



OFFICE OF INSPECTOR GENERAL

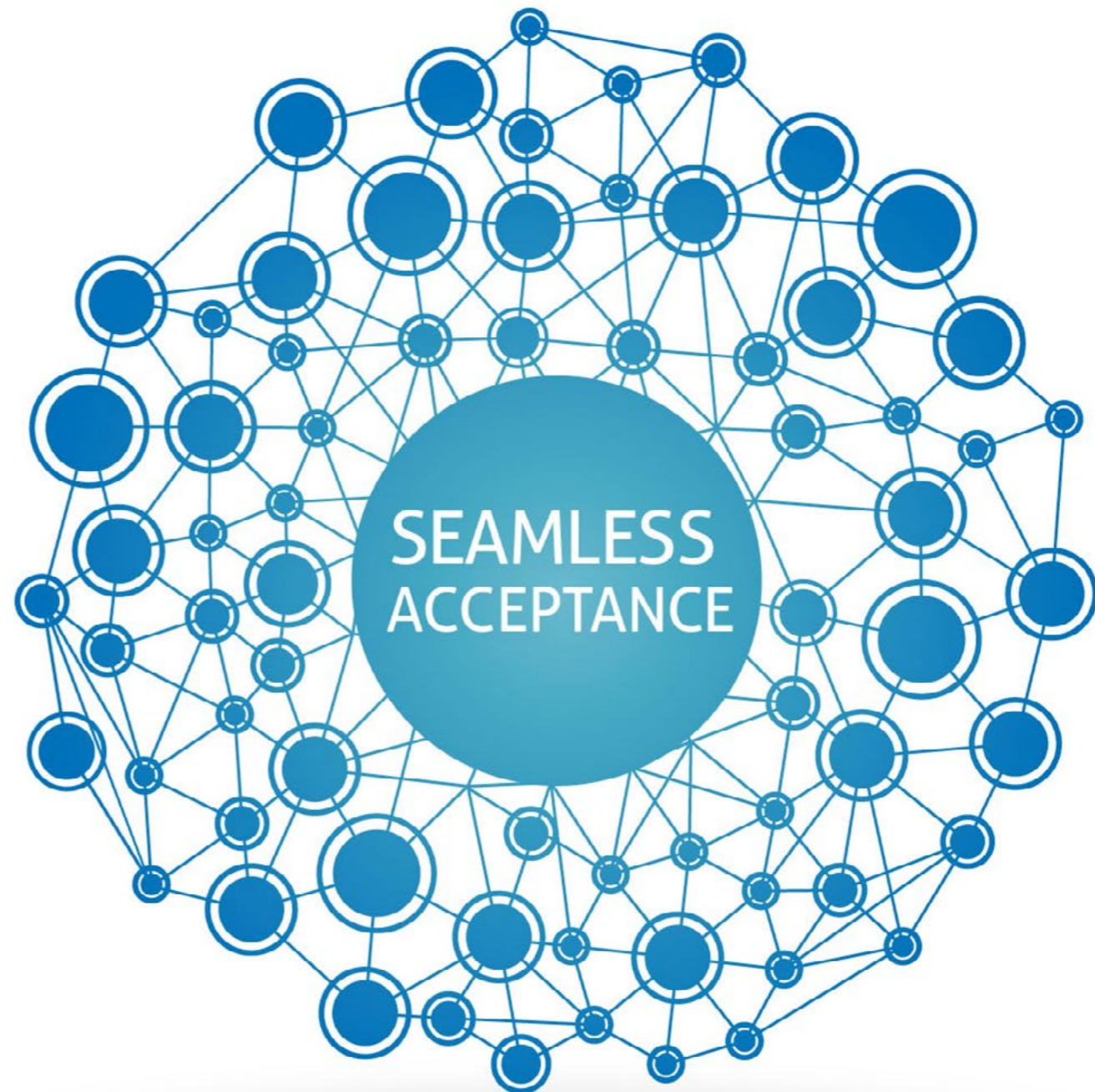
UNITED STATES POSTAL SERVICE

Seamless Acceptance Implementation

Audit Report

Report Number
MS-AR-15-004

April 7, 2015





OFFICE OF INSPECTOR GENERAL

UNITED STATES POSTAL SERVICE

Highlights

Background

Commercial mail accounted for most of the U.S. Postal Service's revenue – 70 percent (\$47 billion) – in fiscal year 2014. In 2006, the Postal Service began to automate commercial mail entry, verification, and induction. This process included planning and investing in systems and infrastructure to support the future transition to Seamless Acceptance (SA). SA uses electronic documentation from the mailer, intelligent mail barcodes, and various scanning devices to verify that letter and flat mail meet applicable acceptance thresholds and that proper postage is collected. These results are presented in the "mailer's scorecard," which summarizes mail entry-related performance indicators.

Twenty-nine major mailers currently volunteered to participate in SA, tendering about 1.7 billion mailpieces per month. Another 288 mailers volunteered to participate in the preparatory phase of the program known as Seamless Parallel, which helps introduce mailers to key aspects of SA.

The Postal Service estimated that it would complete its SA infrastructure by January 2009 and planned to finalize the SA program in September 2014. While the Postal Service has reported progress in implementing SA, delays continue. The Postal Service also faces Sarbanes-Oxley-related control deficiencies for verifying SA mailings. The Postal Service continues to rely on manual verification of business mailings until the automated controls for SA are functioning.

The Postal Service planned to finish automating the process for identifying mail quality errors in January 2015 and postage assessments in April 2015, the new timeframe is now April 2015 and July 2015, respectively.

Mailers continue to raise major concerns about the accuracy and reliability of SA data. The Postal Service recently postponed a key information system update expected to address some SA data issues.

Our audit objective was to assess SA implementation.

What The OIG Found

SA implementation is hampered by ongoing data integrity, customer service, and communication issues. First, data is inaccurate and unreliable as the Postal Service struggles to link mail flow data across multiple information systems. The Postal Service identified 31 data-related SA scorecard issues in August 2014 and eight additional data issues after a major SA-related system (PostalOne!) update in August 2014. The Postal Service also delayed the early November 2014 PostalOne! release to address scorecard data issues. The Postal Service subsequently notified mailers in early December 2014 that scorecard data would not be reliable until mid-December.

Second, customer service is not always effective because Postal Service staff responsible for resolving customer issues

have limited access to related data. For example, these staff members do not have access to extensive mail processing data, and must rely on contractor assistance for this information. PostalOne! help desk staff also does not have experience in responding to complex SA mailer issues.

Third, communication is inconsistent between SA business mailer support analysts and participating mailers. For example, some SA mailers we interviewed said they were not always made aware of data issues until they spent hours reviewing the scorecard data and then contacted the Postal Service.

The lack of a comprehensive plan contributed to these issues. Such a plan could have improved implementation through strategies and mechanisms to promote effective data integrity, customer service, and communication

While we recognize the progress in implementing a system as complex as SA, additional delays and challenges could have significant financial implications for the Postal Service. We estimated \$1.9 million of SA funds committed but unspent and \$89.8 million in potential cost savings from the program over the next two years are at risk if corrective actions are not taken.

What The OIG Recommended

We recommended the Postal Service develop a comprehensive plan to effectively integrate the various information systems that support the move to SA; ensure staff has appropriate access to applicable SA reports and data to effectively respond to customer inquiries; and provide periodic communications with all mailer participants.

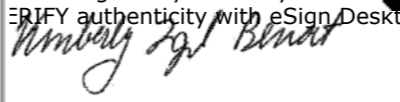
Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

April 7, 2015

MEMORANDUM FOR: PRITHA N. MEHRA
VICE PRESIDENT, MAIL ENTRY AND PAYMENT
TECHNOLOGY

E-Signed by Kimberly Benoit
VERIFY authenticity with eSign Desktop


for

FROM: Janet M. Sorensen
Deputy Assistant Inspector General
for Revenue and Resources

SUBJECT: Audit Report – Seamless Acceptance Implementation
(Report Number MS-AR-15-004)

This report presents the results of our audit of Seamless Acceptance Implementation (Project Number 14RG023MS000).

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Joseph Wolski, director, Retail, Sales and International, or me at 703-248-2100.

Attachment

cc: Corporate Audit and Response Management
James P. Cochrane

Table of Contents

Cover	
Highlights.....	1
Background.....	1
What The OIG Found.....	1
What The OIG Recommended	2
Transmittal Letter.....	3
Findings.....	5
Introduction	5
Conclusion	7
Seamless Acceptance Implementation.....	7
Data Integrity.....	7
Customer Service.....	8
Communication	9
Recommendation	10
Management’s Comments	10
Evaluation of Management’s Comments	10
Appendices.....	12
Appendix A: Additional Information	13
Background	13
Objective, Scope, and Methodology.....	14
Prior Audit Coverage	15
Appendix B: Management’s Comments.....	16
Contact Information	19

Findings

SA relies on electronic documentation (eDocs) from the mailer, intelligent mail barcodes (IMb), and various scanning devices to verify that mailings meet applicable acceptance thresholds and that proper postage is collected.

Introduction

This report presents the results of our self-initiated audit of Seamless Acceptance Implementation (Project Number 14RG023MS000). Our audit objective was to assess implementation of Seamless Acceptance (SA). See [Appendix A](#) for additional information about this audit.

Commercial mail accounted for most of the U.S. Postal Service's revenue — 70 percent (\$47 billion) — in fiscal year (FY) 2014. A significant portion of commercial mail is entered into the Postal Service's mail processing stream at business and detached mail entry units and dropship¹ locations. SA is a part of the Postal Service's Delivering Results, Innovation, Value and Efficiency (DRIVE)² initiative 17: *Streamline Commercial Mail Acceptance and Enterprise Payment*.³ This initiative prioritizes automating and simplifying the entry, verification, and induction of this mail.

SA relies on electronic documentation (eDocs) from the mailer, intelligent mail barcodes (IMb), and various scanning devices to verify that mailings meet applicable acceptance thresholds⁴ and that proper postage is collected. The Postal Service compares data on mail volume, quality, and postage to information on eDocs at induction and as mail flows through automated mail processing equipment (a detailed illustration of this process is provided in [Appendix A](#)). SA relies on the integration of data from multiple information systems⁵ that incorporate customer and reference data, mailer-entered data, and scan events from mail processing equipment (MPE) and handheld scanning devices.

SA also includes significant internal and external reporting functions, such as the Mailer Scorecard⁶ (scorecard) in PostalOne!⁷ that gives mailers and the Postal Service a dashboard view of the letter and flat mailing activity over a calendar month. If data shows that mailings exceeded established thresholds for mail preparation errors or did not contain sufficient postage, the Postal Service assesses mailers additional postage.

Currently, 29 major mailers are voluntarily fully participating in SA, entering about 1.7 billion mailpieces per month. An additional 288 mailers are voluntarily taking part in the preparatory phase of the program, called Seamless Parallel (SP). Postal Service business mailer support (BMS) analysts are assigned to each SA and SP mailer as a point of contact to help mailers learn about the SA process, obtain scorecard measurements, address data issues, and transition from SP to SA.

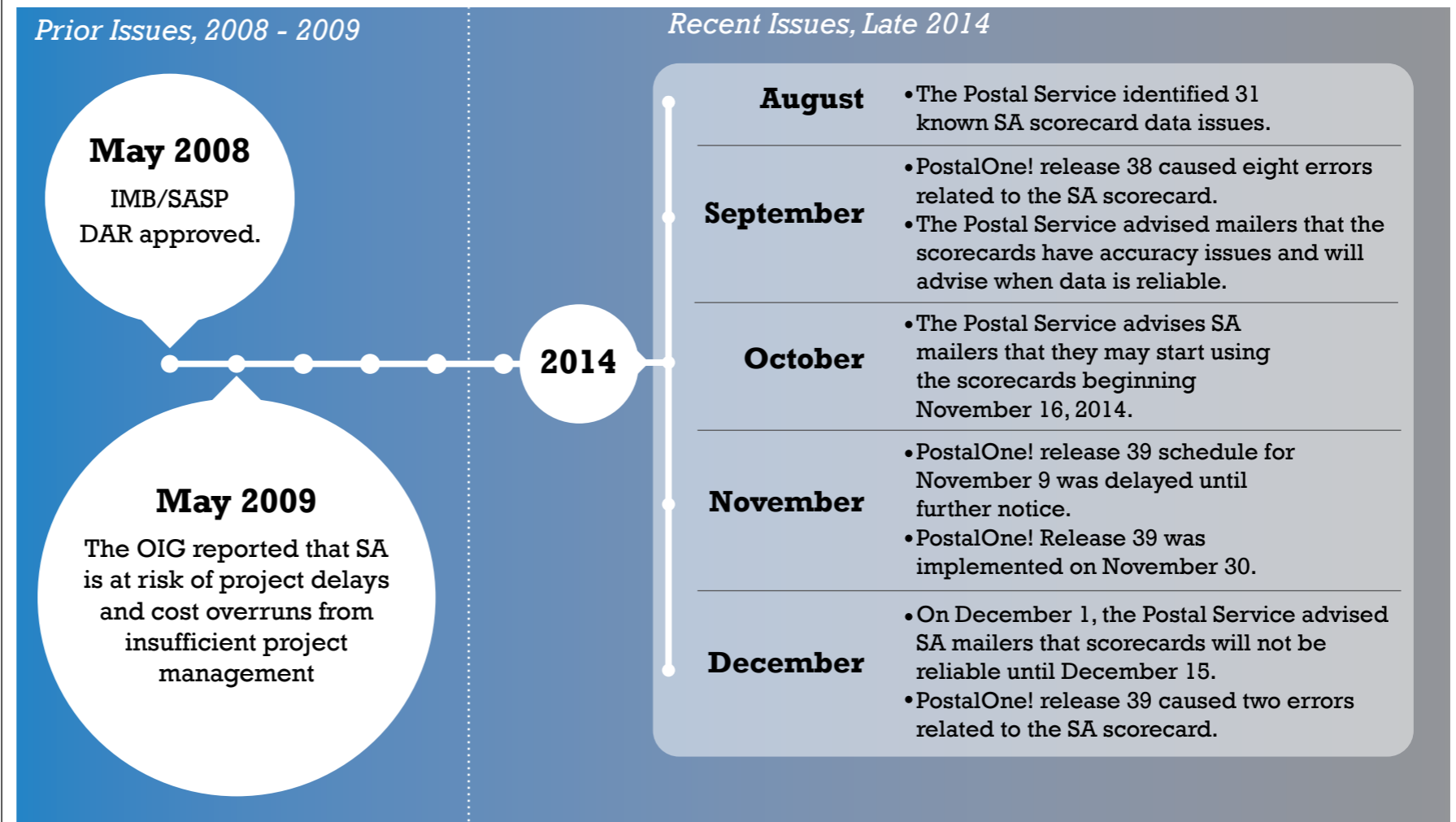
In 2006, the Postal Service began to automate commercial mail entry, verification, and induction, including planning and investing in systems and infrastructure to support the future transition to SA. The Postal Service had completion dates for SA-related

- 1 Dropship is mail that bypasses most Postal Service processing and transit systems. The Postal Service offers additional postage discounts in exchange for mailers dropping mail further downstream into the Postal Service system.
- 2 DRIVE is a management process the Postal Service is using to improve business strategy, development, and execution.
- 3 The Postal Service summarizes DRIVE Initiative 17 as the following: *By fiscal year 2017, leverage electronic documentation and intelligent mail to automate acceptance and verification to promote efficiencies and ease of entry through Seamless Acceptance and eInduction. Empower customers by providing convenient solutions to enable preparation simplicity, such as the IMb Tool and a centralized mailpiece design process. Ancillary benefits of these programs include Sarbanes-Oxley compliance and revenue assurance.*
- 4 The thresholds represent the percentage of the mail that did not successfully meet the standard for that specific verification. This percentage is calculated based on individual mailpieces, handling units (trays/sacks), or containers and the corresponding data from eDoc records, physical samples, or Mail Process Equipment (MPE) scan data.
- 5 SA data results from many systems capturing and outputting data from multiple systems including PostalOne!, Seamless Acceptance Service Performance (SASP), Intelligent Mail Data Acquisition System, and Intelligent Mail Visibility System.
- 6 The Mailer Scorecard is a report that summarizes performance indicators related to mail entry quality verifications across key initiatives including Full-Service IMb, eInduction, and SA and compared to acceptable standards.
- 7 Mailers will log into PostalOne! to review the Mailer Scorecard to identify any anomalies and any issues raised should be made to the PostalOne! Help Desk or Business Mail Entry employees. In addition, PostalOne! will provide the mailer's monthly postage assessment report, if one was generated, and the mailer can choose whether to submit payment or dispute the charges through the review process.

infrastructure in January 2009 and planned for finalizing SA by the end of September 2014. While the Postal Service has reported progress in implementing SA, delays continue to push timeframes back. The Postal Service also faces Sarbanes-Oxley-related control deficiencies for verifying SA mailings. The Postal Service continues to rely on manual verification of business mailings until the automated controls for SA are functioning. The Postal Service had planned to finish automating the process for identifying mail quality errors in January 2015 and postage assessments in April 2015; however, the new timeframe is now April 2015 and July 2015, respectively.

Implementing a process as technical and complex as SA has required great effort by the Postal Service. Nonetheless, it continues to be an ongoing challenge for the Postal Service, its employees, and mailers. The Postal Service recently postponed a key information system update intended to address SA data issues. Such delays, unfortunately, are not new to SA implementation. Figure 1 shows a brief timeline illustrating some delays and implementation issues.

Figure 1: Timeline of SA-Related Data Issues and Delays



Source: U.S. Postal Service Office of Inspector General (OIG) analysis of Postal Service information.

Mailers continue to raise major concerns about the accuracy and reliability of SA data and continue to ignore the data due to known issues. While we support the intent of this program to increase efficient commercial mail entry, verification, and induction, the Postal Service must address the implementation issues covered in this report to help the program succeed.

SA implementation is hampered by ongoing data integrity, customer service, and communication issues.

Conclusion

SA implementation is hampered by ongoing data integrity, customer service, and communication issues. We identified implementation concerns by reviewing the SA program and meeting with participating mailers.⁸ First, SA scorecard data used by participating mailers and the Postal Service to track and monitor mailings is inaccurate and unreliable as the Postal Service struggles to link mail flow data across multiple information systems. Second, staff members responsible for responding to SA mailers' issues are not always effective because they have limited access to relevant reports and data. Third, there is inconsistent communication between the Postal Service's SA BMS analysts and participating mailers.

These issues arise, in part, from a lack of a comprehensive plan for integrating the various information systems to support SA implementation. An effective plan would include integrating the various information systems to support quality data, ensuring that appropriate officials throughout the organization have needed access to all relevant data and reports, and promoting consistent ongoing communication between the Postal Service and key stakeholders.

While we recognize the progress in implementing a system as complex as SA, additional delays could have significant financial implications for the Postal Service. We estimated \$1.9 million of SA funds committed but unspent and \$89.8 million in cost savings from the program over the next 2 years are at risk if corrective actions are not taken. Developing a comprehensive plan could help facilitate progress, build stakeholder confidence, and protect Postal Service revenue.

Seamless Acceptance Implementation

The Postal Service has made some progress in deploying SA and is processing over nearly 1.7 billion SA mailpieces each month. SA implementation, however, continues to be delayed and the recent postponement of a key information system update exacerbated the existing data integrity, customer service, and communication challenges hindering overall implementation.

Data Integrity

Data for tracking and monitoring SA mail quality is not accurate or reliable as the Postal Service struggles to link mail flow data across multiple information systems. These issues arise, in part, from lack of a comprehensive plan⁹ for integrating the various information systems to support SA implementation. The Postal Service identified 31¹⁰ issues affecting SA scorecard data in August 2014 and eight additional data issues after the August 2014 PostalOne! update. Subsequently, the Postal Service notified mailers of inaccuracies in mailer scorecard data and advised that the metrics may be inflated and should not be used until further notice. The following are examples of specific data integrity issues:

- Undocumented pieces – Mailpieces scanned on Postal Service mail processing equipment or sampling that did not match the eDoc information.
- Nesting/Sortation – Mailpieces placed in a different tray or bundle than indicated in the eDoc.
- Weight – Mailpiece weight the Postal Service determines to be different than the weight indicated in the eDoc.

⁸ In August 2014, the OIG contacted the 25 SA mailers and 15 randomly selected mailers in SP (the number of participants have increased since August 2014). This resulted in interviewing 19 of the 25 SA mailers and 7 in SP who wanted to share their experiences.

⁹ OIG report, *U.S. Postal Service Data Governance*, Report Number [DP-AR-13-004\(R\)](#), dated April 23, 2013, reported data governance roles and responsibilities were not uniformly adopted across the enterprise. Limitations in the program could affect data quality, availability, and integrity. We recommended implementing a formal, enterprise-wide data governance program. The Postal Service, however, did not implement the recommendation, saying it would be too costly. Additional information on this report is contained in [Appendix A](#).

¹⁰ Thirty-one SA scorecard issues revolved around undocumented mailpieces, reporting capabilities, and verifications.

Postal Service staff members that are responsible for handling SA mailer customer service issues are not always effective because they have limited access to related reports and data.

In October, the Postal Service reiterated to participating SA mailers that they should delay using the scorecards to evaluate their performance until mid-November. While the Postal Service fixed some of the data issues with system patches in the interim, it also delayed the PostalOne! release scheduled for early November 2014 to address most of the scorecard data issues. These delays have continued and on December 1, 2014, the Postal Service notified mailers that data in the scorecards would not be reliable until mid-December.

We interviewed SA mailers who raised concerns about the accuracy of their scorecards, acceptance thresholds, and how these concerns are adding undue costs and uncertainty to their SA transition efforts. Mailers stated they are continually making costly adjustments to their operations, systems, and staff in order to meet SA mail preparation guidance. Questionable data prevents them from knowing if these investments and adjustments are performing as intended to improve the quality of their mail preparation efforts. Furthermore, questionable data reduces the mailers confidence with the appeals process.

Postal Service officials stated there were sizeable data challenges in implementing SA, and the scope and complexity of the project introduced a variety of unique technological, operational, and integration risks. Postal Service officials also stated they are continuously working to resolve data-integrity issues, but pointed out the difficulties of integrating incompatible data from systems that have multiple patches and expanding user requirements.

The lack of a comprehensive plan that integrates the various information systems to support SA implementation is contributing to these data issues. Our past work identified that data governance plans – plans that include clear delineation of roles and responsibilities of corporate stakeholders, a visible and active leadership structure, and a defined strategic plan – can help mitigate these data integrity issues.¹¹ In their response to that report, the Postal Service recognized the value of such a plan, but stated that implementing it would be cost-prohibitive. The Postal Service has not included an objective for a comprehensive plan as part of DRIVE initiative 17.

We recognize the overall challenges in implementing a system as complex as SA, but additional delays could have significant financial implications for the Postal Service. We estimated \$1.9 million of SA funds committed but unspent and \$89.8 million in projected cost savings from the program over the next two years are at risk without a comprehensive plan that effectively integrates the various information systems that support the move to SA. Such a plan would not only help validate the current SA-related investments, but also build stakeholder confidence in the program.

Customer Service

Postal Service staff members that are responsible for handling SA mailer customer service issues are not always effective because they have limited access to related reports and data. For example,

- BMS analysts do not have access to extensive MPE data and must request contractor assistance when researching mailer inquiries. A few mailers stated they regularly obtain data directly from the Postal Service contractors, as the scorecard cannot generate their vast data. One mailer stated its BMS has contacted the contractor for almost 2 months and the mailer's data inquiry has not been resolved.
- PostalOne! help desk staff does not have sufficient data or experience to respond to complex SA mailer issues. Specifically, help desk staff members do not have access to key SA performance data or data on the status of specific mailer inquiries. More than one-third of the mailers we spoke to stated the PostalOne! help desk is not helpful, the calls get forwarded to the contractor for resolution, and the staff does not have the knowledge to resolve complex issues.

¹¹ OIG, *U.S. Postal Service Data Governance*, Report Number [DP-AR-13-004\(R\)](#), April 23, 2013.

There is inconsistent and untimely communication between BMS analysts and their assigned SA or SP mailers.

The lack of a comprehensive plan is hindering progress in this area; such a plan would help ensure that appropriate officials throughout the organization have needed access to relevant data and reports. Postal Service officials continue to evaluate staff access to data and reports and train staff in resolving mailers' issues. While we agree that these actions are important steps, incorporating these data-access related assessments and decisions into a comprehensive plan would help to mitigate customer service issues for current SA participants while establishing a sound foundation for addressing future concerns as more mailers enter SA.

Communication

There is inconsistent and untimely communication between BMS analysts and their assigned SA or SP mailers. While most of the SA and SP mailers we spoke with indicated they were satisfied with the communication provided by the Postal Service BMS, we found a number of examples where mailers did not know, or have regular communication with, their BMS analysts. For example, four out of the 19 SA mailers we interviewed said they were not always made aware of data issues until they spent hours reviewing the scorecard data and then contacted the Postal Service.

Postal Service officials stated they have a variety of mechanisms for sharing information with SA participants, such as through the existing BMSs, Rapid Information Bulletin Board System website, and Mailers' Technical Advisory Committee meetings. However, a comprehensive plan could provide for periodic and consistent communication with current SA participants and help integrate those who are preparing to come onboard. This enhanced communication would be particularly helpful for the next round of prospective SA participants, who may not have the high level of skill and experience the first SA participants have.

Recommendation

We recommend the vice president, Mail Entry and Payment Technology, enhance Seamless Acceptance implementation by:

1. Developing a comprehensive plan that effectively integrates the various information systems that support the move to Seamless Acceptance (SA), ensures staff has appropriate access to applicable SA reports and data to effectively respond to customer inquiries, and provides periodic communication with all SA mailer participants.

Management's Comments

Management disagreed with certain elements of our report and stated that the Postal Service has already made process improvements that align with the recommendation.

Management disagreed that a delay in reporting has put 2 years of cost savings at risk, and the Postal Service has achieved the projected cost savings to date. Management also asserted there was an error in the predicted savings shortfall noting that the \$14.9 million represented operating costs for years 0-7 and not annual operating costs.

Management disagreed that SA investing began in 2006, stating that they approved the SA DAR in 2012. Management disagreed with our data integrity issues examples, stating that corresponding "errors" identified in the report are mail quality and preparation problems. Management also did not understand our finding that the Postal Service "struggles to link mail flow data" as its system defects were not caused by problems linking mail flow data. Management also stated that an unforeseen event caused a recent delay in a scheduled release and they anticipated the effect.

Regarding the recommendation, management mentioned multiple process improvements they are making to the SA deployment plan. Specific improvements include developing a solution to prioritize and correct remaining software issues; training staff members who support SA mailers; providing staff access to detailed reports and processes for requesting additional data when needed; and communicating with SA mailers. Management stated they will complete testing of major mailing environments by February 2016 and publish SA training information to the Learning Management System in October 2015.

See [Appendix B](#) for management's comments in their entirety.

Evaluation of Management's Comments

The OIG considers management's comments responsive to the recommendation. Management's corrective actions should resolve the issues identified in the report.

Regarding management's disagreement that delays are putting cost savings at risk, we continue to believe that additional delays could have significant financial implications for the Postal Service. We estimated \$1.9 million of SA funds committed but unspent and \$89.8 million in cost savings from the program over the next 2 years are at risk if corrective actions are not taken.

Regarding management's disagreement on our calculation of annual operating costs, we reviewed the supporting documentation and updated our methodology accordingly. Based on this revision, we estimate the Postal Service's \$89.8 million predicted savings for FYs 2016 and 2017 included as part of the justification for these initiatives are at risk if SA is not fully operational (\$38.9 million in FY 2016 and \$50.9 million in FY 2017, respectively).

Regarding management's disagreement that SA investing did not begin in 2006, we have multiple Postal Service presentations and documents showing that planning and preparing to invest in systems and infrastructure to support the transition to SA (such as Full-Service IMb) started in 2006.

Regarding management's disagreement with our data integrity examples, management acknowledged data "errors" in their comments. Furthermore, we reported the Postal Service recently notified mailers they should delay using their scorecards due to data inaccuracies. Therefore, we believe it is reasonable to describe these as data integrity issues.

Regarding management's disagreement with our finding that it is struggling to link mail flow data, the Postal Service recognized data issues in its comments stating it "acknowledges there are system defects." Furthermore, our report mentions that Postal Service officials mentioned difficulties in integrating incompatible data from systems that have multiple patches and expanding user requirements. Based on these defects and challenges, and that SA is predicated on the efficient linking of mail flow data across various systems, we continue to support our position.

Regarding management's clarification about a recent schedule delay, while we agree with management that the event may have been unforeseen, the impact of this event nonetheless delayed a scheduled SA-related release and continued to result in unreliable and inaccurate scorecard data.

Regarding the recommendation, the specific process improvements described by management as part of its deployment plan should help address the data integrity, customer service, and communication issues described in our report.

The OIG considers the recommendation significant, and therefore requires OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. The recommendation should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendation can be closed.

Appendices

*Click on the appendix title
to the right to navigate to
the section content.*

Appendix A: Additional Information	13
Background	13
Objective, Scope, and Methodology.....	14
Prior Audit Coverage	15
Appendix B: Management’s Comments.....	16

Appendix A: Additional Information

Background

The SA infrastructure is intended to allow data to flow more freely as mail flows through the mailstream during different phases of commercial mail processing. Data is collected at the following three points to obtain a complete picture of the mail quality: (1) the mailer's eDoc; (2) sampling performed by Postal Service personnel; and (3) scans taken by Postal Service mail processing equipment. A detailed look at the SA process is provided in Figure 2.

Figure 2: Summary of SA Processes

Hover over the steps to view the step specifics.

Source: OIG analysis of SA process.

SA relies on two main systems – PostalOne! and SASP – to process, capture, and reconcile all the data from the several information systems to produce the scorecard data. PostalOne! processes the mailer-submitted eDocs, automatically finalizes postage statements, dictates the number of containers to sample, and charges the postage. SASP collects data from MPE scans and reconciles eDoc data from MPE scans and samples to generate the error report. The error report is used to produce the scorecard.

A key aspect of SA is the extent to which mail meets standards and quality thresholds, and postage requirements established by the Postal Service. If data show that mailings exceeded established thresholds for mail preparation errors or did not contain sufficient postage, the SA system will assess mailers for these errors.

Currently, twenty-nine major mailers have volunteered to fully participate in SA, entering about 1.7 billion mailpieces per month. Another 288 mailers are voluntarily taking part in SP, the preparatory phase. Mailers must meet the following criteria to participate in SA:

- Must participate in Full-Service,¹²
 - Must use electronic documentation,
 - All containers, trays, and prices must contain a unique IMb,
 - Piece data information must be submitted, and
- Must participate in eInduction.

SA implementation is a key component of DRIVE Initiative 17: *Streamline Commercial Mail Acceptance and Enterprise Payment*. The Postal Service targeted January 2015 to start automating mail quality errors and April 2015 to start postage assessments, the new timeframe is now April 2015 and July 2015, respectively.

Objective, Scope, and Methodology

Our objective was to assess the implementation of SA. To accomplish our objective we:

- Reviewed Postal Service SA policies, procedures, and related documentation.
- Reviewed information contained in mailers' SA scorecards, as well as SA data from PostalOne!.
- Interviewed Postal Service officials involved in SA, including managers, six BMSs, six other stakeholders, and related contracting staff.
- Interviewed 19 mailers in SA as of September 2014, and reviewed related documentation.
- Interviewed seven mailers in the SP program as of September 2014.
- Interviewed representatives from mailer associations including the Mailers' Technical Advisory Committee.

We conducted this performance audit from June 2014 through April 2015, 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 February 3, 2015, and included their feedback as appropriate.

¹² Full-Service systems improve insight into mail quality information while providing customers mailing information. As part of the Full-Service program, customers submit electronic documentation that provides details about the mailpieces, including the unique IMbs applied.

Prior Audit Coverage

Report Title	Report Number	Final Report Date	Monetary Impact
<i>U.S. Postal Service Data Governance</i>	DP-AR-13-004(R)	4/23/2013	None
<p>Report Results: Our report determined that the Postal Service could improve management of critical data to assist managers and employees to achieve strategic and operational goals. We identified 148 data-related issues in OIG reports issued in FYs 2009 through 2012. The majority of the issues involved unreliable or inaccurate data or were caused by an absence of policies or the Postal Service not enforcing existing policies. Although the Postal Service defined a structure for a data governance program in 2003, full roles and responsibilities were not uniformly adopted across the enterprise. Also, limitations in the Postal Service's data governance program placed the Postal Service at risk of potential vulnerabilities that could affect data quality, availability, and integrity and result in inefficient operations, disruptions of service, and fraud. We identified best practices used by companies with successful data governance programs and used these best practices to identify a possible implementation strategy. We recommended implementing a formal, enterprise-wide data governance program. Management was responsive and stated that they were going to implement the recommendation; however, the Postal Service, in its request for closure of the significant recommendation, stated it considers implementation too costly.</p>			
<i>Commercial Mail Entry and Acceptance Initiatives</i>	EN-AR-12-004	9/14/2012	None
<p>Report Results: Our report determined that key initiatives for streamlining commercial mail entry and acceptance processes were only in the initial phases but were meeting planned milestones. However, there were ongoing issues that may negatively impact the current and future success of these initiatives. We recommended management closely monitor the financial and operational risks related to proposed commercial mail entry and acceptance initiatives and address availability issues related to <i>PostalOne!</i>. Further, we recommended identifying additional incentives to increase mailer participation in the Full-Service IMb program and develop a plan to address concerns mailers have with commercial mail transformation initiative requirements. Lastly, we recommended developing a process that will allow Full-Service IMb mailers the opportunity to challenge postage adjustments made to streamlined mailings. Management concurred with our findings and the first four recommendations described above and agreed, in part, with recommendation on developing a process for mailers to challenge certain postage adjustments.</p>			

Appendix B: Management's Comments

MANAGEMENT RESPONSE to MS-AR-15-DRAFT

3/25/2015

Lori Lau Dillard
Director, Audit Operations

SUBJECT: Seamless Acceptance Implementation (Report Number MS-AR-15-DRAFT)

Management disagrees with the following elements of the report:

Management does not agree that a delay in reporting has put two years of cost savings at risk. The DAR for Seamless Acceptance is open through 2019. The USPS has achieved the projected cost savings to-date and continues to manage the field to achieve the cost savings as planned.

There is an error in the calculation of the predicted savings shortfall, specifically for annual operating expenses. The \$14.9 million is not the annual operating cost for the program; it is the total operating cost for years 0-7 to fund the development of the Seamless Acceptance program. In 2015, the annual operating cost for the program will be \$1.582 million.

Management does not agree that investing for Seamless Acceptance began in 2006 as stated in Highlights Background and Introduction, page 2. The Seamless Acceptance DAR was approved in 2012. The work that began in 2006 and completed in 2009 was to support the Full-Service initiative. Since the Full-Service DAR was completed, the USPS has successfully transitioned over 86% of eligible volume through a structured onboarding plan.

In the Seamless Acceptance Implementation Data Integrity section of the report, the verifications that the system is designed to find including Undocumented Pieces, Nesting/Sortation, and Weight are described as data integrity issues. These are not data integrity issues, these "errors" are mail quality and preparation problems that should be found by the system.

Management does not understand the statement that "Postal Service struggles to link mail flow data". The USPS acknowledges there are system defects but they are not caused by problems linking mail flow data. The Seamless Acceptance program supports verification of domestic market-dominant letters and flats. There are innumerable distinct mailing environments following complex mailing preparation rules to access multiple discounts for entry, presort, weight, barcoding, etc. As the system capabilities are tested when new mailers with unique profiles join the program, the appropriate enhancements are made and issues are resolved.

The report calls out a delay in a scheduled release from early November to the end -of-the-month. This delay was not caused by any system readiness concerns but was caused by an unforeseen event that occurred at the USPS. Consideration to this event would be expected by management.

MANAGEMENT RESPONSE to MS-AR-15-DRAFT

Recommendation 1:

Developing a comprehensive plan that effectively integrates the various information systems that support the move to Seamless Acceptance (SA), ensures staff has appropriate access to applicable SA reports and data to effectively respond to customer inquiries, and provides periodic communication with all SA mailer participants.

Management Response:

In developing the deployment plan for Seamless Acceptance, ME&PT has already made process improvements that align with the OIG recommendation.

- ME&PT has worked extensively with the IT teams developing the solution to prioritize and correct remaining software issues. All major development for the program is complete and remaining issues are scheduled for completion as they are identified. The USPS is working in coordination with the mailing industry (Task Team 23) to develop a comprehensive test plan to define readiness for each major mailer environment. Each software issue is being tested internally before being activated externally. For any remaining open issues, there is a monthly process to address defects in the mailer scorecard before creating the postage assessment report. As mailer environments are tested and approved, the USPS will begin onboarding mailers to the program from those environments.
- ME&PT has already invested significant time in training the current staff members that are supporting mailers on Seamless Acceptance. A 1-1 session was held with every area and BME manager. Several rounds of training have occurred with Business Mailer Support (BMS). A multi-hour training course on Seamless Acceptance is in the final stages of development to be hosted in LMS. The course will be required for staff before they support mailers on Seamless Acceptance.

All staff supporting Seamless Acceptance have access to the detailed reports on mailer errors to respond to customer inquiries. By design for system performance, the reports show a representative sample of errors from each mailing. A process exists to request additional data needs from the IT support teams.

- ME&PT communicates with mailers participating in Seamless Acceptance through two mechanisms:
 - a. The Mailers Technical Advisory Committee (MTAC) has a work group dedicated to Seamless Acceptance.
 - b. All mailers in the program are monitored weekly and contacted if they exceed any of the program thresholds. This process has been built into the ServiceNow application.
 - c. Developed and published to RIBBS comprehensive documentation on the program including the Guide to Seamless Acceptance, Guide to eInduction, Guide to Mailer Scorecard and the Mail Entry Roadmap. This documentation was developed collaboratively with the industry.

MANAGEMENT RESPONSE to MS-AR-15-DRAFT

Target Implementation Date:

Comprehensive Test Plan: Testing occurs in coordination with each release of the systems. Testing of major mailing environments will be completed by February 2016.

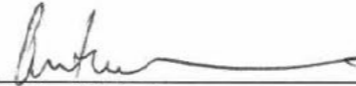
Seamless Acceptance Training Published to LMS: October 2015

Responsible Management Official:

Manager, Mail Entry

Manager, Business Mail Support

Manager, Major Mailers Support



Pritha Mehra

Vice President, Mail Entry & Payment Technology

cc: Manager, 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, or call our Hotline at 1-888-877-7644 to report fraud, waste or abuse. Stay informed.

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