Fairbanks Station, Houston, TX: Delivery Operations

AUDIT REPORT

Report Number 23-151-1-R24 | November 28, 2023

Transmittal Letter

OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

November 28, 2023

MEMORANDUM FOR: DAVID W. CAMP
MANAGER, TEXAS 2 DISTRICT

FROM: Sean Balduff
Director, Field Operations

SUBJECT: Audit Report – Fairbanks Station Houston, TX: Delivery Operations (Report Number 23-151-1-R24)

This report presents the results of our audit of mail delivery operations and property conditions at the Fairbanks Station in Houston, TX.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Jennifer Schneider, 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, Southern Area Retail & Delivery Operations
Director, Retail & Post Office Operations Maintenance
Corporate Audit and Response Management

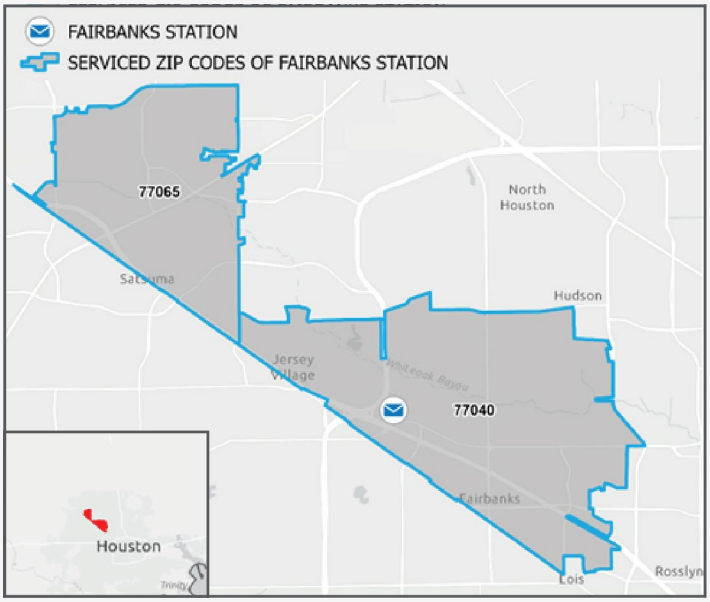
Results

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 Fairbanks Station in Houston, TX (Project Number 23151-1). The Fairbanks Station is in the Texas 2 District of the Southern Area and services ZIP Codes 77040 and 77065 (see Figure 1). These ZIP Codes serve about 86,792 people in an urban area.[1]

Figure 1. ZIP Codes Serviced by the Fairbanks Station



Source: U.S. Postal Service OIG.

This delivery unit has 52 city routes and four rural routes. The Fairbanks Station is one of three delivery units[2] the OIG reviewed during the week of September 11, 2023, that are serviced by the North Houston Processing and Distribution Center (P&DC).

We assessed all units serviced by the North Houston P&DC based on the number of Customer 360 (C360)[3] delivery-related inquiries,[4] Informed Delivery[5] contacts, Stop-the-Clock (STC)[6] scans performed away from the delivery point, and undelivered route information between May 1 and July 31, 2023. We also reviewed first and last mile failures[7] between April 29 and July 28, 2023.

We judgmentally selected the Fairbanks Station primarily based on the number of C360 inquiries and Informed Delivery contacts. The unit was also chosen based on first and last mile failures and undelivered routes. See Table 1 for a comparison of some of the metrics between the unit and the rest of the district.

Table 1. Delivery Metric Comparison Between May 1 and July 31, 2023

Delivery Metric	Unit Average per Route	District Average per Route
C360: Delivery Inquiries	1.7	1.6
Informed Delivery Contacts	12.9	11.1

Source: U.S. Postal Service OIG analysis of Postal Service's C360 and Informed Delivery.

Objective, Scope, and Methodology

Our objective was to evaluate mail delivery operations and property conditions at the Fairbanks Station in Houston, TX.

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 Oak Forest Station (Project Number 23-151-2) and the Conroe Post Office (Project Number 23-151-3).
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 mail piece. Examples of STC scans include "Delivered," "Available for Pick-up," and "No Access."
7 First mile failures occur when a mail piece 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.

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 work hours and time adjustments, 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 October 30, 2023, 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 Fairbanks Station. We will issue a separate report[11] that provides the Postal Service with the overall findings and recommendations for all three delivery units. See Appendix A for additional information about our scope and methodology.

Results Summary

We identified issues affecting delivery operations and property conditions at the Fairbanks Station. Specifically, we found issues with four of the 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 OIG fieldwork during the week of September 11, 2023.

We determined unit management properly managed and safeguarded arrow keys. Management accounted for the number of arrow keys on their inventory log, and we did not identify any systemic issues.

We also did not identify any issues with carrier complement. We determined that all carriers assigned to the unit reported to work between May 6 and July 28, 2023. However, we did identify timekeeping issues related to disallowed time and unauthorized overtime (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 23-151.

Finding #1: Delayed Mail

What We Found

On the morning of September 12, 2023, we identified about 2,764[12] delayed mailpieces at 28 carrier cases. Specifically, we identified about 1,796 letters and 968 flats. In addition, 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 a carrier case.

Figure 2. Delayed Mail at Carrier Case

Source: OIG photo taken on September 12, 2023.

Why Did It Occur

Management did not schedule enough staff to deliver all committed mail and verify that any delayed mail was reported in the DCV system. The supervisor stated that she instructed the carriers to delay some Marketing Mail the day prior to our visit due to staff availability. In addition, some carriers brought some mail back to their cases instead of placing it into the appropriate areas at the end of the day. Further, the supervisor stated she believed this mail was reported in the DCV system but did not follow up to verify it was.

What Should Have Happened

Management should have provided the station with enough resources to deliver all the mail each day. Postal Service policy[14] states that managers must review all communications that may affect the day's workload and be sure that replacements are available for unscheduled absences and develop contingency plans for situations that may interfere with normal delivery service. In addition, Postal Service policy[15] states that all types of First-Class Mail, Priority Mail, Priority Express Mail, and Marketing Mail without a delivery day indicator are always committed for delivery on the day of receipt. In addition, managers are required[16] 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.

12 Count of mail included individual piece counts and OIG estimates based on Postal Service conversion factors in Management Instruction PO-610 2007-1, *Piece Count Recording System*.
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 Handbook M-39, *Management of Delivery Services*, TL-14, Section 111.2, June 2019.
15 Committed Mail & Color Code Policy for Marketing Mail stand-up talk, February 2019.
16 *Informed Visibility Delivery Condition Visualization User Guide*, March 2023.

What We Found

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

We reviewed package scanning data that occurred at the unit and removed any potentially accurate scans performed.[17] In total, employees improperly scanned 211 packages at the delivery unit between May and July 2023 (see Table 3). Further analysis of the STC scan data for these packages showed that 86 percent of them were scanned as delivered.

Table 3. STC Scans at Delivery Unit

STC Scan Type	Count	Percentage
Delivered	182	86.3%
Delivery Attempted – No Access to Delivery Location	21	10.0%
Delivery Exception – Animal Interference	7	3.3%
No Secure Location Available	1	0.5%
Total	**211**	**100%***

Source: OIG analysis of the Postal Service's Product Tracking and Reporting (PTR) System data.
*Total percentage does not equal 100 percent due to rounding.

We also reviewed 145 scans occurring away from the delivery unit and over 1,000 feet[18] from the intended delivery point between May and July 2023 (see Table 4). We removed scans that could have been performed within policy, such as unsafe conditions. Further analysis of the STC scan data for these packages showed that 73 percent of them were scanned "Delivered."

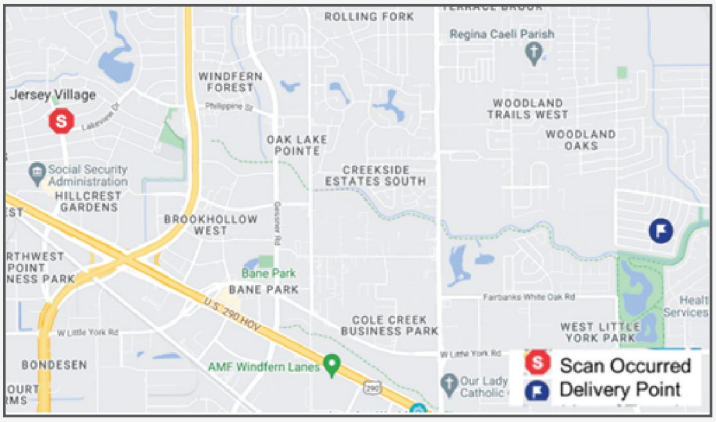
Table 4. STC Scans Over 1000 Feet Away from the Delivery Point

STC Scan Type	Count	Percentage
Delivered	106	73.1%
Business Closed	29	20.0%
Delivery Attempted – No Access to Delivery Location	4	2.8%
Held at Post Office at Customer Request	2	1.4%
Delivery Exception – Animal Interference	2	1.4%
No Such number	1	0.7%
Insufficient Address	1	0.7%
Total	**145**	**100%***

Source: OIG analysis of the Postal Service's PTR System data.
*Total percentage does not equal 100 percent due to rounding.

For example, the map below (see Figure 3) shows an instance where a carrier scanned a package as "Delivery Attempted – No Access to Delivery Location" 6.1 miles away from the delivery point.

Figure 3. Scan Away from the Delivery Point in Houston, Texas



Source: Postal Service Single Package Look Up.

We also found issues with scanning and handling of packages at the unit. On the morning of September 12, 2023, before carriers arrived for the

17 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 P.O. Box.
18 Packages are expected to be scanned within a designated buffer distance from the delivery point. The Postal Service considers 900 feet or less an acceptable buffer. Therefore, the OIG evaluates any package that was scanned more than 1,000 feet from the delivery point.

day, we selected 55 packages[19] to review and analyze scanning and tracking history. Of the 55 sampled packages, 13 (24 percent) had improper scans, including:

- Six packages (four from the carrier cases and two from the "Notice Left" area) were scanned "Delivery Attempted – No Access", away from the delivery point. These scans ranged between 1.9 and 6.1 miles from the point of delivery.
- Five packages (four from the carrier cases and one 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.
- Two packages from the "Notice Left" area were scanned "No Authorized Recipient Available" between 1.4 and 4.2 miles from the point of delivery.

Further, four packages in the "Notice Left" area were not returned to the sender, as required. These packages ranged from one to 30 days past their scheduled return dates.

Why Did It Occur

These scanning issues occurred because unit management did not adequately monitor and enforce proper package scanning and handling procedures. Specifically, management stated that they instructed carriers to scan customer holds as delivered to prevent a scan failure. In addition, the station manager stated that, during June and July, the unit experienced intermittent scanner failures. This resulted in carriers scanning some packages upon returning to the unit. Carriers were also instructed by management to scan all parcels in their vehicles when they were able to log back into their scanners.

The four packages in the "Notice Left" section were not returned timely due to a lack of management oversight. Unit management stated that they occasionally give the customer additional time to pick up their packages, especially for international items.

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.

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.

19 We judgmentally selected all 25 packages from the carrier cases and reviewed 30 packages from the "Notice Left" area.
20 *Delivery Done Right the First Time* stand-up talk, March 2020.
21 *Carriers Delivering the Customer Experience* stand-up talk, July 2017.

Finding #3: Timekeeping Management

What We Found

Management did not complete, print, and retain PS Forms 1017-A, *Time Disallowance Record*,[22] for 80 occurrences of disallowed time between May 6 through July 31, 2023. In addition, management did not accurately complete form 1017-B *Unauthorized Overtime Record*[23] for 101 of 105 instances of unauthorized overtime. Specifically, management only recorded "unauthorized overtime" in the remarks section as opposed to providing a complete explanation. In addition, management did not print and retain PS Forms 1017-B for all 105 instances of unauthorized overtime for the same period.

Why Did It Occur

Regarding disallowed time and unauthorized overtime, unit management stated that they maintain both 1017-A and 1017-B forms electronically in the Time and Attendance Collection System (TACS).[24] In addition, management thought that adding "unauthorized overtime" was sufficient for documenting the reason for the unauthorized overtime.

What Should Have Happened

Postal Service policy[25] states unit personnel must complete PS Form 1017-A and PS Form 1017-B entries and 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 time disallowance and unauthorized overtime is not completed, management could incur excess administrative time. In addition, the Postal Service risks violation of the Fair Labor Standards Act[26] when unit management does not maintain documentation that shows the justifiable reason and employee notification for disallowed time.

22 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.
23 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.
24 The system used by the Postal Service to automate the collection of employee time and attendance information.
25 *Handbook F-21, Time and Attendance*, February 2016.
26 29 USC § 201-219

Finding #4: Property Conditions

What We Found

We found safety, security, and maintenance issues at the Fairbanks Station.

Property Safety:

- There was a blocked Postal Inspection Service door.
- [redacted] (see Figure 4).
- The lobby liftgate automated open/close mechanism was broken.
- All 15 fire extinguishers were missing the monthly inspections and one was missing the annual inspection.

Figure 4. [redacted]

Source: OIG photo taken on September 14, 2023.

Security:

- There were no signs posted in the employee parking lot stating that vehicles may be subject to search.

Maintenance:

- There was a cracked wall in the lobby and peeling paint in the break room.
- There were missing ceiling tiles in the dock vestibules and storage room (see Figure 5).
- The men's restroom had a broken urinal.
- The bike rack outside the building was damaged.
- There was a hole at the base of the wall in front of the building (see Figure 6).
- The hanging dock lights for trailer illumination were inoperable.
- There were broken lights in front of building.

Figure 5. Missing Ceiling Tile in Storage Room

Source: OIG photo taken on September 14, 2023.

Figure 6. Hole in Front of Building

Source: OIG photo taken on September 14, 2023.

Why Did It Occur

Management did not provide sufficient oversight and take the necessary actions to verify that property condition issues were corrected. The unit manager indicated that she was aware of many of the issues and that the non-working dock lights and the broken lights in front of building were submitted into the electronic Facilities Management System (eFMS)[27] during February and March of 2023. However, she stated she is not sure why these issues are not getting resolved on a timely basis. In addition, unit management was not aware that all 15 fire extinguishers identified were missing inspections.

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.[28]

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 OSHA penalties; and enhance the customer experience and Postal Service brand.

Management's Comments

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

27 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.
28 Postal Service Handbook EL-801, *Supervisor's Safety Handbook*, July, 2020.

Appendix A: Additional Information

We conducted this audit from September through October 2023 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 in all three areas that were significant within the context of our objectives.

We assessed the reliability of PTR, DCV, TACS and eFMS 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

November 6, 2023

JOHN CIHOTA
DIRECTOR, AUDIT SERVICES

SUBJECT: Management Response: Fairbanks Station, Houston, TX: Delivery Operations (Report Number 23-151-1-DRAFT)

Thank you for providing the Postal Service an opportunity to review and comment on the findings contained in the draft audit report, *Fairbanks Station, Houston, TX: Delivery Operations.*

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

Management has begun taking steps to address the four findings.

Management will implement a process to monitor for compliance with proper handling and recording of delayed mail, proper scanning, and documenting of disallowed time and unauthorized overtime.

District-level management will perform Gembas to monitor for compliance and take the appropriate action required for issues found.

Property Conditions: Management has begun fixing the property conditions found during the audit. Work orders have been submitted for issues that must be addressed by other resources.

E-SIGNED by DAVID CAMP
on 2023-11-06 14:41:59 EST

David Camp
Manager, Texas 2 District

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

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

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