufficient Address" – were not placed in the designated area of the unit to be returned to sender.

- One package in the "Notice Left" area was missing an "Arrival-at-Unit" scan, which is required for performance measurement.

Further, nine packages in the "Notice Left" area were not returned to the sender, as required.[22] These packages ranged from three to 89 days past their scheduled return dates.

Why Did It Occur

Management did not adequately monitor and enforce proper package scanning and handling procedures because they prioritize other duties. Specifically, unit management did not monitor STC scanning reports to validate packages were scanned appropriately because they prioritized the scheduling and monitoring of carriers over monitoring scan performance.

In addition, a clerk handling the "Notice Left" area stated they try to review packages every week but did not always review them timely due to competing priorities, such as retail window and mail distribution activities.

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,[23] which includes scanning packages at the time and location of delivery.[24] 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.[25]

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.

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22 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 *Delivery Done Right the First Time* stand-up talk, March 2020.
24 *Carriers Delivering the Customer Experience* stand-up talk, July 2017.
25 *Notice Left and Return Guidelines*, April 2016.

Finding #3: Arrow Keys

What We Found

Unit management properly safeguarded arrow keys. However, unit management did not properly manage arrow keys. On the morning of November 16, 2023, we reviewed the unit's arrow key certification list in the Retail and Delivery Applications and Reports (RADAR)[26] system and conducted a physical inventory of keys at the unit. We found three of the 54 keys located at the unit were not listed on the certification report and one of the 51 keys listed on the inventory log could not be located. Unit management also had not reported the missing key to the U.S. Postal Inspection Service or the broken key in the RADAR inventory.

Why Did It Occur

Management did not provide sufficient oversight to properly manage arrow keys. Management stated they prioritized delivery operations over arrow key management. In addition, unit management was not aware of the broken arrow key found in the safe.

What Should Have Happened

Management should have verified that arrow key security procedures were properly followed. According to Postal Service policy,[27] management must keep an accurate inventory of all arrow keys. Any missing keys must be immediately reported to the Postal Inspection Service. Further, broken keys must be updated on the RADAR inventory report.

Effect on the Postal Service and Its Customers

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

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26 The arrow key certification in RADAR provides a national platform for all facilities to verify current inventory and account for all arrow keys.
27 *USPS Arrow Key Guidebook Standard Work Instructions*, updated August 2023.

Finding #4: Timekeeping Management

What We Found

We determined that management did not complete, print, and retain PS Form 2240, Pay, Leave, or *Other Hours Adjustment Request*[28] for one pay adjustment made between July 1 and September 29, 2023. In addition, the unit had four disallowed time occurrences and six instances of unauthorized overtime for the same period. However, management did not complete the records in the Time and Attendance Collection System (TACS),[29] print, nor retain PS Forms 1017-A, *Time Disallowance Record*,[30] or PS Forms 1017-B, *Unauthorized Overtime Record*,[31] for any of these timekeeping occurrences.

Why Did It Occur

Management did not provide oversight for employee pay adjustments and overtime. Management also was not aware of the requirement to maintain the 1017-A and 1017-B binders. For the pay adjustment, unit management forgot to complete this adjustment because they prioritized delivery operations over timekeeping. Regarding the instances of disallowed time and unauthorized overtime during this period, management stated they were not adequately trained in TACS and were not aware of the reporting process.

What Should Have Happened

Postal Service policy[32] states that pay adjustment certifications are to be kept on file and attached to supporting documentation for the current calendar year plus the three previous years. Policy[33] further states unit personnel must complete PS Forms 1017-A and 1017-B entries in TACS and subsequently place them in a notebook binder that is secured from unauthorized access, documenting the reason for the disallowed time or unauthorized overtime.

Effect on the Postal Service and Its Customers

When proper documentation of pay adjustments, time disallowance, and unauthorized overtime is not completed, management could incur additional managerial workhours. In addition, the Postal Service risks violation of the Fair Labor Standards Act[34] when unit management does not maintain documentation that shows the justifiable reason and employee notification for disallowed time.

Management Actions

During our audit, management sent us documentation showing that binders had been created for PS Forms 1017-A and 1017-B, and that all six unauthorized overtime records and the four unresolved disallowed time occurrences were completed. Management also provided documentation showing the outstanding pay adjustment was sufficiently completed and printed.

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28 Form used to adjust either an employee's pay or to adjust timecard data that has been incorrectly reported to the postal data center.
29 The system used by the Postal Service to automate the collection of employee time and attendance information.
30 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.
31 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.
32 *AdjustPay User Guide*, Course No. 31202-25, updated February 9, 2017.
33 Handbook F-21, *Time and Attendance*, Section 146 – Approving Entries, February 2016.
34 29 USC § 201-219.

Finding #5: Property Conditions

What We Found

We found safety, security, and maintenance issues at the Apple Valley Branch, including:

Property Safety:

- There were five unmounted fire extinguishers throughout the unit.
- Four extinguishers were missing monthly inspections.
- Concrete near an employee entrance was damaged, causing a potential tripping hazard (see Figure 5).

Figure 5. Damaged Concrete Near an Employee Entrance

Source: OIG photo taken on November 15, 2023.

Property Security:

- The employee parking lot did not have signage stating that vehicles may be subject to search.

Property Maintenance:

- There was damaged/missing drywall on the workroom floor near a dock door (see Figure 6).
- A railing in the middle of the dock was loose.

Figure 6. Missing Drywall on Workroom Floor

Source: OIG photo taken on November 15, 2023.

Why Did It Occur

Management did not take the necessary actions to verify that property condition issues were corrected because other duties, such as managing delivery operations took priority over addressing maintenance issues. Additionally, the unit manager was unaware of some of the issues, including the signage requirement and the loose railing on the dock.

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.[35]

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

Effect on the Postal Service and Its Customers

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

Management Actions

During our audit, management sent us photographs showing that monthly fire extinguisher inspections were up to date and that all of the units' 14 fire extinguishers were mounted.

Management's Comments

Management agreed with all findings in the report. See Appendix B for management's comments in their entirety.

Appendix A: Additional Information

We conducted this audit from November 2023 through January 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 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 PTR, DCV, TACS, and electronic Facilities Management System[36] 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.

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36 A custom-built Postal Service system used to manage work orders, contracts, and payments for facility construction, repairs, and alteration contracts, along with real estate contracts.

Appendix B: Management's Comments

UNITED STATES POSTAL SERVICE

January 9, 2024

JOHN CIHOTA
DIRECTOR, AUDIT SERVICES

SUBJECT: Management Response: Apple Valley Branch, Saint Paul, MN: Delivery Operations (Report Number 24-032-1-DRAFT)

Thank you for providing the Postal Service an opportunity to review and comment on the findings contained in the draft audit report, *Apple Valley Branch, Saint Paul, MN: Delivery Operations*.

Management generally agrees with the five findings in the report on delayed mail, package scanning, arrow keys, timekeeping, and property conditions. However, the report is misleading when reporting scanning data. The report highlights 223 scanning issues from July to September 2023, but fails to mention that the total number of packages scanned during this period was 234,335 for which scanning issues represent less than one percent.

Management has begun taking steps to address the five findings.

Delayed Mail: Management at the district level will conduct reviews to monitor for compliance. Management will continue to use all tools and resources available to ensure adequate staffing. Additionally, management will conduct a service talk on proper recording of delayed mail in DCV.

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

Arrow Keys: Management will update the inventory log to reflect all arrow keys on hand and report the one missing key to the U.S. Postal Inspection Service. Additionally, management will conduct reviews to monitor for compliance.

Timekeeping Management: Management will be retrained on proper record keeping for pay adjustments, disallowed time, and unauthorized overtime. Management has created binders to store 1017-A and 1017-B forms. Reviews will be conducted to monitor for compliance.

Property Conditions: Management has fixed all six of the property conditions listed in the report.

E-SIGNED by ANGELA L BYE
on 2024-01-10 08:50:56 EST
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Angela Bye
Manager, Minnesota-North Dakota District

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

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

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