



Office of Inspector General | United States Postal Service

Audit Report

Deposit by Mail Controls at Selected Mail Processing Facilities

Report Number NO-AR-19-007 | September 12, 2019



Table of Contents

Cover	
Highlights.....	1
Objective	1
What the OIG Found.....	2
What the OIG Recommended	2
Transmittal Letter	3
Results.....	4
Introduction/Objective	4
Background.....	4
Finding #1: Security Deficiencies Not Addressed.....	4
Management Corrective Action.....	6
Recommendation #1.....	6
Recommendation #2.....	6
Management’s Comments.....	7
Evaluation of Management’s Comments	7
Appendices	8
Appendix A: Additional Information.....	9
Scope and Methodology.....	9
Prior Audit Coverage	9
Appendix B: Audit Checklist.....	10
Appendix C: Management’s Comments.....	12
Contact Information	14

Highlights

Objective

Our objective was to assess controls and actions taken by the U.S. Postal Service to address identified security deficiencies surrounding the Postal Service's Deposit by Mail (DBM) service at [REDACTED] mail processing facilities.

At the request of a business customer, the Postal Service initiated a new service in February 2015 called DBM, which allows cash and high-value mailings to be sent through the Postal Service Priority Mail system. The customer has 16,000 retail customer locations throughout the country that participate in the DBM service. The high-value DBM mail is handled and processed like any other Priority Mail.

The customer's retail location sends their [REDACTED] via Priority Mail to the customer's headquarters in [REDACTED]. In turn, the customer's headquarters sends [REDACTED] throughout the country. Incoming and outgoing Priority Mail envelopes originate and destinate through three [REDACTED] mail processing facilities: [REDACTED]. [REDACTED] Postal Inspection Service and Postal Service personnel are responsible for security at these locations while the Postal Service has custody of the mail.

The customer's annual DBM mail volume increased from about [REDACTED] [REDACTED] mailpieces from June 2018 to May 2019. The DBM service generated about [REDACTED] million in revenue for the Postal Service during this time period. We estimate that the business customer mailed about [REDACTED] [REDACTED] through the DBM service from June 2018 to May 2019. The DBM service currently [REDACTED].

Postal Service Handbook RE-5, *Building and Site Security Requirements*, covers the security of personnel, buildings, and mail on site and security of mail and Postal Service assets within a building. Since 2018, the Postal Inspection Service's [REDACTED] has conducted six security reviews at the three [REDACTED] mail processing facilities. Specifically, Vulnerability Risk Assessment Tool (VRAT) reviews of facility security were performed at the [REDACTED]. [REDACTED] VRAT is the tool the Postal Inspection Service and Postal Service employees use to identify security risks and vulnerabilities at facilities.

The Postal Inspection Service conducted two additional security reviews of the DBM service at the [REDACTED]. [REDACTED] Security reviews are addendums to VRATs. The two security reviews examined the protocols and security practices at Postal Service facilities that process, transport, and deliver the customer's [REDACTED]. From the various security reviews, we identified 14 high-risk security deficiencies which impact the DBM service and determined the actions management has taken to respond to the Postal Inspection Service security reports and address these deficiencies.

What the OIG Found

The Postal Service did not properly address the 14 high-risk security deficiencies identified by the Inspection Service for the [REDACTED] mail processing facilities which process DBM mail. We also identified three additional high-risk security deficiencies during our site observations at the three facilities in June 2019.

The deficiencies included:

- Lack of cameras at DBM mail processing and handling facilities (three deficiencies at the three facilities). Cameras that provide full coverage of the mail processing machines that process the DBM mail are needed.
- Unsecured doors (five deficiencies at the three facilities), including exterior doors with badge readers and interior doors left open, propped, or broken.
- Unsecured staged DBM mail (four deficiencies at two facilities). DBM mail is staged outside of secured areas and is accessible to unauthorized personnel.
- Inadequate rewrap procedures for DBM mail (four deficiencies at one facility). The rewrap area is where damaged or broken parcels are repaired. It is accessible by unauthorized personnel and is not fully covered by camera views. In addition, DBM mail is comingled with other mail.
- Personal items were left on the workflow (one deficiency at one facility).

“When management does not properly address security deficiencies there is an increased risk of mail theft.”

These conditions occurred because plant officials did not properly coordinate with the Postal Inspection Service to properly address security deficiencies. In addition, Standard Operating Procedures (SOPs) were not developed for high-value Priority Mail such as the DBM service.

When security deficiencies are not properly addressed, there is an increased risk of mail theft. According to DBM business customer records, nearly [REDACTED] [REDACTED] from mail processing facilities for the period February through July 2019. Lost and stolen mail reflects poorly on the Postal Service’s brand and public image and leaves the agency open to customer complaints.

What the OIG Recommended

We recommended management:

- Establish SOPs for the DBM service to include security cameras, secured doors, staged mail, and adequate rewrap procedures.
- Instruct plant management to properly address security deficiencies identified by the Postal Inspection Service, in a timely manner.

Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

September 12, 2019

MEMORANDUM FOR: ROBERT CINTRON
VICE PRESIDENT, NETWORK OPERATIONS
[REDACTED]
DISTRICT MANAGER, [REDACTED] DISTRICT

E-Signed by Inspector General
VERIFY authenticity with eSign Desktop
Darrell E. Benjamin, Jr.

FROM: Darrell E. Benjamin, Jr.
Deputy Assistant Inspector General
for Mission Operations

SUBJECT: Audit Report – Deposit by Mail Controls at Selected Mail
Processing Facilities (Report Number NO-AR-19-007)

This report presents the results of our audit of the Deposit by Mail Controls at Selected Mail Processing Facilities (Project Number 19XG011NO000).

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Margaret McDavid, Director, Network Processing, or me at 703-248-2100.

Attachment

cc: Postmaster General
Corporate Audit Response Management
Vice President, [REDACTED]
Vice President, Supply Management
Chief Postal Inspector, Postal Inspection Service

Results

Introduction/Objective

This report presents the results of our self-initiated audit of the Deposit by Mail Controls at [REDACTED] Mail Processing Facilities (Project Number 19XG011NO000). The objective of our audit was to assess controls and actions taken by the U.S. Postal Service to address identified security deficiencies surrounding the Postal Service's Deposit by Mail (DBM) service at [REDACTED] mail processing facilities.

Background

The Postal Service, at the request of a business customer, initiated a new service in February 2015 called DBM, which allows cash and high-value mailings to be sent through the Postal Service Priority Mail¹ system. The customer has [REDACTED] customer locations that participate in the DBM service. High-value DBM mail is handled and processed like any other Priority Mail.

The business customer routes its incoming [REDACTED] and outgoing [REDACTED] through [REDACTED].

“The Postal Service did not properly address security deficiencies surrounding the DBM service at the three [REDACTED] mail processing facilities.”

[REDACTED] The Postal Inspection Service and Postal Service personnel are responsible for security at these [REDACTED].

The customer's annual DBM mail volume increased from about [REDACTED] mailpieces from June 2018 to May 2019. The DBM service

generated about [REDACTED] million in revenue for the Postal Service during this period. We estimate that the business customer mailed about [REDACTED] through the DBM service from June 2018 to May 2019. The DBM service is currently expected to include up to [REDACTED].

Since 2018, the Postal Inspection Service's [REDACTED] Field Office has conducted six security reviews at the three [REDACTED] mail processing facilities. Specifically, Vulnerability Risk Assessment Tool (VRAT) reviews of facility security were performed at the [REDACTED]. VRAT is the tool the Postal Inspection Service and Postal Service employees use to identify facility security risks and vulnerabilities.

The Postal Inspection Service has conducted two additional security reviews of the DBM service, at the [REDACTED]. Security reviews are addendums to VRATs. The two security reviews examined the protocols and security practices at the Postal Service facilities that process, transport, and deliver the customer's deposit and change orders. From these reviews we identified 14 high-risk security deficiencies which impact the DBM service and determined

Finding #1: Security Deficiencies Not Addressed

The Postal Service did not properly address security deficiencies surrounding the DBM service at the three [REDACTED] mail processing facilities. Specifically, the 14 high-risk security deficiencies the Inspection Service identified for the three [REDACTED] mail processing facilities which process DBM mail were not properly addressed. In addition, we identified three additional high-risk security deficiencies during our site observations (see [Appendix B](#) for details).

¹ Priority Mail is an expedited service of mailable matter weighing no more than 70 pounds with a service objective for delivery of one to three days.

Deficiencies included:

- Lack of cameras at DBM mail processing and handling facilities (three deficiencies at the three facilities). Cameras that provide full coverage of the mail processing machines that process the DBM mail are needed.
- Unsecured doors (five deficiencies at the three facilities), including exterior doors with badge readers and interior doors left open, propped or broken (see Figure 1).
- Unsecured staged DBM mail (four deficiencies at the [REDACTED]). DBM mail is staged outside of secured areas and is accessible to unauthorized personnel (see Figure 2).
- Inadequate rewrap procedures for DBM mail (four deficiencies at the [REDACTED]). The rewrap area is where damaged or broken parcels are repaired⁴ and is accessible by unauthorized personnel and not fully covered by camera views. In addition, DBM mail is comingled with other mail and unnecessary items should be removed from the rewrap area (see Figure 3).
- Personal items were left on the workroom floor (one deficiency at the [REDACTED]).

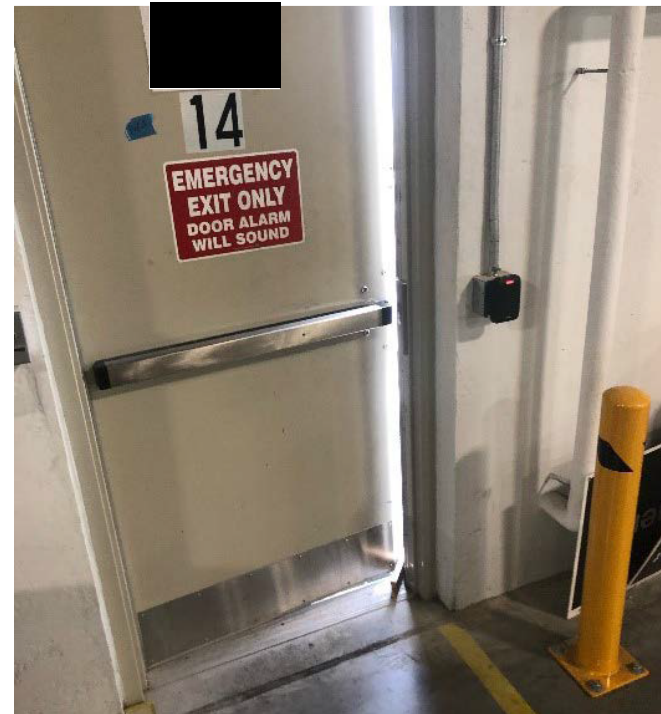
These conditions occurred because plant officials did not properly coordinate with the Postal Inspection Service to properly address the identified security deficiencies. In addition, Standard Operating Procedures (SOPs) were not developed for high-value Priority Mail such as the DBM service.

When management does not properly address security deficiencies there is an increased risk of mail theft. According to DBM business customer records, nearly

[REDACTED] from mail processing facilities for the period February through July 2019. Lost or stolen mail reflects poorly on the Postal Service's brand and public image and leaves the agency open to customer complaints.

“When management does not properly address security deficiencies there is an increased risk of mail theft.”

Figure 1. Propped Door

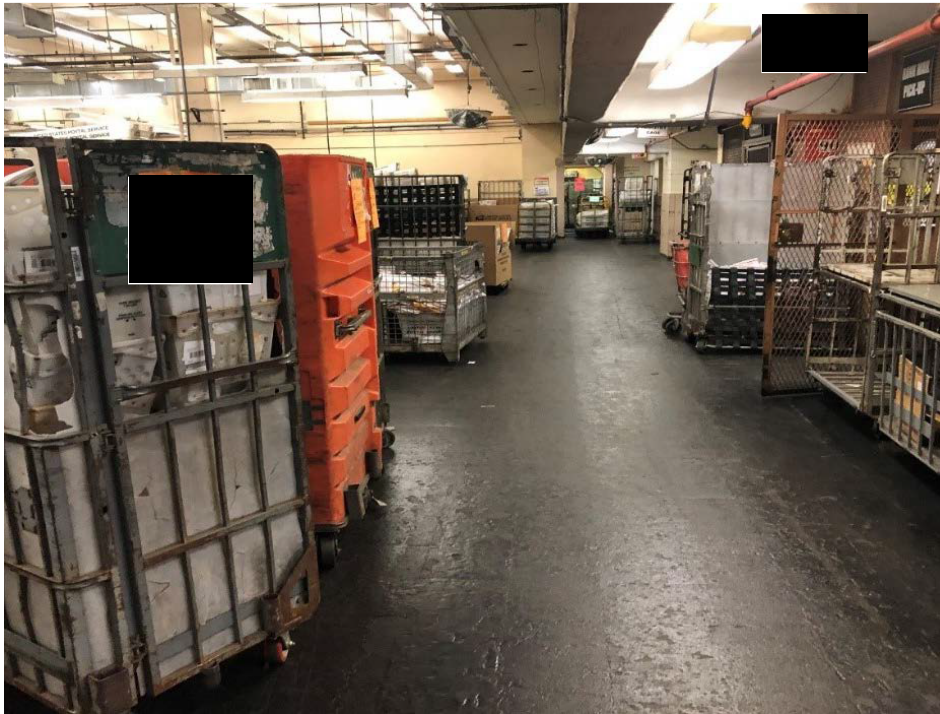


Unsecured exterior door propped open.

Source: OIG photograph taken at the [REDACTED].

⁴ Handbook M-32, *Management Operating Data System (MODS)*, dated September 2018.

Figure 2. Unsecured Staged DBM Mail



DBM mail from the previous evening is outside the cage. [REDACTED] including DBM mail, is in the Postal equipment on the left side of the aisle.
Source: OIG photograph taken at the [REDACTED].

Management Corrective Action

During our audit, the [REDACTED] plant manager issued a memorandum dated June 27, 2019, to all plant employees prohibiting personal belongings on the workroom floor; therefore, we are not making a recommendation regarding this issue.

Figure 3. Cluttered Rewrap Area



The box, flat tubs, and hard hat are examples of items that need to be removed from the rewrap area.
Source: OIG photograph taken at the [REDACTED].

Recommendation #1

The **Vice President, Network Operations**, establish standard operating procedures for the Deposit by Mail service to include security cameras, secured doors, staged mail, and adequate rewrap procedures.

Recommendation #2

The **District Manager, [REDACTED] District**, in coordination with the Vice President, Network Operations, instruct plant management to properly address security deficiencies identified by the Postal Inspection Service, in a timely manner.

Management's Comments

Management agreed with the findings and recommendation 2 and partially agreed with recommendation 1.

Regarding recommendation 1, management stated that there is no official DBM program and that the [REDACTED] District is the only location where a DBM process has been established. Also, the [REDACTED] District plants have implemented a SOP for the handling of deposits by mail and rewrap procedures and provided details with their response letter. Management stated in the event of a development and establishment of a national service for DBM, a national SOP will be developed. Additionally, the Postal Inspection Service has installed security cameras at the [REDACTED] and will be installing cameras at the [REDACTED]. The target implementation date is November 30, 2019.

Regarding recommendation 2, management stated that they have reissued service talks to employees at the mail processing facilities addressing employee responsibility concerning building security and protection of the mail. In addition, they stated that all security deficiencies identified by the Postal Inspection Service related to facility entry and exit points, and security cameras will be corrected. The target implementation date is November 30, 2019.

See [Appendix C](#) 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 corrective actions should resolve the issues identified in the report. Regarding management's statement concerning the existence of an official DBM program, we revised the final report to reflect that this is not an official program and instead refer to it as a service. Concerning the SOP, during the course of our audit, management developed a SOP for the [REDACTED] District plants. We agree that in the event DBM is expanded nationally, a national SOP should be developed.

All recommendations require OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. 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 below to navigate to the section content.

Appendix A: Additional Information.....	9
Scope and Methodology.....	9
Prior Audit Coverage.....	9
Appendix B: Audit Checklist.....	10
Appendix C: Management’s Comments.....	12

Appendix A: Additional Information

Scope and Methodology

The scope of this project was security deficiencies surrounding the Postal Service's DBM service at [REDACTED] mail processing facilities. These facilities include the [REDACTED]

To accomplish our objective, we reviewed six Postal Inspection Service security reviews and conducted observations of the DBM service at [REDACTED] mail processing facilities and identified 17 high-risk security deficiencies which impact the DBM service. These reviews included:

- Four Postal Inspection Service VRAT reports at [REDACTED] mail processing facilities, [REDACTED]
- Two Postal Inspection Service supplemental security reviews at [REDACTED] mail processing facilities, dated [REDACTED].

We also observed DBM mailings at the three [REDACTED] mail processing facilities. In addition, we interviewed Postal Service managers at the three [REDACTED] area mail processing facilities and [REDACTED] District to determine the actions management has taken to address the 17 high-risk security deficiencies.

We conducted this performance audit from June 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 findings and conclusions based on our audit objective. We discussed our observations and conclusions with management on August 9, 2019, and included their comments where appropriate.

We assessed the reliability of DBM package volume data and revenue by interviewing agency officials knowledgeable about the data. We determined that the data were sufficiently reliable for the purposes of this report.

Prior Audit Coverage

The OIG did not identify any prior audits or reviews related to the objective of this audit conducted within the last five years.

Appendix B: Audit Checklist

Item	Location	High-Risk Security Deficiency	OIG Observations
1	██████████ ██████████	The camera system is not adequately located in the facility to monitor deposit by mail (DBM) mailings throughout the facility. <i>Source:</i> U.S. Postal Inspection Service (USPIS) VRAT review, April 6, 2018.	There was one camera outside the ██████████. Its view of the cage door and inside the cage was obstructed. There was a fixed camera on the dock, which was not used as the assigned door for ██████████ or transfers of DBM mail from the ██████████.
2	██████████ ██████████	Badge entry point doors are not all secured and fully operational. <i>Source:</i> USPIS VRAT review, April 6, 2018.	We observed badge entry doors purposely disabled. Another badge entry door was broken and could not be closed.
3	██████████ ██████████	The holding area for DBM mail awaiting ██████████ is not secure. <i>Source:</i> OIG observations, June 19, 2019.	We observed an unlocked interior door leading to the DBM mail holding area. There was also open unsecured access at both ends of the window unit leading to the holding area.
4	██████████ ██████████	The DBM mail is not properly secured on the P&DC workroom floor. <i>Source:</i> OIG observations, June 19, 2019.	DBM mail was staged in an unattended location outside the ██████████ cage prior to being worked.
5	██████████ ██████████	The DBM mail is not worked and secured in the ██████████ cage. <i>Source:</i> USPIS security review, March 5, 2019.	DBM mail was processed outside of the ██████████ cage, which was cluttered with empty mail containers. Also, we noted unsupervised couriers around the staged DBM mail.
6	██████████ ██████████	Exterior doors are not fully functional with regards to an audible alarm signaling that the doors were open. <i>Source:</i> USPIS VRAT review, April 4, 2019.	Exit doors were propped open and the audible alarm was not operational.
7	██████████ ██████████	Cameras do not cover DBM mail on the machines that process this mail. <i>Source:</i> USPIS security review, March 5, 2019.	Additional cameras are needed to fully view the mail processing machines that process DBM mail.
8	██████████ ██████████	Sufficient cameras are not in place to monitor and observe the movement and separation of DBM mail throughout the facility. The ability to view and record transactions of DBM mail is limited because dedicated cameras are not in place to obtain a clear view of the arrival and unloading process. <i>Source:</i> USPIS security review, March 5, 2019.	Some of the lookout galleries and cameras are blocked by conveyor belts and other equipment. This creates blind spots in the building where DBM mail cannot be observed throughout the facility.
9	██████████ ██████████	The DBM mail is not staged in a secure area after the mail has been processed. <i>Source:</i> OIG observations, June 18-19, 2019.	DBM mail was staged with the other unsecured processed Priority Mail.

Item	Location	High-Risk Security Deficiency	OIG Observations
10	██████████ ██████████	Employees placed personal bags or items on the workroom floor. <i>Source:</i> USPIS Security Review, March 5, 2019.	Several employees were observed bringing personal bags on the workroom floor.
11	██████████ ██████████	Twenty of the 21 exterior doors in the facility were unable to lock mechanically. The doors are equipped with emergency exit panic bars (EPBs). The EPBs disengage when the doors are open from the outside, allowing entrance into the building. <i>Source:</i> USPIS VRAT Review, April 25, 2018.	Twenty of the 21 exit doors were not locked and none of the EPBs were operational.
12	██████████ ██████████	Not all doors have the access control system. The access control system is present only at the main entrance to the plant. <i>Source:</i> USPIS VRAT Review, April 25, 2018.	Only 1 of the 21 exit doors had an access control system. The only door that had one was the main entrance door.
13	██████████ ██████████	The entrance to the rewrap area is not restricted to only two assigned personnel. <i>Source:</i> USPIS Security Review, September 27, 2018.	The audit team observed five employees working in the rewrap area during site visit.
14	██████████ ██████████	Items were in the damaged mail section that did not belong in the area. These items obstruct the cameras from observing the employees working in the damaged mail area. <i>Source:</i> USPIS Security Review, September 27, 2018.	Clutter in the damaged mail section needed to either be organized or removed to eliminate obstructions that prevent cameras from observing the employees working in the area.
15	██████████ ██████████	The damaged mail area does not have a secure place to stage DBM mailings. <i>Source:</i> USPIS Security Review, September 27, 2018.	DBM damaged mail was located in an unlocked fenced-in area.
16	██████████ ██████████	The DBM mail is not moved around the workroom floor in a secure container. <i>Source:</i> USPIS Security Review, September 27, 2018.	DBM mail was moved on regular, unsecured Postal Service equipment through the facility.
17	██████████ ██████████	The incoming and outgoing recording method detailing the final resolution of rewrapped mail has not been updated. <i>Source:</i> USPIS Security Review, September 27, 2018.	Management was unable to provide a recording log for the rewrap area.

Appendix C: Management's Comments



August 30, 2019

LAZERICK C. POLAND
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Draft Audit Report Response – Deposit by Mail Controls at
Selected Mail Processing Facilities
(Report Number – NO-AR-19-DRAFT)

The following is provided in response to your audit of Deposit by Mail Controls at Selected Mail Processing Facilities. Management agrees with the report's findings and recommendations.

Management's response to the recommendations audit report may be found below.

Recommendation #1:

Establish Standard Operating Procedures for the DBM program to include security cameras, secure doors and staged mail, and adequate rewrap procedures.

Management Response/Action Plan:

Management partially agrees with the recommendation. There is no official Deposit by Mail Program as alluded to in this audit. The processing of the incoming and outgoing priority envelopes pertaining to [REDACTED] mailings is a full automated process that utilizes the established Priority Mail Service.

Currently, the [REDACTED] District is the [REDACTED] established for [REDACTED] however, in the event of the development and establishment of [REDACTED] a standard operating procedure (SOP) similar but not limited to the local SOP implemented by the [REDACTED] District will be developed.

The [REDACTED] District plants have implemented a local standard operating procedure for the handling of the originating/outgoing [REDACTED] priority envelopes received from the [REDACTED] in order to ensure the security of the [REDACTED] while the Postal Service has custody. Additionally, the USPSIS installed security cameras at the [REDACTED] Distribution Center (NDC) where all destinating priority packages are processed,

475 L'ENFANT PLAZA SW RM 7011
WASHINGTON, DC 20260-7607
202 268-4379

and will be installing cameras at the [REDACTED] where the originating [REDACTED] priority packages are processed. The [REDACTED] District plants have established adequate re-wrapped standard operating procedures.

Target Implementation Date:

Implementation target date of November 30, 2019.

Responsible Official:

District Manager, [REDACTED] District

Recommendation #2:

Instruct plant management to properly address security deficiencies identified by the Postal Inspection Service, in a timely manner.

Management Response/Action Plan:

Management agrees with this recommendation. The [REDACTED] District has reissued Service Talks to employees at the processing facilities addressing employee responsibility with regards to building security, and protection of the mail. All security deficiencies related to facility entry and exit points will be corrected.

The [REDACTED] District is working with the USPSIS to install security cameras at the [REDACTED] in the specific areas that have been collectively identified.

Target Implementation Date:

Implementation target date of November 30, 2019.

Responsible Official:

District Manager, [REDACTED] District



Robert Cintron
Vice President
Logistics

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.
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