



Office of Inspector General | United States Postal Service

## Audit Report

# Automated Package Verification

Report Number MS-AR-19-004 | September 18, 2019



# Table of Contents

Cover	
Highlights.....	1
Objective .....	1
What the OIG Found.....	1
What the OIG Recommended.....	2
Transmittal Letter .....	3
Results.....	4
Introduction/Objective .....	4
Background.....	4
Finding #1: Automated Package Verification is [REDACTED] [REDACTED].....	5
Limitations with Implementation and Mail Processing Equipment.....	5
Volumes that [REDACTED].....	6
Package Platform-Phase 2 .....	7
Recommendation #1 .....	7
Recommendation #2.....	7
Recommendation #3.....	7
Management’s Comments.....	8
Evaluation of Management’s Comments .....	8
Appendices .....	10
Appendix A: Additional Information.....	11
Objective, Scope, and Methodology .....	11
Prior Audit Coverage.....	11
Appendix B: Automated Package Verification Process.....	12
Appendix C: Phase 2 Automated Package Verification Program Enhancements .....	13
Appendix D: Management’s Comments.....	14
Contact Information .....	17

# Highlights

## Objective

Our objective was to evaluate the effectiveness of the U.S. Postal Service's Automated Package Verification (APV) program in identifying and reducing lost revenue due to underpaid (shortpaid) postage from PC Postage customers. The Postal Service collected [REDACTED] billion in revenue from PC Postage customers in fiscal year (FY) 2018.

The Postal Service launched the APV program in August 2017 to help collect and deter shortpaid revenue. The intent of APV was to automate the revenue assurance process for customers who pay postage for their packages through PC Postage label providers. While APV was [REDACTED]

APV verifies whether the correct postage was paid for each package by comparing the postage paid from a mailer's manifest to the postage calculated using the actual package weight and dimensions, as captured using scales and dimensional scanning devices installed on mail processing equipment. When incorrect postage is paid, the system generates an invoice and sends it to the label provider who then either sends payment to the Postal Service on behalf of the customer for the shortpaid amount or issues a credit or refund to the customer for the overpaid amount.

The Postal Service estimated total shortpaid PC Postage of [REDACTED] million in FY 2018, which is comprised of [REDACTED] million based on statistical sampling and [REDACTED] million based on Postal Service estimates of duplicate barcodes and missing customer manifests.

## What the OIG Found

While we recognize the role APV plays in deterring customers from underpaying postage, [REDACTED]. Specifically, the Postal Service assessed only [REDACTED] million of the estimated [REDACTED] million ([REDACTED] percent) in shortpaid PC Postage in FY 2018,

while refunding about [REDACTED] million. This occurred because APV was implemented with [REDACTED] due to cost considerations and limitations with mail processing equipment. In addition, certain PC Postage volume [REDACTED]. Specific limitations include:

- *Postage rates* [REDACTED]. If the [REDACTED] determined from mail processing equipment matches the manifested [REDACTED]. For example, [REDACTED]
- *Cubic, dimensional, and special pricing* [REDACTED]. APV is unable to [REDACTED] packages claiming [REDACTED] categories such as [REDACTED] envelopes, [REDACTED], and [REDACTED] rates.
- [REDACTED] Most packages larger [REDACTED] or [REDACTED] long are considered nonmachinable and are [REDACTED].
- [REDACTED] *problems not identified in real time*. Mail processing equipment lacks a [REDACTED] staff in real-time if [REDACTED], preventing them from [REDACTED]. If [REDACTED] are [REDACTED]. In April 2019, [REDACTED] ( [REDACTED] percent) were reported as untrustworthy.
- [REDACTED]. APV does not have the [REDACTED] or mailpieces that [REDACTED]

In addition, [REDACTED] percent of PC Postage volume [REDACTED] including all volume exclusively processed at facilities [REDACTED] and PC Postage packages with [REDACTED]

The Postal Service acknowledged APV's implementation limitations and is currently deploying a more comprehensive solution —the Package Platform-Phase 2 (Phase 2). This will enhance APV's ability to verify PC Postage packages claiming [REDACTED].

[REDACTED]. Phase 2 is scheduled to be deployed in FY 2020; however, we believe that interim controls are necessary until Phase 2 is fully operational. Such controls could leverage existing equipment, including Passive Adaptive Scanning System technology to help identify and sample suspected shortpaid packages at delivery units.

We also note that even with implementation of Phase 2, the Postal Service does not have a plan to [REDACTED].

We estimate lost revenue of [REDACTED] million in FY 2018 due to a lack of systems and processes to mitigate revenue loss from shortpaid PC Postage.

## What the OIG Recommended

We recommended management:

- Develop and implement interim controls for enhanced verification of packages [REDACTED] which could include leveraging existing Postal Service technology such as Passive Adaptive Scanning System.
- Develop and implement a system control for [REDACTED] issues in real-time.
- Develop a plan to verify PC Postage packages that [REDACTED].


# Transmittal Letter



OFFICE OF INSPECTOR GENERAL  
UNITED STATES POSTAL SERVICE

September 18, 2019

**MEMORANDUM FOR:** MARC D. McCRERY  
VICE PRESIDENT, MAIL ENTRY AND PAYMENT  
TECHNOLOGY

Janet Sorensen 

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

**SUBJECT:** Audit Report – Automated Package Verification  
(Report Number MS-AR-19-004)

This report presents the results of our audit of Automated Package Verification (Project Number 19RG010MS000).

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

Attachment

cc: Postmaster General  
Corporate Audit Response Management

# Results

## Introduction/Objective

This report presents the results of our self-initiated audit of the U.S. Postal Service’s Automated Package Verification (APV) program (Project Number 19RG010MS000). The objective was to evaluate the effectiveness of the APV program in identifying and reducing lost revenue due to postage discrepancies. See [Appendix A](#) for additional information about this audit.

## Background

PC Postage revenue for fiscal year (FY) 2018 was [REDACTED] billion, an increase of [REDACTED] million from the previous year. The Mail Entry and Payment Technology (MEPT) team leverages data from the Origin-Destination Information-System – Revenue, Pieces, and Weight (ODIS/RPW)<sup>1</sup> statistical system to estimate the total amount of shortpaid PC Postage, which was [REDACTED] million<sup>2</sup> in FY 2018.

The Postal Service created APV to address risks associated with shortpaid PC Postage and launched the APV program on August 14, 2017. The program automated the revenue assurance process for packages paid through PC Postage<sup>3</sup> and Click-N-Ship<sup>4</sup> label providers.

APV uses upgraded mail processing equipment<sup>5</sup> and dimension scanning devices to capture the weight and dimensions of a package with a PC Postage label to determine if correct postage was paid. If it was not, the Postal Service sends an invoice to the customer through the postage label provider, who sends payment to the Postal Service on behalf of the customer. If a customer has overpaid, the label provider issues a credit or refund. While APV was [REDACTED] of all PC [REDACTED]

Postage parcels for accurate postage. See [Appendix B](#) for details of APV data flow.

A prior report<sup>6</sup> identified revenue lost to postage discrepancies on PC Postage packages. The Postal Service implemented limited controls for identifying and collecting shortpaid PC Postage parcels, but their efforts had a very minor impact. The Postal Service’s decision analysis report (DAR), *Package Revenue Assurance DRIVE 46*, dated March 2015, estimated revenue recovery of [REDACTED] million due to collection and deterrence in FY 2018 (see Table 1).

**Table 1. Projected Incremental Recovered Revenue Due to Collection and Deterrence**

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
PC Postage <sup>7</sup> (\$M)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Electronic Verification <sup>8</sup> (eVS) (origin entry) (\$M)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Point-of-Sale (POS) (\$M)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<b>Recovered Revenue (\$M)</b>	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total shortpaid revenue (\$M)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Percentage of total shortpaid recovered	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Source: Postal Service DAR, *Package Revenue Assurance DRIVE 46*, dated March 2015.

1 An internal information system by which data on mail volume, mail class or product, and other mail characteristics are collected, developed, and reported in the official *Revenue, Pieces, and Weight Report*. The system uses probability sampling techniques based on principles of mathematical statistics.  
 2 Comprised of [REDACTED] million based on statistical sampling and [REDACTED] million based on Postal Service estimates of duplicate barcodes and missing customer manifests.  
 3 We use PC Postage to refer to both PC Postage and Click-N-Ship®.  
 4 A service the Postal Service provides to allow individual and business customers to pay postage and print domestic and international shipping labels from the Postal Service website or mobile app. PC Postage is Postal Service-approved third-party vendor software that mailers can use to pay for and print their postage using a computer, printer, and Internet connection.  
 5 The four types of upgraded mail processing equipment are Automated Parcel Bundle Sorter (APBS), Automated Package Processing System (APPS), Small Package Sorting System (SPSS), and Manual Scan Where You Band with dimensional scanners (DS-MSWYB).  
 6 *Shortpaid PC Postage Parcels* (Report Number MS-AR-17-007, dated May 9, 2017).  
 7 Reflects amount after subtracting amount returned to customers due to disputes and overpaid revenue.  
 8 [REDACTED]. The revenue shown is due to deterrence.

According to the APV PC Postage Revenue Dashboard, during FY 2018, the APV program assessed [REDACTED] million of potential revenue incorrectly paid by mailers, [REDACTED] million of which was shortpaid postage collected and [REDACTED] million of which was overpaid postage refunded. During Quarter (Q) 1 of FY 2019, the Postal Service assessed [REDACTED] million of shortpaid PC Postage revenue and collected [REDACTED] million. In addition to the [REDACTED] million collected by APV in FY 2018, the Postal Service calculated a shortpaid revenue deterrence of [REDACTED] million,<sup>9</sup> for a total of [REDACTED] million in revenue recovery. This amount exceeded the [REDACTED] million in revenue recovery projected in the DAR.

The Postal Service also provided data showing that PC Postage shortpaid revenue has decreased from FY 2016 through FY 2018 (see Table 2), while total PC Postage revenue has increased (see Table 3).

**Table 2. PC Postage Shortpaid Revenue by Fiscal Year**

	FY 2016	FY 2017	FY 2018
Shortpaid PC Postage Revenue	[REDACTED]	[REDACTED]	[REDACTED]
Decrease from previous year	[REDACTED]	[REDACTED]	[REDACTED]
Percentage decrease from previous year	[REDACTED]	[REDACTED]	[REDACTED]

Source: OIG analysis of the PC Postage dashboard provided by the Postal Service.

**Table 3. PC Postage Revenue by Fiscal Year**

	FY 2016	FY 2017	FY 2018
PC Postage Revenue	[REDACTED]	[REDACTED]	[REDACTED]
Increase from previous year	[REDACTED]	[REDACTED]	[REDACTED]
Percentage increase from previous year	[REDACTED]	[REDACTED]	[REDACTED]

Source: OIG analysis of the PC Postage dashboard provided by the Postal Service.

<sup>9</sup> Deterrence calculated through August 2018.

<sup>10</sup> Software that receives the claimed data collected from the National Meter Accounting Tracking System (NMATS) and captures data on piece characteristics (weight, packaging, dimensions, and zone) from processing equipment. TRP then identifies pieces suspected of postage discrepancies.

## Finding #1: Automated Package Verification is [REDACTED]

While we recognize the role APV plays in deterring customers from underpaying postage, APV is [REDACTED] due to shortpaid PC Postage. Specifically, the Postal Service assessed only [REDACTED] million of the estimated [REDACTED] million ([REDACTED] percent) in shortpaid PC Postage in FY 2018.

This occurred because management implemented APV with [REDACTED] due to cost considerations and limitations with mail processing equipment. In addition, certain PC Postage volume [REDACTED] altogether.

### Limitations with Implementation and Mail Processing Equipment

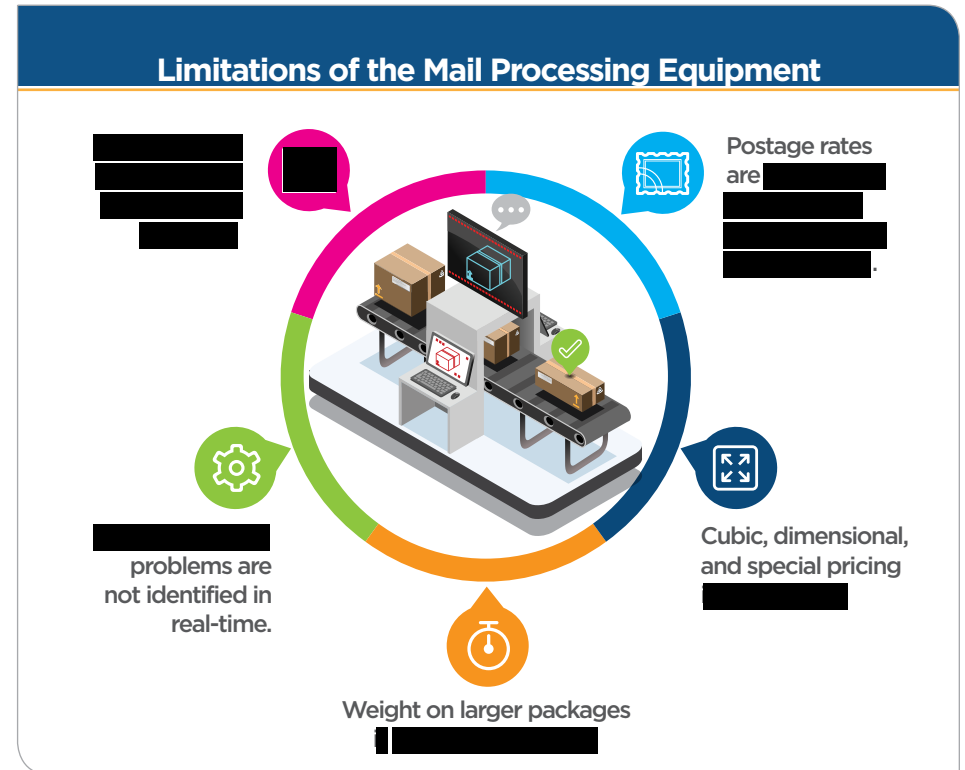
Cost considerations resulted in the APV program being implemented with [REDACTED] than originally anticipated. These limitations included:

- Postage rates are [REDACTED]. If the weight determined from mail processing equipment is within tolerance, APV does [REDACTED].
- Cubic, dimensional, and special pricing [REDACTED]. Transactional Records Processor (TRP)<sup>10</sup> programming logic, an essential component of APV, is [REDACTED] rate categories. In addition, although mail processing equipment at [REDACTED] has been upgraded with APV equipment and software, the data has [REDACTED] and there are no plans currently for incorporating [REDACTED] into APV.

- Weight of larger packages** [REDACTED] When a package is larger than [REDACTED] pounds or [REDACTED] inches, it is considered [REDACTED]. Most APV program equipped machines only have the capability to verify machinable-sized packages. Only the DS-MSWYB machine can [REDACTED]. Therefore, almost all [REDACTED].
- [REDACTED] **problems are not identified in real-time.** Mail processing equipment lack a [REDACTED], in real-time, if [REDACTED] on the equipment have become [REDACTED], preventing them from correcting the issue timely. If [REDACTED] are [REDACTED] they are treated as untrusted by APV and the data is not used. Currently, [REDACTED] issues are only identified and resolved during daily maintenance staff reviews, [REDACTED]. For example, in April 2019, [REDACTED] of the [REDACTED] mail processing equipment [REDACTED] (APBS, APPS, and SPSS) were reported as [REDACTED]. As a result, shortpaid revenue was [REDACTED].
- [REDACTED]. APV does not have [REDACTED]. The programming logic was [REDACTED]. Therefore, revenue protection of a [REDACTED] entirely on a manual postage due process where clerks and carriers at delivery units identify and collect for each occurrence. These packages are not included in the statistical sampling process.

### Volumes that [REDACTED]

PC Postage volume that is exclusively processed at facilities [REDACTED]. The Postal Service updated all of its existing equipment, including the APBS, the APPS, the SPSS, and the majority [REDACTED].



of DS-MSWYB; however, [REDACTED] facilities [REDACTED] mail processing equipment remain.

In addition, PC Postage packages with [REDACTED] were excluded from being [REDACTED]. For example, APV would not [REDACTED] according to the mail processing equipment because the weight [REDACTED].



## Package Platform-Phase 2

The Postal Service acknowledged APV's implementation limitations and is currently deploying a more comprehensive solution — the Package Platform-Phase 2. Phase 2 will enhance APV's ability to verify PC Postage packages [REDACTED]. In addition, the Postal Service will employ a new pricing service, [REDACTED] regardless of being [REDACTED]. Phase 2 will also allow for verification of packages with [REDACTED]. See [Appendix C](#) for details of Phase 2 APV program enhancements.

Management is scheduled to deploy Phase 2 in FY 2020; however, we believe that interim controls are necessary until Phase 2 is fully operational. While we recognize the importance of Phase 2, the lack of interim controls resulted in [REDACTED] shortpaid revenues and puts future revenues at risk. The Postal Service can use current equipment and operations, such as the Passive Adaptive Scanning System (PASS) unit, to capture data to verify the postage of PC Postage packages. [REDACTED]

[REDACTED] Currently, there are approximately [REDACTED] PASS machines that cover [REDACTED] percent of PC Postage package volume. MEPT plans to use PASS equipment to [REDACTED] packages during FY 2020. Similarly, PASS could be leveraged for PC Postage package revenue protection by [REDACTED]

While we acknowledge Phase 2 will address some of the gaps in the APV program, we believe management should implement additional controls to increase [REDACTED] for packages [REDACTED] and reduce lost revenue due to postage discrepancies. Currently, there are [REDACTED] [REDACTED] This accounted for [REDACTED] million in shortpaid postage in FY 2018.

We estimate lost revenue of [REDACTED] million for FYs 2018-2021 due to a lack of interim controls, systems and processes to mitigate revenue loss due to shortpaid PC Postage.

### Recommendation #1

We recommend the **Vice President, Mail Entry and Payment Technology**, develop and implement interim controls for enhanced verification of [REDACTED] which could include leveraging existing Postal Service technology such as the Passive Adaptive Scanning System.

### Recommendation #2

We recommend the **Vice President, Mail Entry and Payment Technology**, develop and implement a system control for [REDACTED]

### Recommendation #3

We recommend the **Vice President, Mail Entry and Payment Technology**, develop a system and processes to verify PC Postage packages that [REDACTED]

## Management's Comments

Management disagreed with recommendation 1, but agreed with recommendations 2 and 3. Management also disagreed with aspects of the finding and the monetary impact.

Regarding recommendation 1, management disagreed, stating that they acknowledge APV's limitations and are in the process of deploying a more comprehensive solution of the Package Platform. Management stated they had determined this to be a more cost effective strategy than developing interim controls which would be more limited in scope. Management also stated that the OIG did not account for the human (labor) costs and time associated with the usage of PASS or similar systems which impact the return on investment and potentially delay dispatch, hurting service standards.

Regarding recommendation 2, management agreed with the intent of the recommendation, stating that equipment operators can view the [REDACTED] status in real time. Management also stated that they plan to automate and integrate the trust report with the [REDACTED] report to create a more actionable solution for staff. The target implementation date is October 31, 2020.

Regarding recommendation 3, management agreed and stated that they will perform a gap analysis after deployment of Package Platform-Phase 2. The target implementation date is October 31, 2021.

Regarding management's comments on aspects of the finding:

1. Management disagreed with the statement that they implemented APV with [REDACTED] due to cost considerations and limitations with mail processing equipment. They stated that the original DAR for the APV program requested funding for deploying five systems: [REDACTED] [REDACTED] therefore, cost considerations were not a reason for limited capability.
2. Management disagreed that postage rates are [REDACTED] [REDACTED] They stated that the Postal Service evaluates

pieces when the claimed weight is deemed accurate, but the packaging, dimensions or zones do not match.

3. Management disagreed that cubic, dimensional, and special pricing is [REDACTED] [REDACTED] They stated the Postal Service evaluates [REDACTED] [REDACTED] when running them on upgraded equipment.
4. Management disagreed that [REDACTED] problems are not identified in real time and that 458 [REDACTED] [REDACTED] They stated that they give equipment operators a real-time indication of [REDACTED] [REDACTED] daily maintenance procedures. Management also stated that the [REDACTED] percent statement is misleading and a more representative percentage of [REDACTED] [REDACTED] would be calculated by taking the [REDACTED] [REDACTED] during the month of April 2019, resulting in a [REDACTED] percent of trusted high volume intervals during this time period.

We have included management's comments 5, 6, and 7 in the recommendations and monetary impact section of this report.

[REDACTED]

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

## Evaluation of Management's Comments

The OIG considers management's comments responsive to the recommendations in the report and their corresponding corrective actions should resolve the issues identified in the report.

Regarding recommendation 1, while we continue to believe interim controls would be beneficial in reducing shortpaid PC postage, we recognize the Postal Service



# Appendices

Click on the appendix title below to navigate to the section content.

- Appendix A: Additional Information ..... 11
  - Objective, Scope, and Methodology ..... 11
  - Prior Audit Coverage ..... 11
- Appendix B: Automated Package Verification Process ..... 12
- Appendix C: Phase 2 Automated Package Verification Program Enhancements..... 13
- Appendix D: Management’s Comments..... 14

# Appendix A: Additional Information

## Objective, Scope, and Methodology

Our objective was to evaluate the effectiveness of the Postal Service's APV program. To accomplish our objective, we:

- Interviewed Postal Service Headquarters and program managers to discuss implementation of the APV program, the evaluation metrics used, and internal controls over packages the APV program cannot test.
- Obtained and reviewed the *Postage Shortpaid Reconciliation Report* (dashboard) for FY 2018 and Q1, FY 2019.
- Compared projected short paid savings identified in the APV project DAR to actual savings for FY 2018 and Q1, FY 2019.
- Identified packages that cannot be [REDACTED] MPE and determine if additional measures are necessary to capture lost revenue from [REDACTED].
- Obtained and evaluated the Postal Service's methodology for selecting sites for APV implementation.
- Visited a judgmental sample of seven plants to determine if [REDACTED]
- Determined the status of the Automated Controls project outlined in the Package Platform Phase II DAR by interviewing project managers and reviewing project documents.

- Consulted with responsible Postal Service managers concerning any system issues related to PC Postage internal controls over the TRP, Electronic Shortpaid Assessment System (eSAS), and Universal Pricing Engine.
- Analyzed differences between ODIS-RPW PC Postage shortpaid and recovered shortpaid revenue identified within eSAS.
- Reviewed and analyzed prior OIG reports to determine if the Postal Service addressed prior audit findings.

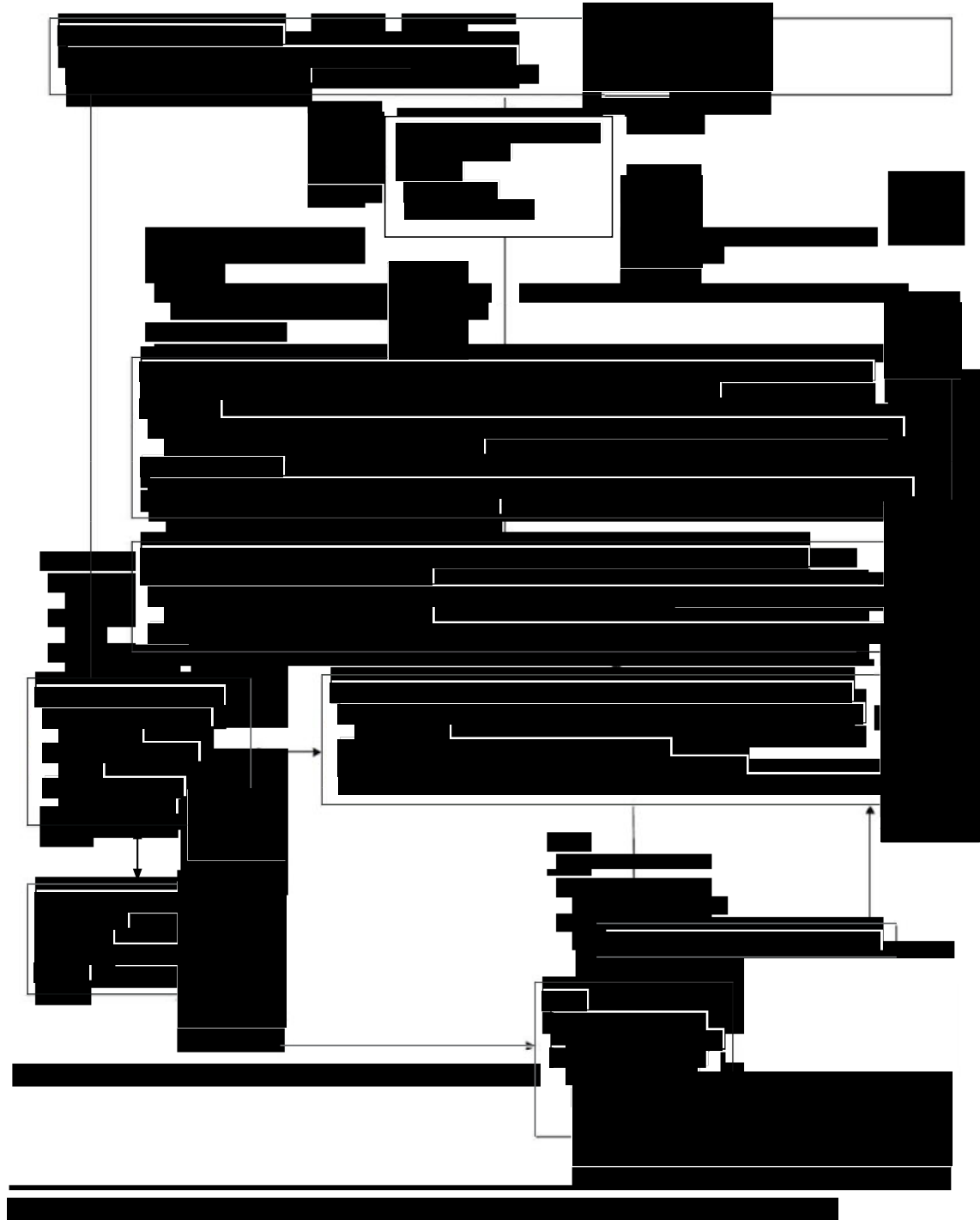
We conducted this performance audit from February through September 2019 in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. Those standards require that we plan and perform the audit to obtain 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 finding and conclusions based on our audit objective. We discussed our observations and conclusions with management on August 14, 2019, and included their comments where appropriate.

We assessed the reliability of computer-generated data from the Postal Service's ODIS-RPW system by reviewing the data and interviewing Postal Service officials. We determined that the data were sufficiently reliable for the purposes of this report.

## Prior Audit Coverage

Report Title	Objective	Report Number	Final Report Date	Monetary Impact (in millions)
<i>Shortpaid PC Postage Parcels</i>	Evaluate Postal Service controls to identify and collect shortpaid postage on PC Postage parcels.	MS-AR-17-007	5/9/2017	[REDACTED]

# Appendix B: Automated Package Verification Process



# Appendix C: Phase 2 Automated Package Verification Program Enhancements



Package Platform Enhancements	Explanation	Annual Additional Shortpaid Detection \$M
APV Integration		
1 [REDACTED]	[REDACTED]	■
■ [REDACTED]	[REDACTED]	■
■ [REDACTED]	[REDACTED]	■
■ [REDACTED]	[REDACTED]	■
■ [REDACTED]	[REDACTED]	■
■ [REDACTED]	[REDACTED]	■
■ [REDACTED]	[REDACTED]	■

Source: Package Platform Phase 2 DAR, dated October 12, 2018.

# Appendix D: Management's Comments

Vice President  
Mail Entry and Payment Technology



September 09, 2019

LAZERICK POLAND  
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Automated Package Verification (Report Number MS-AR-19-XXX)

Management appreciates all of the findings and observations provided by OIG in the discussion draft report. While this report acknowledges the potential impact of Package Platform Phase 2, the OIG insists that USPS develop other interim controls without accounting for the associated costs and time to implement. Specifically, management disagrees with the following statements in the report...

1. "...APV was implemented with [REDACTED] due to cost considerations and limitations with mail processing equipment." The original DAR for the APV [REDACTED] and as such, cost considerations were not a reason for limited capability. The [REDACTED]
2. "Postage rates are [REDACTED] USPS evaluates pieces where the claimed weight is deemed accurate, but the packaging, dimensions, or zones do not match.
3. "Cubic, dimensional, and special pricing is [REDACTED] postage for packages claiming cubic or dimensional rate ..." USPS evaluates [REDACTED] when they run on upgraded equipment.
4. [REDACTED] problems are not identified in real-time. ... In April 2019, 458 [REDACTED] Equipment operators are given a real time indication of [REDACTED] the maintenance procedure on a daily basis. The [REDACTED] percent statement is misleading. A more representative percentage of [REDACTED] would be calculated by taking the [REDACTED] during the month of April 2019. [REDACTED] percent of high volume intervals were trusted during this time period.
5. [REDACTED] The OIG does not provide documentation in the report on where the [REDACTED] figure comes from.

475 L'ENFANT PLAZA  
WASHINGTON DC 20260-4000  
WWW.USPS.COM



Management calculates that the amount of packages [REDACTED] through June of FY 2019 as [REDACTED]. See table below.

**Shortpaid Revenue - Not Detectable in APV Analysis**

Month	Total ODIS Observed Shortpaid (Millions)	ODIS Shortpaid Within 2 ounce threshold (%)	ODIS Shortpaid Within 2 ounce Shortpaid (Millions)	ODIS Shortpaid Without APV Scans (%)	ODIS Shortpaid Without APV Scans (Millions)	APV Undetectable Shortpaid	APV Undetectable Shortpaid (Millions)
October	\$ [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
November	\$ [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
December	\$ [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
January	\$ [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
February	\$ [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
March	\$ [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
April	\$ [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
May	\$ [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
June	\$ [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<b>FY 2019 YTD</b>	\$ [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

6. "...we believe that interim controls are necessary until Phase 2 is fully operational. Such controls could leverage existing equipment including the Passive Adaptive Scanning System (PASS) technology ..." Management believes Package Platform Phase 2 is a more cost effective approach versus the OIG suggested interim controls of using PASS equipment to detect shortpaid. OIG does not account for the real human (labor) cost and time associated with the usage of PASS or similar systems which impact the ROI and potentially delay dispatch hurting service standards.
7. "...Further, we note that even with the implementation of Phase 2, the Postal Service does [REDACTED] [REDACTED] USPS will reassess what is missed after Phase 2 implementation, and then define a plan to detect additional volume of packages.

[REDACTED]

Recommendation 1:  
Develop and implement interim controls for enhanced verification of: [REDACTED]

Management Response/Action Plan:  
Management disagrees with this recommendation. USPS acknowledges APV's limitations, and as such is in the process of deploying a more comprehensive solution of the Package Platform. USPS had determined this to be a more cost effective strategy than developing interim controls which would have been more limited in scope.

Recommendation 2:

Develop and implement a system control for [REDACTED] issues in real-time.

Management Response/Action Plan:

Management agrees with the intent of the recommendation. Operators of the equipment can view the [REDACTED] in real time. Management would like to [REDACTED] with the [REDACTED] in a way that creates a more actionable solution for staff.

Target Implementation Date:

Completed October 2020

Responsible Official:

Director, Commercial Payment

Recommendation 3:

Develop a plan to [REDACTED]

Management Response/Action Plan:

Management agrees with the recommendation. Following the deployment of Phase II Package Platform, Management will perform a gap analysis.

Target Implementation Date:

Completed October 2021

Responsible Official:

Director, Commercial Systems



MARC MCCRERY  
VICE PRESIDENT, MAIL ENTRY & PAYMENT TECHNOLOGY

cc: *copy those that were copied on the OIG draft audit report, plus  
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.  
Stay informed.

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

For media inquiries, contact Agapi Doulaveris  
Telephone: 703-248-2286  
[adoulaveris@uspsoig.gov](mailto:adoulaveris@uspsoig.gov)