



OFFICE OF INSPECTOR GENERAL

UNITED STATES POSTAL SERVICE

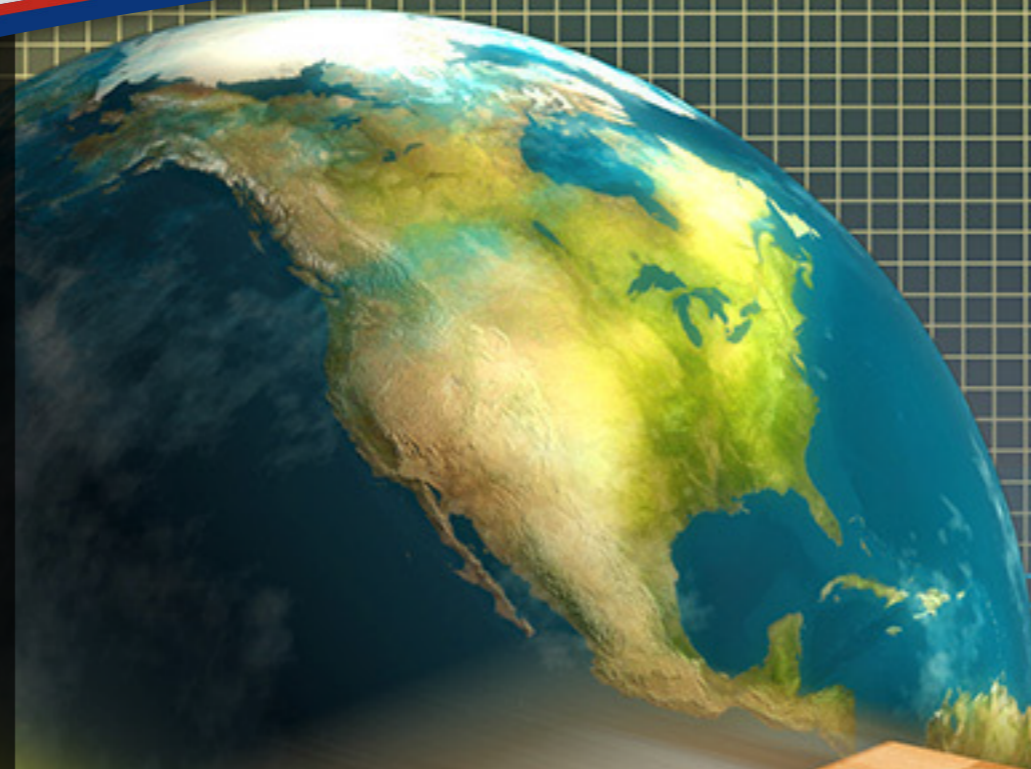
Inbound International Mail Operations –

Service Center

Audit Report

Report Number
MS-AR-17-003

December 30, 2016





OFFICE OF INSPECTOR GENERAL

UNITED STATES POSTAL SERVICE

Highlights

With limited exception, all inbound international mail is subject to inspection by U.S. CBP.

Background

The international mailing and shipping industry is growing significantly — global eCommerce topped \$1.55 trillion in 2015, and is projected to grow another 162 percent by 2020. The [redacted] International Service Center (ISC) in [redacted] is one of five major facilities the U.S. Postal Service uses to receive inbound international mail. The Postal Service recorded inbound international mail volume of about 219 million pieces in fiscal year (FY) 2015, nearly [redacted] of which arrived at the [redacted] ISC.

With limited exception, all inbound international mail is subject to inspection by U.S. Customs and Border Protection (CBP).

[redacted]

The significant mail volume at the [redacted] ISC poses unique operational and technical challenges to the Postal Service and CBP. Specifically, CBP does [redacted]

The Postal Service and CBP collaborated on a [redacted] at the [redacted] ISC beginning in November 2015 where the Postal Service provided to CBP [redacted]

[redacted] CBP can more quickly analyze these mailings to determine which to [redacted] and relay those requests back to the Postal Service, which can remove the [redacted].

Our objective was to assess inbound international mail operations and safety and security concerns with inbound international mail at the [redacted] ISC.

What the OIG Found

While the [redacted] with CBP is a positive development in enhancing the inspection process for small packages from [redacted]

[redacted]

First, the Postal Service [redacted]. Specifically, data showed the Postal Service [redacted] mailpieces that CBP [redacted]. This occurred due to a combination of system and data integration complications, operational issues, and lack of sufficient controls to ensure these [redacted].

Second, the Postal Service could improve the effectiveness of



OFFICE OF INSPECTOR GENERAL

UNITED STATES POSTAL SERVICE

the [REDACTED] at the [REDACTED] ISC by [REDACTED]. It only received about [REDACTED] percent of this data on [REDACTED] between late November 2015 and August 2016.

Both the Postal Service and CBP recognize the importance of advance electronic data in helping CBP [REDACTED]. While international postal policy does not require postal operators to submit advance electronic data for international mailings, posts can request this information as part of separate (bilateral) international mailing agreements. We found examples of current Postal Service bilateral agreements that do not request this information [REDACTED] and we think that including requests [REDACTED].

In other matters, we noted that Postal Service data showed inconsistent [REDACTED] performance at the [REDACTED] ISC. We reported

on a similar issue in September 2015. The [REDACTED] issues we identified during this audit occurred due to [REDACTED]. The Postal Service completed [REDACTED].

[REDACTED] We are not making a separate recommendation on this issue as the Postal Service is finalizing corrective actions based on the September 2015 report.

If the Postal Service does not address these weaknesses, the Postal Service, its employees, and the public may be subject to unnecessary safety, security, financial, and operational risk; and the Postal Service's brand and public image may be impacted.

What the OIG Recommended

We recommended management develop controls to ensure that [REDACTED] and take action to obtain additional advance electronic data from foreign postal operators, such as requesting it in future bilateral agreements.

Transmittal Letter



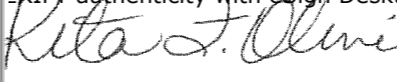
OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

December 30, 2016

MEMORANDUM FOR: ROBERT CINTRON
VICE PRESIDENT, NETWORK OPERATIONS

FRANCA DAVIS
MANAGING DIRECTOR, GLOBAL BUSINESS

[REDACTED]
PLANT MANAGER, [REDACTED]
[REDACTED] INTERNATIONAL SERVICE CENTER

E-Signed by Rita Oliver
VERIFY authenticity with eSign Desktop


FROM: *for*
Janet M. Sorensen
Deputy Assistant Inspector General
for Retail, Delivery and Marketing

SUBJECT: Audit Report – Inbound International Mail Operations – [REDACTED]
[REDACTED] International Service Center
(Report Number MS-AR-17-003)

This report presents the results of our audit of Inbound International Mail Operations – [REDACTED] International Service Center (Project Number 16RG016MS002).

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

Attachment

cc: Corporate Audit and Response Management

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
Summary.....	6
[REDACTED] of Inbound International Mailings.....	7
[REDACTED] Enhancements	8
Other Matters	10
Recommendations.....	12
Management’s Comments	12
Evaluation of Management’s Comments	12
Appendices.....	13
Appendix A: Additional Information	14
Background	14
Objective, Scope, and Methodology	15
Prior Audit Coverage	16
Appendix B: Management’s Comments.....	17
Contact Information	19

Findings

About 219 million pieces of international mail entered the U.S. from foreign countries in FY 2015. The [redacted] ISC received about [redacted] pieces, or about [redacted] of these mailings, many of which were [redacted].

Introduction

This report presents the results of our self-initiated audit of the U.S. Postal Service's [redacted] International Service Center (ISC) in [redacted] (Project Number 16RG016MS002). Our objective was to assess inbound international mail operations and safety and security concerns with inbound international mail at the [redacted] ISC. See [Appendix A](#) for additional information about this audit.

ISCs receive inbound international mail from foreign countries and distribute and dispatch international mail received from a designated service area to specific foreign countries or a gateway exchange office.¹ The Postal Service operates ISCs in New York, Chicago, Los Angeles, San Francisco, and Miami.² With limited exceptions, all inbound international mail is subject to inspection by U.S. Customs and Border Protection (CBP).³ [redacted]

[redacted] CBP [redacted]⁴ [redacted]

Generally when inbound international mail arrives at the [redacted] ISC, Postal Service employees [redacted]

About 219 million pieces of international mail⁵ entered the U.S. from foreign countries in fiscal year (FY) 2015. The [redacted] ISC received about [redacted] pieces, or about [redacted] of these mailings (see Table 1), many of which were [redacted].

Table 1. Inbound International Mail Volume at ISCs

ISC	FY 2015		FY 2014		FY 2013	
	Volume (in millions)	Percent of Total	Volume (in millions)	Percent of Total	Volume (in millions)	Percent of Total
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
TOTAL	219.2	100.0%	[redacted]	[redacted]	[redacted]	[redacted]

Source: U.S. Postal Service Office of Inspector General (OIG) analysis of Postal Service Enterprise Data Warehouse data.

1 Gateway exchange offices perform functions similar to those of ISCs. They distribute and dispatch international mail received from a designated service area in addition to low-volume mail received from ISCs.
 2 Each ISC processes different categories of mail for different regions of the world.
 3 *Code of Federal Regulations*, Title 19, Customs Duties, April 1978, Section 145.2 (Mail Subject to Customs Examination). *International Mail Manual*, May 2015, Section 711.1 (What Is Subject to Examination); Handbook T-5, *International Mail Operations*, May 2015, Section 381, Mail Requiring Customs Treatment.
 4 The terms [redacted]
 5 For the purposes of this report, we focused on international mailings such as [redacted] CBP inspects, and refer to them as "mailings" or "mail" throughout the report.
 6 [redacted]

As [REDACTED],
CBP recognized the need to enhance its inspection capabilities and operations. The Postal Service and CBP collaborated on a [REDACTED] at the [REDACTED] ISC that began in November 2015 and is designed to help CBP select [REDACTED]

The significant mail volume entering the [REDACTED] ISC poses unique operational and technical challenges to the Postal Service and CBP.

Specifically, CBP [REDACTED]
[REDACTED] For example, CBP [REDACTED]

As these [REDACTED], CBP recognized the need to enhance its inspection capabilities and operations. The Postal Service and CBP collaborated on a [REDACTED] at the [REDACTED] ISC that began in November 2015 and is designed to help CBP select [REDACTED]. Under this [REDACTED], the Postal Service takes advance electronic data (such as name, address, and item content) received from the sender [REDACTED]

While the [REDACTED] with CBP is a positive development in enhancing the inspection process for [REDACTED], significant concerns have recently been discussed regarding both Postal Service ISC operations as well as the safety and security of inbound international mail. For example:

- Congressional interest – The U.S. Senate Committee on Homeland Security and Governmental Affairs held a roundtable discussion in April 2016 to discuss synthetic drug smuggling in both the mail and express consignment environments. The Senate Judiciary and Finance committees both held subsequent hearings to discuss synthetic drug smuggling. During both of these events, the availability of advance electronic data on packages sent from foreign postal operators through the Postal Service, along with the challenges faced by CBP in inspecting growing volumes of mail, was highlighted for congressional stakeholders.
- Proposed legislation – Legislation was introduced in September 2016 to require advance electronic data for non-letter class inbound international mail.⁷
- Recent OIG work – We recently issued a series of reports highlighting operational issues at various ISCs. We found the [REDACTED]

The expected continued growth in the international mailing and shipping marketplace poses interesting challenges for the Postal Service. This growth presents a significant revenue opportunity, with border-less commerce and active competitors. But it also presents sizable challenges related to promoting efficient operations and the safety and security of the mail.

7 Synthetics Trafficking & Overdose Prevention (STOP) Act, S. 3292, 114th Congress § 2(e), September 7, 2016.
8 *International Inbound Mail Verification* (Report Number [MR-MT-16-001](#), dated January 28, 2016).
9 *Inbound International Mail Operations – [REDACTED] International Service Center* (Report Number [MS-MT-16-003](#), dated September 21, 2016) and *U.S. Postal Service Handling of Inbound International Mail at the [REDACTED] International Service Center in [REDACTED]* (Report Number [NO-MA-15-006](#), dated September 3, 2015).
10 *Inbound International Mail Operations – [REDACTED] International Service Center* (Report Number [MS-MT-16-004](#), dated September 28, 2016).

While the [REDACTED] with CBP is a positive development in enhancing the inspection process for [REDACTED]

Summary

While the [REDACTED] with CBP is a positive development in enhancing the inspection process for [REDACTED].

First, the Postal Service [REDACTED]. Specifically, data showed the Postal Service [REDACTED] mailpieces that CBP [REDACTED]. This occurred due to a combination of system and data integration complications, operational issues, and an accompanying lack of sufficient controls to ensure these [REDACTED].

Second, the Postal Service could improve the effectiveness of the [REDACTED] at the [REDACTED] ISC by [REDACTED]. It only received about [REDACTED] percent of this data on [REDACTED] between late November 2015 and August 2016. Both the Postal Service and CBP recognize the importance of this data in helping CBP [REDACTED]. While international postal policy does not require postal operators to submit advance electronic data for international mailings, posts can request this information as part of separate (bilateral) international mailing agreements. We found examples of current Postal Service bilateral agreements that do not request this information [REDACTED] and we think including requests [REDACTED].

We also noted that Postal Service data showed inconsistent [REDACTED] performance at the [REDACTED] ISC. We reported on a similar issue in September 2015.¹² The [REDACTED] issues we identified during this audit occurred due to [REDACTED]. The Postal Service completed [REDACTED]. We are not making a separate recommendation on this issue as the Postal Service is finalizing corrective actions based on the September 2015 report.

If the Postal Service does not address these weaknesses, the Postal Service, its employees, and the public may be subject to unnecessary safety, security, financial, and operational risk; and the Postal Service's brand and public image could be impacted.

[REDACTED] of Inbound International Mailings

The Postal Service was [REDACTED], as required. Specifically, data showed the Postal Service [REDACTED] mailpieces that CBP [REDACTED] from November 2015 through September 2016. As shown in [Table 2](#), these [REDACTED] challenges occurred due to a variety of reasons, including:

- System and data integration complexities – [REDACTED]
[REDACTED]
[REDACTED] in these categories.

11 We reviewed [REDACTED] data for [REDACTED] received on June 15 and 18, 2016.

12 *U.S. Postal Service Handling of Inbound International Mail at the [REDACTED] International Service Center in [REDACTED]* (Report Number [NO-MA-15-006](#), dated September 3, 2015).

13 When CBP [REDACTED].

- Operating issues – Items did not have a [REDACTED]. There were a total of [REDACTED] in this category.

Table 2. [REDACTED] (November 3, 2015 – September 2, 2016)

Activity	Number of Items
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

Source: OIG analysis of Postal Service data.

With limited exceptions, federal regulations state that all mail arriving from outside the U.S. for delivery within the U.S. is subject to CBP examination.¹⁴ [REDACTED]

The Postal Service and CBP recognize the challenges in this area and continue to enhance their coordination through the [REDACTED] at the [REDACTED] ISC. During our review, management at the [REDACTED] ISC took steps to reduce the number of [REDACTED] as a result of operational issues. CBP [REDACTED] are now [REDACTED], thus increasing accountability. An ISC employee has also been assigned to monitor compliance. While these actions will help reduce [REDACTED] that occur due to operational issues, it will be difficult for them to eliminate all [REDACTED]. Therefore, the Postal Service must continue to improve controls to ensure [REDACTED]. The Postal Service could consider using its [REDACTED] the ISC has already dispatched.

[REDACTED] affect employees, public safety, and security; and reflect poorly on the Postal Service's brand or public image.

Enhancements

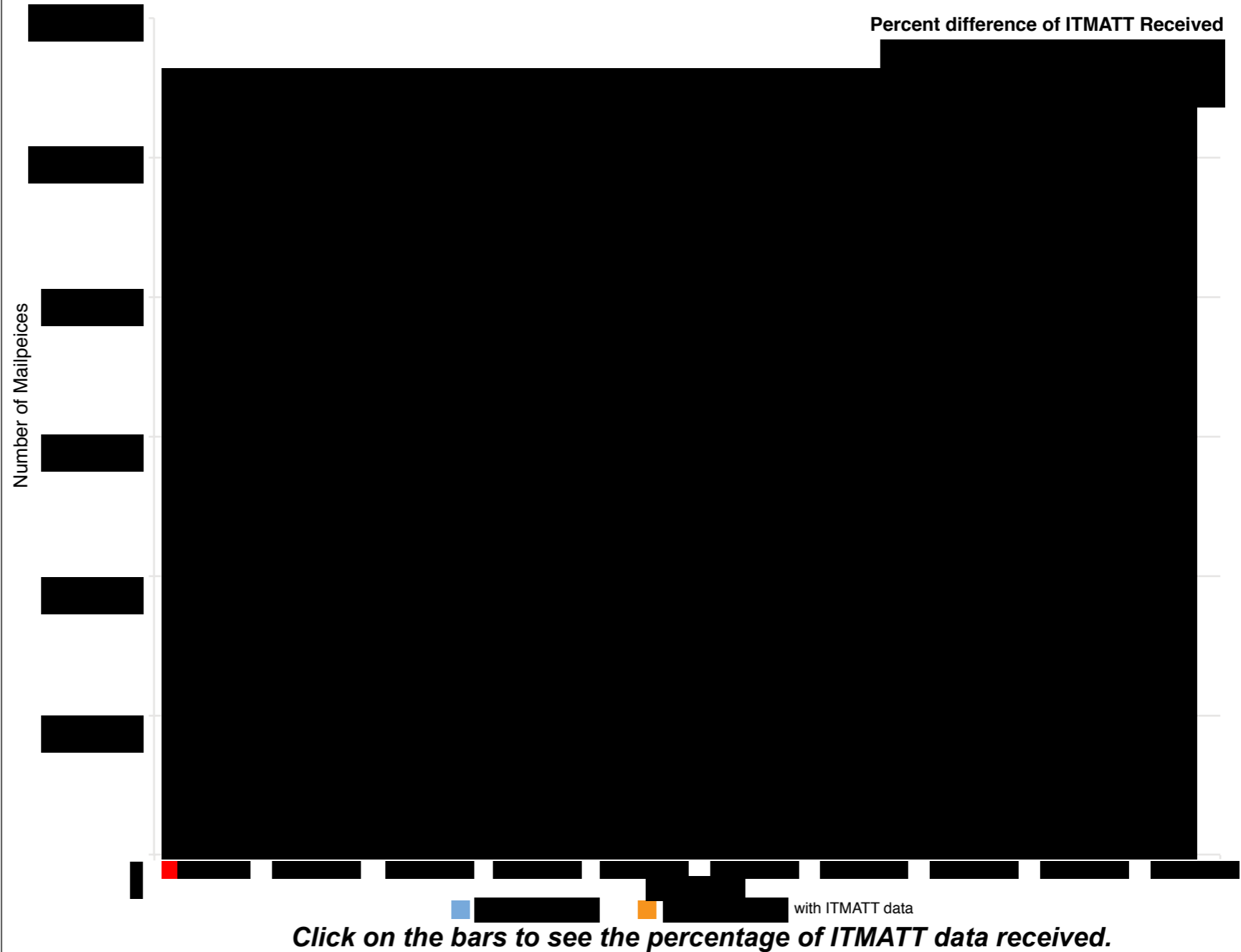
¹⁴ 19 CFR §145.2.

¹⁵ [REDACTED]

The Postal Service and CBP recognize the challenges in this area and continue to enhance their coordination through the [REDACTED] at the [REDACTED] ISC. During our review, management at the [REDACTED] ISC took steps to reduce the number of [REDACTED] as a result of operational issues.

The Postal Service could improve the effectiveness of the [REDACTED] at the [REDACTED] ISC by increasing the amount of advance data received from foreign postal operators. There are two types of advance data, PreAdvice of Despatch Prepared (PREDES)¹⁶ messages and Item Attribute (ITMATT) Pre-Advice message data.¹⁷ Under the [REDACTED] [REDACTED] between late November 2015 and August 2016 (see Table 3).

Table 3. Percent of ITMATT Data Received (November 21, 2015 – August 26, 2016)*



16 A PREDES message is sent from the country of origin to the country of final destination post. The message contains information about mail, including the number of items, the item number, weight, etc.

17 ITMATT: ITeM ATtributed pre-advice; ITMATT messages are exchanged between the origin and destination posts to provide information about an item including details of the sender, addressee, and item content, [REDACTED]

We also noted that Postal Service data showed inconsistent performance at the [redacted] ISC.

Source: Postal service provided data from GBS.

*This includes all [redacted] received at the New York, Miami, Los Angeles, Chicago, and San Francisco ISCs and the Honolulu Processing and Distribution Center.

International mail exchanged between postal operators is not required to include this data per domestic and international postal policy. Specifically, current U.S. laws and regulations¹⁸ do not require the Postal Service to obtain this advance electronic data for inbound international mailings and Universal Postal Union (UPU)¹⁹ regulations do not require the transmission of ITMATT data. But Postal Service and CBP officials recognize that advance electronic data assists the effectiveness of their mail processing and inspections operations. The Postal Service and other foreign postal operators can request this information as part of separate (bilateral) international mailing agreements. We found examples of current Postal Service bilateral agreements that do not request this information [redacted]²⁰ and including requests for this information in future agreements could not only benefit Postal Service and CBP operations, but also foreign postal operators, whose mailings would be processed more timely.

[redacted]; affect employees, public safety, and security; and reflect poorly on the Postal Service's brand or public image. While this [redacted]

Other Matters

We also noted that Postal Service data showed inconsistent [redacted] performance at the [redacted] ISC. Specifically, we reviewed 4,806 inbound international [redacted] and 458 [redacted] tracking records from dates during our review (July 12, 2016, for [redacted] and May through July 2016 for [redacted]) and found that 491 of the mailpieces [redacted] were [redacted] (see Table 4).

Table 4. [redacted] Summary (July 12, 2016, for [redacted] and May – July 2016 for [redacted])

[redacted]	Mailings	[redacted]	[redacted]	[redacted]	[redacted]	Subtotal
[redacted]	4,806	60		250	1	311
[redacted]	458	179		1	0	180
Total	5,264	239		251	1	491

Source: OIG analysis of [redacted] data using the Product Tracking System.

[redacted] performance should be complete and accurate to provide reliable information to the Postal Service, its customers, and CBP. [redacted]

18 Trade Act of 2002, Public Law, 107-210; §§ 343(a)(3)(K), August 6, 2002 ; Final Rule, Require Advance Electronic Presentation of Cargo Information, Federal Register, Volume 68, pages 68140 and 68150 (December 5, 2003).

19 Established in 1874, the UPU is the second oldest international organization worldwide. With its 192 member countries, the UPU is the primary forum for cooperation between postal administrations and creating international postal policies.

20 We reviewed the Postal Service's bilateral agreement with [redacted] and found there was no requirement to provide ITMATT data.

We reported on a similar issue in September 2015. The [REDACTED] issues we identified during this audit occurred [REDACTED].
[REDACTED] The Postal Service completed [REDACTED].
[REDACTED] We are not making a separate recommendation on this issue as the Postal Service is finalizing corrective actions based on the September 2015 report. Specifically, Postal Service management has already delivered service talks on the [REDACTED] procedures and processes. However, they still need to review [REDACTED] requirements for all mail categories to ensure the [REDACTED] process represents the [REDACTED] and is streamlined for reliability.

Recommendations

We recommend management develop controls to ensure that [REDACTED] and take action to obtain additional advance electronic data from foreign postal operators, such as requesting it in future bilateral agreements.

We recommend the vice president, Network Operations, in coordination with the plant manager, U.S. Postal Service [REDACTED] International Service Center in [REDACTED]:

1. Implement controls to ensure that [REDACTED]. These could include using [REDACTED] that have already been dispatched from the International Service Center.

We recommend the vice president, Network Operations, in coordination with the managing director, Global Business:

2. Take actions to obtain additional advance electronic data from foreign postal operators, such as requesting it in future bilateral agreements.

Management's Comments

Management agreed with our findings and recommendations.

Regarding recommendation 1, management stated they have already implemented some updates as of October 2016. The Postal Service has updated GBS to add [REDACTED]

[REDACTED] The Postal Service has also drafted a Business Needs Statement to add functionality to current equipment [REDACTED]. Management stated they have already implemented GBS updates and reporting enhancements and provided a target implementation date of August 2017 for [REDACTED].

Regarding recommendation 2, management stated they have various initiatives underway to facilitate the transmission of Customs advance electronic data, including entering into two multilateral agreements for exchanging the data. The Postal Service has also entered into related agreements for the exchange of Customs data with foreign postal operators and solicited signatures on bilateral data sharing agreements with over [REDACTED] foreign postal operators for transmitting ITMATT associated with [REDACTED].

Finally, the Postal Service is proposing to include [REDACTED].

Management stated that obtaining additional advance electronic data from foreign postal operators is ongoing and provided a target implementation date of March 30, 2017, for incorporating related requirements for the pending bilateral agreements.

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

Evaluation of Management's Comments

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

Regarding the recommendations, management's corrective actions should address the issues identified in the report. The recommendations still require OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. The recommendations should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendations can be closed.

Appendices

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

Appendix A: Additional Information	14
Background	14
Objective, Scope, and Methodology	15
Prior Audit Coverage	16
Appendix B: Management’s Comments.....	17

Appendix A: Additional Information

Background

The Postal Service established ISCs in 1996 to become more competitive in the international mail market. The Postal Service operates ISCs in New York, Chicago, Los Angeles, San Francisco, and Miami.²¹ ISCs receive inbound international mail from foreign countries and distribute and dispatch international mail received from a designated service area to specific foreign countries or to gateway exchange offices.²²

The Postal Service has verification processes for inbound international mail at all five ISCs to ensure that mail is prepared in accordance with Postal Service requirements and includes sufficient postage. The processes also include specific actions for identifying and handling authorized mailings, including how the Postal Service is to coordinate with other organizations such as the U.S. Postal Inspection Service and CBP. With limited exception, all inbound international mail is subject to inspection by CBP.²³

Therefore, [REDACTED]

[REDACTED] CBP [REDACTED]

CBP officers have direct responsibility for monitoring incoming international mail to ensure that it does not present a health risk and is safe for processing.²⁴ CBP's approach is aligned with the president's National Strategy for Global Supply Chain Security, which calls for the protection of a global supply chain system that supports innovation and prosperity by securely, promptly, and reliably moving goods across our borders and around the world.²⁵

During FY 2015, the [REDACTED] ISC received about [REDACTED] pieces of inbound international mail, including about [REDACTED]. In response to the large number of [REDACTED] receives, the Postal Service and CBP collaborated on a [REDACTED] at the [REDACTED] ISC that began in November of 2015 to more effectively and efficiently identify packages [REDACTED]

Under this [REDACTED]

The GBS – a collection of software modules the Postal Service uses to manage international mail – is critical to the success of this [REDACTED]. ISC employees use the GBS International Receipt module to [REDACTED] and log incoming international mail receptacles and their contents. For example, during FY 2015 the [REDACTED] ISC logged more than [REDACTED]. In addition, the GBS module logs when [REDACTED] receptacles flow [REDACTED] custody. GBS provides increased efficiency, tracking, and cost savings related to CBP [REDACTED].

²¹ Each ISC processes different categories of mail for different regions of the world.

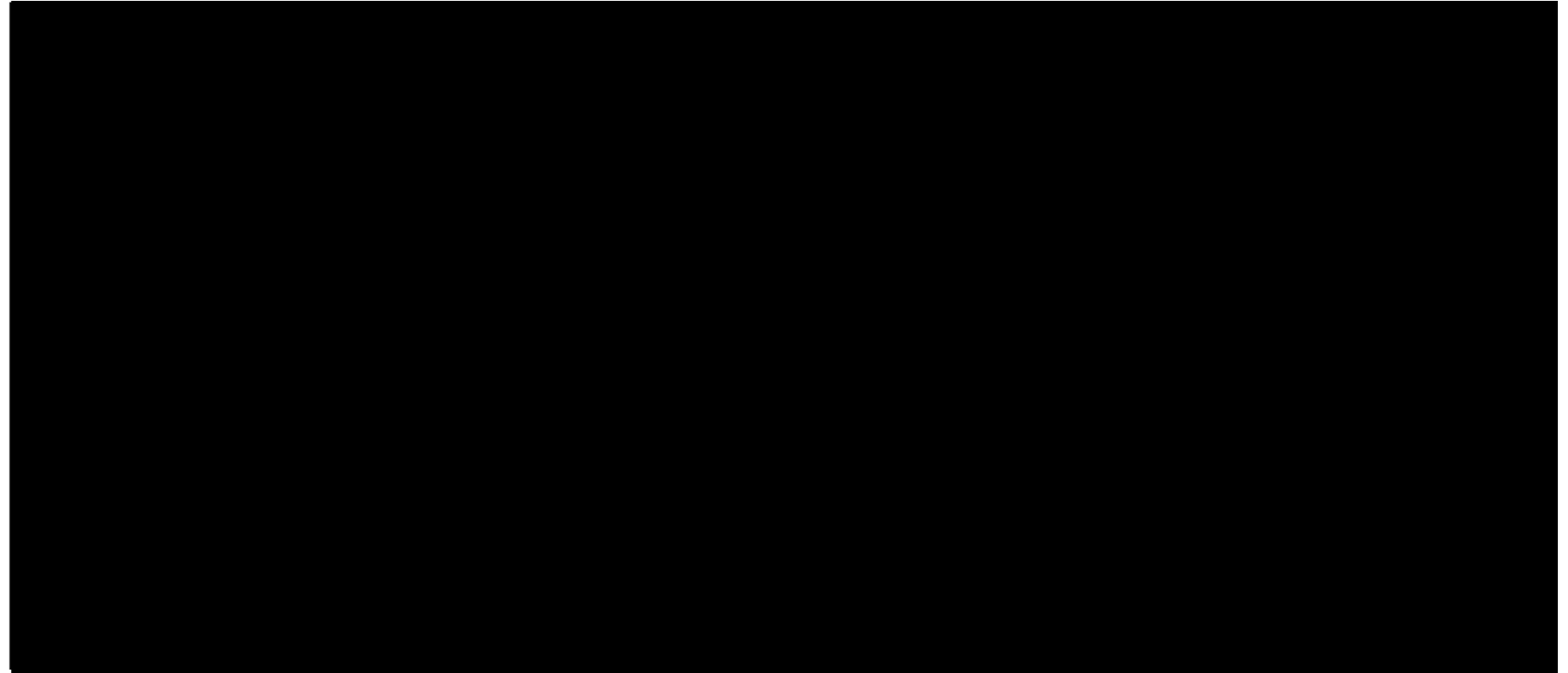
²² International gateway exchange offices distribute and dispatch international mail received from a designated service area in addition to low-volume mail received from other international Postal Service facilities.

²³ Code of Federal Regulations, Title 19, Customs Duties, April 1978, Section 145.2 (Mail Subject to Customs Examination). *International Mail Manual*, May 2015, Section 711.1 (What Is Subject to Examination); Handbook T-5, *International Mail Operations*, May 2015, Section 381 (Mail Requiring Customs Treatment).

²⁴ U.S. Postal Service Mandatory Stand-Up Talk, Security Measures in Place to Safeguard You and the Mail, March 17, 2011.

²⁵ CBP Performance and Accountability Report FY 2014.

Figure 1. Pre-Arrival Customs Data Messaging Flow



Source: Postal Service.

The Trade Act of 2002 mandates that private transportation companies, such as UPS and FedEx, provide electronic manifest data to CBP before packages arrive in the U.S. Rather than require the Postal Service to comply with that requirement, the law directs the U.S. Department of Homeland Security and the U.S. Treasury Department, in consultation with the Postmaster General, to determine whether it is “appropriate” to apply this provision to the Postal Service.²⁶

Objective, Scope, and Methodology

Our objective was to assess inbound international mail operations and safety and security concerns with inbound international mail at the [REDACTED] ISC. To accomplish our objective, we:

- Visited and observed operations at the ISC pertaining to inbound international mail.
- Interviewed managers and staff about the processing of inbound international mail procedures at the ISC.
- Interviewed CBP officials about their concerns about [REDACTED].
- Reviewed inbound international mailing data from FYs 2013 – 2015.
- Reviewed the accuracy of international [REDACTED] data.

²⁶ Trade Act of 2002, Public Law, 107-210; §§343(a)(3)(K), August 6, 2002.

- Reviewed past audit work and other publicly available research pertaining to the handling of inbound international mail.
- Reviewed Postal Service policies and processes for all types of inbound international mail.
- Compared Postal Service actions to prescribed policies and procedures pertaining to the handling of the inbound international mail.

We conducted this performance audit from June through December 2016, 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 December 2, 2016, and included their comments where appropriate.

We assessed the reliability of inbound international mail volume, GBS [REDACTED], and Product Tracking System data by reviewing prior OIG work and verifying the data for reasonableness and discussing it with knowledgeable Postal Service staff. We determined that the data were sufficiently reliable for the purposes of this report.

Prior Audit Coverage

Report Title	Report Number	Objective	Final Report Date	Monetary Impact
Inbound International Mail Operations – [REDACTED] International Service Center	MS-MT-16-004	Highlight significant safety and security weaknesses at the Postal Service's [REDACTED] ISC.	9/28/2016	[REDACTED]
Inbound International Mail Operations – [REDACTED] International Service Center	MS-MT-16-003	Highlight significant inbound international mail security weaknesses at the Postal Service's [REDACTED] ISC.	9/21/2016	None
International Inbound Mail Verification	MR-MT-16-001	Highlight significant international inbound mail verification weaknesses at Postal Service ISCs at the [REDACTED] locations.	1/28/2016	None
U.S. Postal Service Handling of Inbound International Mail at the [REDACTED] International Service Center in [REDACTED]	NO-MA-15-006	Determine whether the Postal Service is complying with established inbound international mail policies and procedures.	9/3/2015	None

Appendix B: Management's Comments



December 12, 2016

Lori Lau Dillard
Director, Audit Operations

This correspondence is in response to Audit Report – Inbound International Mail Operations – [REDACTED] International Service Center (OIG Recommendations Project Number 16RG016MS00)2.

We recommend the Vice President, Network Operations, in coordination with the Plant Manager, United States Postal Service (USPS) [REDACTED] International Service Center in [REDACTED]

1. Implement controls to ensure that [REDACTED] These could include using [REDACTED] that have already been dispatched from the International Service Center.

Management Response/Action Plan:

Management agrees with the OIG recommendations to implement further controls to ensure [REDACTED] USPS has already implemented the following updates as of October 2016;

1. Global Business Systems (GBS) has been updated to add an [REDACTED] label which includes the barcode [REDACTED] USPS personnel and THS employees have been trained to [REDACTED] for CBP.
2. GBS was also updated to create a module to [REDACTED] CBP had previously [REDACTED] USPS operations will now [REDACTED]
3. USPS is now generating a report by tour of all [REDACTED] receptacles that have been [REDACTED] (with user ID, workstation and time) The report is generated at the end of each tour to [REDACTED]
4. In addition to the changes already in place above, USPS is drafting a Business Needs Statement (BNS) to [REDACTED]

475 L'ENFANT PLAZA SW
WASHINGTON DC 20260
202-268-5931
USPS.COM

Target Implementation Date: Items 1 – 3 are already in place. Management will continue to monitor the process using reporting that is already in place and the additional controls identified above. The [REDACTED] (item 4) will be requested in the FY17 budget year.



Robert Cintron
Vice-President, Network Operations

12/14/16
Date

The United States Postal Service (USPS) management agrees with the findings and recommendation in this audit report prepared by the United States Postal Service Office of Inspector General (OIG) regarding recommendation 2.

Recommendation 2:

Take actions to obtain additional advance electronic data from foreign postal operators, such as requesting it in future bilateral agreements.

Management Response/Action Plan:

Management agrees with the findings and recommendation in this report with regard to taking action to obtain additional electronic data. USPS has various initiatives underway in order to facilitate the transmission of customs advanced electronic data. USPS has entered into two multilateral agreements for the exchange of customs data. The first was primarily with members of the Kahala Post Group, and the second was executed with the counterparties to the "Interconnect" contract for the exchange of parcels. USPS has also entered into one-off agreements for the exchange of customs data with foreign postal operators that are not members of the Kahala Post Group and the International Post Group. Additionally, USPS has solicited signatures on bilateral data sharing agreements with over [REDACTED] foreign postal operators for the transmission of ITMATT associated with a [REDACTED]. Moreover, USPS is proposing to include [REDACTED]. These bilateral agreements are still under negotiation.

Target Implementation Date:

The USPS proposal to obtain additional advance electronic data from foreign postal operators is ongoing. Management will continue executing data sharing agreements for the exchange of customs advanced electronic data and plan to incorporate requirements for the same into the above noted bilaterals by March 30, 2017.



FD Franca Davis
Managing Director, Global Business

12/12/16
Date



OFFICE OF
**INSPECTOR
GENERAL**
UNITED STATES POSTAL SERVICE

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

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