

Bismarck Carrier Annex, Bismarck, ND: Delivery Operations

AUDIT REPORT

Report Number 24-032-4-R24 | March 21, 2024



Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

March 21, 2024

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

A handwritten signature in black ink, reading "Sean Balduff", is centered below the recipient information.

FROM: Sean Balduff
Director, Field Operations Central & Southern

SUBJECT: Audit Report – Bismarck Carrier Annex, Bismarck, ND: Delivery
Operations (Project Number 24-032-4-R24)

This report presents the results of our audit of mail delivery operations and property conditions at the Bismarck Carrier Annex in Bismarck, ND.

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, Central Area Retail & Delivery Operations
Director, Retail & Post Office Operations Maintenance
Corporate Audit and Response Management

Results

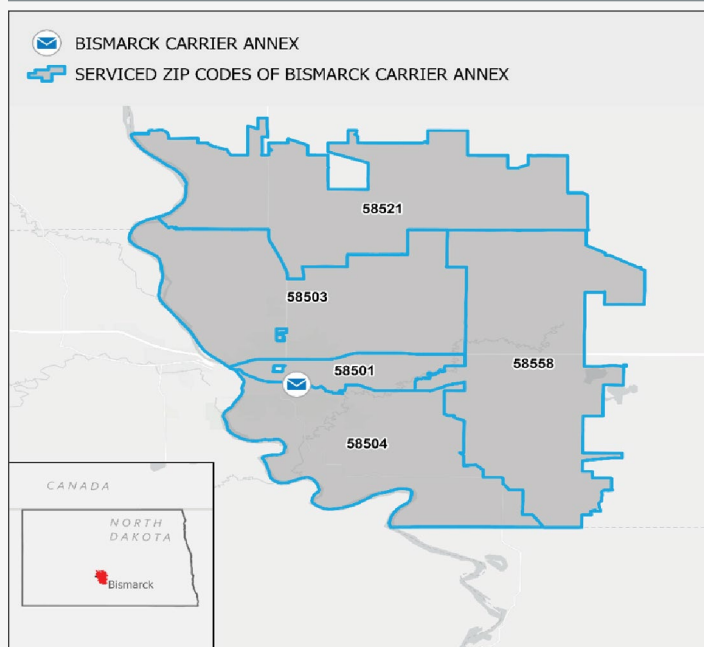
Background

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 audit of delivery operations and property conditions at the Bismarck Carrier Annex in Bismarck, ND (Project Number 24-032-4). It further responds to congressional requests from U.S. Senators Tina Smith (MN) and Amy Klobuchar (MN), and U.S. Representatives Angie Craig (MN), Pete Stauber (MN), Betty McCollum (MN), Brad Finstad (MN), Tom Emmer (MN), Michelle Fischbach (MN), Dean Phillips (MN), and Ilhan Omar (MN) to conduct a full audit of mail operations in the Minnesota–North Dakota District. We were also in contact with U.S. Senators Kevin Cramer (ND) and John Hoeven (ND), as well as U.S. Representative Kelly Armstrong (ND).

The Bismarck Carrier Annex is in the Minnesota–North Dakota District of the Central Area and services ZIP Codes 58501, 58503, 58504, 58521 and 58558 (see Figure 1). These ZIP Codes serve 96,742 people in a predominantly urban area. Specifically, 74,520 (77 percent) people live in urban communities and 22,222 (23 percent) people live in rural communities.¹

Figure 1. ZIP Codes Served by the Bismarck Carrier Annex



Source: OIG

This delivery unit has 40 city routes, 26 rural routes and 10 contract delivery service (CDS)² routes. The Bismarck Carrier Annex is one of three delivery units³ the OIG reviewed during the week of January 22, 2024, that are serviced by the Bismarck Processing and Distribution Center (P&DC).

We assessed all units serviced by the Bismarck P&DC within the MN–ND District based on the number of Customer 360⁴ (C360) delivery-related inquiries,⁵ Informed Delivery⁶ contacts, Stop-the-Clock⁷ (STC) scans performed away from the delivery point, and undelivered route information between September 1 to November 30, 2023. We also reviewed first and last mile failures⁸ between September 2 and December 1, 2023.

¹ We obtained ZIP Code information related to population and urban/rural classification from 2020 Census Bureau information.
² Contract agreements between the Postal Service and private individuals or firms for delivery and collection of mail from homes and businesses.
³ The other two units were the Minot Post Office, Minot, ND (Project Number 24-032-5) and the Mandan Post Office, Mandan, ND (Project Number 24-032-6).
⁴ A cloud-based application that enables Postal Service employees to diagnose, resolve, and track customer inquiries.
⁵ A compilation of package inquiry, package pickup, daily mail service, and hold mail inquiries.
⁶ 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.
⁷ 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.”
⁸ 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.

We judgmentally selected the Bismarck Carrier Annex primarily based on the number of C360 inquiries related to delivery and Informed Delivery contacts. 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 September 1 and November 30, 2023

Delivery Metric	Unit Average per Route	District Average per Route
C360 Delivery Inquiries	8.1	3.5
Informed Delivery Contacts	77.2	19.3

Source: OIG analysis of Postal Service’s C360 and Informed Delivery data extracted on December 18, 2023.

Objective, Scope, and Methodology

Our objective was to evaluate mail delivery operations and property conditions at the Bismarck Carrier Annex in Bismarck, ND.

To accomplish our objective, we focused on five audit areas: delayed mail, package scanning, arrow keys,⁹ 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.¹⁰ 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 interviewed unit management and employees. We discussed our observations and conclusions as summarized in Table 2 with management on March 11, 2024, and included their comments, where appropriate.

⁹ 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.

¹⁰ Time of day that clerks have completed distributing mail to the carrier routes.

¹¹ Project Number 24-032.

We are issuing this interim report to provide the Postal Service with timely information regarding conditions we identified at the Bismarck Carrier Annex. We will issue a separate report¹¹ 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 Bismarck Carrier Annex. 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 January 22, 2024.

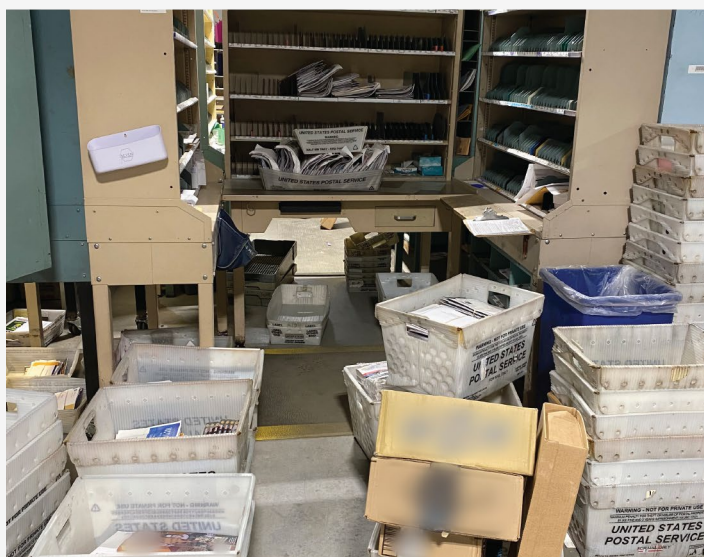
We did not identify any inaccuracies with carrier complement. However, we did identify issues with timekeeping management (see [Finding #4](#)).

Finding #1: Delayed Mail

What We Found

On the morning of January 23, 2024, we identified about 9,290 delayed mailpieces at the carrier cases. Specifically, we identified 7,463 letters, 1,731 flats, and 96 packages. In addition, management did not report this mail as undelivered in the Delivery Condition Visualization (DCV)¹² system. See Figure 2 for examples of delayed mail found at carrier cases.

Figure 2. Examples of Delayed Mail in the Carrier Cases



Source: OIG photos taken on January 23, 2024.

Why Did It Occur

Management did not provide adequate resources and oversight to verify that all mail was cleared from the unit and any delayed mail was reported in the DCV system. Management stated that insufficient staffing was the main contributor to the mail delays. Specifically, during the week prior to our site visit, the unit experienced a compilation of three vacant rural routes, a severe weather condition day, and several employees taking unscheduled leave, which caused an accumulation of delayed mail. Although management delivered some rural routes and requested assistance from district management, they did not receive any additional help. This caused an excess of mail due for delivery on the Monday prior to our arrival.

Unit management relied on the closing supervisor to report delayed mail in the DCV system. The closing supervisor stated that he did not report the delayed mail because other competing responsibilities – such as responding to customer calls, C360 inquiries, reviewing package scan data, and performing vehicle checks for mail consumed most of his time.

What Should Have Happened

Management should have provided the unit with enough resources to deliver all the mail each day. Postal Service policy¹³ states that managers must plan for unscheduled absences and situations that may interfere with normal delivery service. Management must also develop contingency plans for situations that may interfere with normal delivery service. In addition, Postal Service policy¹⁴ states that all types of First-Class Mail, Priority Mail, and Priority Mail Express are always committed for delivery on the day of receipt. Further, managers are required¹⁵ 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. Management must update the DCV system if volumes have changed prior to the end of the business day.

¹² 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.

¹³ Handbook M-39, *Management of Delivery Services*, TL-14, Section 111.2, June 2019.

¹⁴ *Committed Mail & Color Code Policy for Marketing Mail* stand-up talk, February 2019.

¹⁵ *Informed Visibility Delivery Condition Visualization User Guide*, August 2023.

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.

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.¹⁶ In total, employees improperly scanned 201 packages at the delivery unit between October and December 2023 (see Table 3). Further analysis of the STC scan data for these packages showed that 40 percent of them were scanned “Delivery Attempted – No Access to Delivery Location.”

Table 3. STC Scans at Delivery Unit

STC Scan Type	Count	Percentage
Delivery Attempted - No Access to Delivery Location	81	40.3%
Receptacle Full / Item Oversized	54	26.9%
Delivered	52	25.9%
No Secure Location Available	13	6.5%
Delivery Exception - Animal Interference	1	<.1%
Total	201	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. *Total percentage does not equal 100 percent due to rounding.

We also reviewed 767 scans occurring away from the delivery unit and over 1,000 feet¹⁷ from the intended delivery point between October and December 2023 (see Table 4). 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 99 percent of them were scanned “Delivered.”

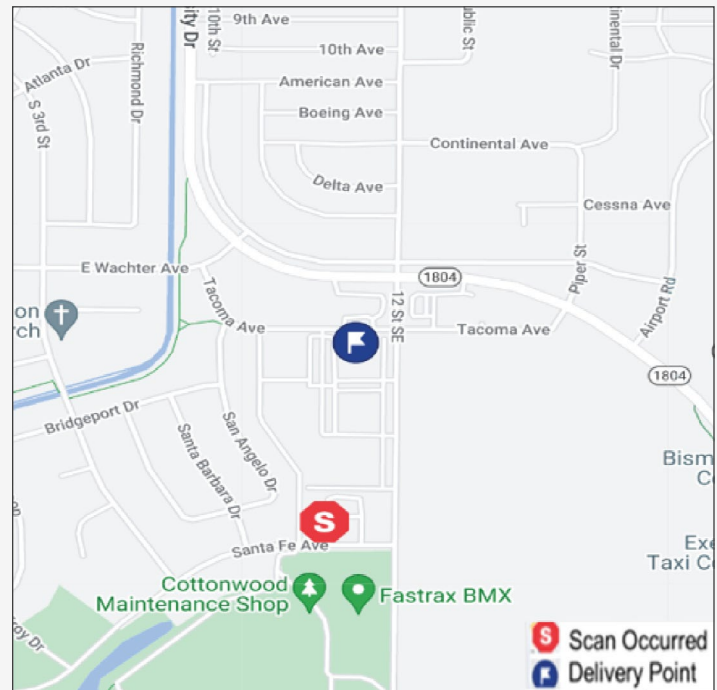
Table 4. STC Scans Over 1000 Feet Away from the Delivery Point.

STC Scan Type	Count	Percentage
Delivered	759	99.0%
Delivery Attempted - No Access to Delivery Location	7	<.1%
Receptacle Full / Item Oversized	1	<.1%
Total	767	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 delivered 0.4 miles away from the delivery point.

Figure 3. Scan Away from the Delivery Point



Source: Postal Service Single Package Look Up.

¹⁶ 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, P.O. 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.

¹⁷ 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.

We also found issues with scanning of packages in the unit. On the morning of January 23, 2024, before carriers arrived for the day, we selected 30 packages¹⁸ to review and analyze scanning and tracking history. Of the 30 sampled packages, four (13 percent) had improper scans, including:

- Two packages from the carrier cases were scanned “delivered”, which should only be performed when a package is successfully left at the customer’s delivery address.
- One package from the carrier cases was missing an “Arrival at Unit” scan to inform the customer of the status of their package.
- One package was scanned “Held at Customer Request” that should have been scanned “Delivery Attempted, No Access.” The carrier stated the wrong scan was entered in error.

Why Did It Occur

These scanning issues occurred because unit management did not adequately monitor and enforce proper package scanning procedures. Although management has a process in place for monitoring package scanning, they did not always perform daily monitoring duties because of competing responsibilities that were given higher priority, such as carrying vacant rural routes.

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,¹⁹ which includes scanning packages at the time and location of delivery.²⁰

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.

¹⁸ We judgmentally selected 30 packages from the carrier cases.

¹⁹ *Delivery Done Right the First Time* stand-up talk, March 2020.

²⁰ *Carriers Delivering the Customer Experience* stand-up talk, July 2017.

Finding #3: Arrow Keys

What We Found

Unit management did not properly manage arrow keys. On the morning of January 25, 2024, we reviewed the unit's arrow monthly key certification list in the Retail and Delivery Applications and Reports (RADAR)²¹ system and conducted a physical inventory of keys at the unit. We determined two of the 81 keys present at the unit were not on the list. We also determined three of the 82 keys on the list could not be located. Unit management had not reported any of the three missing keys to the U.S. Postal Inspection Service.

Why Did It Occur

Management did not provide sufficient oversight to properly manage arrow keys. Specifically, the postmaster stated that during the month of January 2024 a supervisor, rather than the postmaster, completed the certification. This supervisor inadvertently left two keys off the certification list. In addition, management delayed the reporting of one of the lost keys to the Inspection Service based on anticipation of recovering the key. Management believed the key was accidentally sent to the Bismarck P&DC in December 2023. Management stated this key was subsequently recovered. Management was not aware the other two keys were lost.

What Should Have Happened

Management should have verified that arrow key management procedures were properly followed. According to Postal Service policy,²² management must keep an accurate inventory of all arrow keys. Any missing keys must be immediately reported to the U.S. Postal Inspection Service.

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.

²¹ The arrow key certification in RADAR provides a national platform for all facilities to verify current inventory and account for all arrow keys.

²² 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 Postal Service (PS) Forms 1017-A, *Time Disallowance Record*²³ for all 13 disallowed time occurrences between September 30 and December 29, 2023.

Why Did It Occur

Unit management stated they were not aware the unit had any unresolved entries on PS Forms 1017-A. In addition, they were not aware of the requirements for maintaining and documenting these forms, since this information is retained in the Time and Attendance Collection System (TACS).²⁴

What Should Have Happened

Postal Service policy²⁵ states unit personnel must complete PS Form 1017-A entries and place them in a notebook binder that is secured from unauthorized access documenting the reason for the disallowed time.

Effect on the Postal Service and Its Customers

When proper documentation of time disallowance is not completed, management could incur additional managerial workhours. In addition, the Postal Service risks violation of the Fair Labor Standards Act²⁶ when unit management does not maintain documentation that shows the justifiable reason and employee notification for disallowed time.

²³ 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.

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*, Section 146 – Approving Entries, February 2016.

²⁶ 29 USC § 201-219.

Finding #5: Property Conditions

What We Found

We found one security issue at the Bismarck Carrier Annex. The unit did not have signage posted in the employee parking lot stating that vehicles may be subject to search. As a result of our audit, management subsequently took corrective action by posting the required signage at each entrance of the employee's parking lot.

Why Did It Occur

Management stated that they did not know there was a Postal Service requirement for posting a sign on the facility employee parking lot grounds stating vehicles may be subject to search.

What Should Have Happened

Management should maintain an awareness of all Postal Service property condition policies to mitigate any security or safety risks.

Effect on the Postal Service and Its Customers

Management's attention to safety and security deficiencies can reduce related costs, such as lawsuits and penalties.

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 January through March 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 will issue a separate report that provides the Postal Service with the overall findings and recommendations for the Mandan Post Office, Bismarck Carrier Annex, and the Minot Post Office. Those recommendations, if implemented, should correct the weaknesses we identified.

We assessed the reliability of PTR, DCV, TACS, and electronic Facilities Management System²⁷ 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.

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.

Appendix B: Management's Comments



March 11, 2024

JOHN CIHOTA
DIRECTOR, AUDIT SERVICES

SUBJECT: Management Response: Bismarck Carrier Annex, Bismarck, ND: Delivery Operations (Report Number 24-032-4-DRAFT)

Thank you for providing the Postal Service an opportunity to review and comment on the findings contained in the draft audit report, *Bismarck Carrier Annex, Bismarck, ND: 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 201 scanning issues from October to December 2023, but fails to mention that the total number of packages scanned during this period was 628,267 for which scanning issues represent less than one-tenth of a percent of the total parcel volume.

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 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 missing keys to the U.S. Postal Inspection Service. Management conducted training on proper arrow key management. Additionally, management will conduct reviews to monitor for compliance.

Timekeeping Management: Management will be retrained on proper record keeping for disallowed time. Management has created binders to store 1017-A forms. Reviews will be conducted to monitor for compliance.

Property Conditions: The one security issued identified has been abated as acknowledged in this report.

E-SIGNED by ANGELA.L BYE
on 2024-03-11 16:53:11 EDT

Angela Bye
Manager, Minnesota-North Dakota District

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

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