



Office of Inspector General | United States Postal Service

Audit Report

Alaska Mail Services

Report Number 22-090-R22 | September 28, 2022



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Highlights

Background

The U.S. Postal Service is required to provide universal service to every person in the United States. Most of Alaska's communities are not connected due to its vast geography and lack of surface highway and road infrastructure. To meet its mission in Alaska, the Postal Service uses airplanes, helicopters, hovercraft, and other modes of non-traditional transportation to deliver mail to 82 percent of the communities that are not accessible by road.

Alaska mail services includes two primary classifications of mail — priority and non-priority service. Priority mail consists of First-Class, Priority, and Express Mail; and non-priority mail consists of in-house non-priority and bypass mail. Bypass mail is prepared and tendered by authorized shippers directly to air carriers for transportation and delivery to rural Alaska, thus bypassing the Postal Service.

What We Did

Our objective was to evaluate the internal controls for mail movement and payment processes of the Alaska mail services. We conducted site visits in Anchorage, Bethel, and Fairbanks the week of May 23, 2022. In addition, we interviewed Postal Service management, reviewed internal controls for mail acceptance, and analyzed air carrier payments and bypass mail program costs.

What We Found

We identified internal control deficiencies related to mail movement and payments for Alaska mail services. Specifically, we found issues with mail movement

“We identified internal control deficiencies related to mail movement for the Alaska mail services and accuracy and timeliness of air carrier payments.”

visibility and mail acceptance, including scheduling appointments with air carriers, mail qualification and postage verification, and weight thresholds for bypass mail. Additionally, the Postal Service was not always reviewing or monitoring air carrier performance. Furthermore, we found the Postal Service did not always ensure the timeliness and accuracy of air carrier payments, which resulted in an annualized cost of \$346,649, and was unable to determine bypass program costs.

Recommendations

We recommend the Postal Service develop a plan to complete the evaluation and implementation of a solution that will provide mail movement visibility, require shippers to schedule appointments with air carriers to tender mail and perform mail and postage verification, establish a standard weight threshold for the verification of shipments, backfill the network specialist position, establish a review and approval process for air carrier payments, issue supplemental guidance to the air carriers to submit claims within 30 days, and establish separate general ledger accounts for bypass mail program costs.

Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

September 28, 2022

MEMORANDUM FOR: ROBERT CINTRON
VICE PRESIDENT, LOGISTICS

Mary H. Lloyd

FROM: Mary Lloyd
Acting Deputy Assistant Inspector General
for Mission Operations

SUBJECT: Audit Report – Alaska Mail Services
(Report Number 22-090-R22)

This report presents the results of our audit of Alaska Mail Services.

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

Attachment

cc: Postmaster General
Corporate Audit Response Management

Results

Introduction/Objective

This report presents the results of the Alaska Mail Services audit requested by Postal Service Air Networks Management (Project Number 22-090). Our objective was to evaluate the internal controls for mail movement and payment processes of the Alaska mail services. See [Appendix A](#) for additional information about this audit.

Background

The U.S. Postal Service is required to provide universal service to every person in the United States. Due to Alaska's vast geography and lack of surface highway and road infrastructure, most of its communities are not connected. To meet its mission in Alaska, the Postal Service uses airplanes, helicopters, hovercraft, and other modes of non-traditional transportation to deliver mail to 82 percent of the communities that are not accessible by road.

Alaska mail services includes two primary classifications of mail — priority and non-priority service. Priority mail consists of First-Class, Priority, and Express Mail and non-priority mail consists of in-house non-priority¹ and bypass mail.² Bypass mail is mail that is prepared and tendered by authorized shippers directly to air carrier facilities at acceptance points for transportation and delivery to rural Alaska; thus bypassing the Postal Service. The Postal Service has acceptance points for bypass mail in two major Alaskan cities, Anchorage and Fairbanks. Authorized shippers prepare shrink-wrapped pallets and tender mail directly to air carriers for transportation and delivery to rural Alaska.

The U.S. Department of Transportation establishes and provides the rates for Intra-Alaska mainline³ and bush⁴ air service mail. Mainline air carriers have two distinct pay rates — priority service rate and non-priority service rate. Bush air carriers have a single pay rate regardless of mail classification. The Postal Service is responsible for paying air carriers for their transportation and



delivery services and uses the Surface-Air Management System Alaska (S-AMS Alaska)⁵ to calculate air carrier payments.

Handbook PO-508, *Intra-Alaska Mail Services by Air: Instructions for Certificated Air Carriers and Bypass Mail*, contains regulations and instructions for the preparation, acceptance, handling, and transport of mail by air carriers and bypass mail shippers within the state of Alaska. It also contains administrative instructions for Postal Service officials. Further, the handbook defines air carrier responsibilities, types of service, rates, pay documents and related forms, and bypass mail responsibilities.

¹ In-house non-priority consists of USPS Retail Ground and weighs 70 pounds or less and is processed and handled by the Postal Service.

² Weighs a minimum of 1,000 pounds.

³ Designated for aircrafts capable of handling freight capacity greater than 7,500 pounds.

⁴ Capable of handling freight capacity of 7,500 pounds or less.

⁵ A Postal Service computer application that controls the dispatch and tendering of non-priority service mail.

Findings Summary

Our review identified internal control deficiencies related to mail movement and payments for Alaska mail services. Specifically, we found issues with mail movement visibility and mail acceptance, including scheduling appointments with air carriers, mail qualification and postage verification, and weight thresholds for bypass mail. Additionally, the Postal Service was not always reviewing or monitoring air carrier performance. Furthermore, the Postal Service did not always ensure the timeliness and accuracy of air carrier payments and was unable to determine bypass program costs.

Finding #1: Mail Movement Visibility

The Postal Service has limited visibility of the movement of mail throughout Alaska. Specifically, the Postal Service does not have real-time visibility to track the movement of mail. As outlined in its 10-Year plan, the Postal Service stated that it would provide new and emerging technologies to provide real-time management visibility to enhance operational performance.⁶

During our audit, management stated that they are currently implementing a scanning solution to track the movement of mail. The total budget is \$190,800 for the mail inventory and air carrier scanning solution. The planned spend for fiscal year (FY) 2022 is \$110,800 and the remaining \$80,000 is planned for FY 2023. Management plans to implement mail inventory scanning by Postal Service employees by September 2022 and scanning by air carriers by January 2023. Due to the lack of scanning, the Postal Service could not determine the on-hand mail inventory at air carrier facilities and manage the timely delivery of mail.

Recommendation #1

We recommend the **Vice President, Logistics**, develop a plan to complete the evaluation and implementation of a solution that will provide visibility over mail movement in Alaska.

Finding #2: Mail Acceptance

During our site visits to Anchorage, Bethel, and Fairbanks during the week of May 23, 2022, we identified internal control deficiencies with mail acceptance. Specifically, we found issues with shippers failing to schedule appointments, Postal Service personnel not verifying mail qualifications and postage, and weight thresholds.

Scheduled Appointments

Because the Postal Service did not enforce its policy, shippers were not scheduling appointments to inform air carriers when mail was available for acceptance. Postal Service policy⁷ states that if the shipper fails to keep appointments or to arrive on time for appointments with air carriers, the Postal Service reserves the right to deny a shipper participation in the bypass mail program.

During our site observations, air carriers stated that there were times when the acceptance point in Anchorage was congested because multiple shippers dropped off the mail at the same time. Air carrier staff at the acceptance points were also overwhelmed because the shippers arrived at the same time. When shippers do not schedule appointments, air carriers cannot effectively plan and manage the distribution and flow of the mail, which could lead to mail not being delivered timely.

Bypass Mail Qualifications and Postage Verification

The Postal Service was not reviewing the bypass mail to determine if it met mail qualifications and was not verifying the postage on bypass mail. The shipper is responsible for preparing the mail and affixing the metered postage before tendering it to the air carriers. According to policy,⁸ Postal Service personnel are required to verify bypass qualification and postage at the time of acceptance. However, the process was not followed for at least 10 years due to elimination of acceptance clerks.

⁶ *Delivering for America: Our Vision and Ten-Year Plan to Achieve Financial Sustainability and Service Excellence.*

⁷ Handbook PO-508, Section 8-3.6.a.

⁸ Handbook PO-508, Appendix A.

During our site observations, we found instances where the bypass mail did not meet mail qualifications and should have been rejected. For example, a shipper used a P.O. Box as addressee, which is prohibited; different addresses were used for the same pallet; and there were no destination addresses on four pallets. When bypass mail does not meet mail qualifications or postage is not verified, there is an increased risk of unqualified mail being accepted or incorrect postage being collected. The Postal Service may also be at risk of opportunities for fraud, waste, and abuse.

Weight Thresholds

We determined the air carriers used different weight thresholds for accepting bypass mail. The shipper is responsible for weighing the bypass mail and entering the shipment information in the system. When air carriers receive bypass mail from the shippers before accepting or rejecting the mail, they perform a weight verification to determine if the weight the shipper reports is accurate. During our site visits, air carriers stated that they are accepting bypass mail that weighs between 10 and 60 pounds over or under what the shipper reported. This occurred because the Postal Service has not established a weight tolerance threshold that air carriers can accept for each pallet. Without the weight thresholds, the Postal Service is at risk of paying the air carriers incorrectly.

Recommendation #2

We recommend the **Vice President, Logistics**, require shippers to schedule appointments to tender bypass mail to air carriers and have Postal Service officials perform mail and postage verification.

Recommendation #3

We recommend the **Vice President, Logistics**, establish a standard weight threshold for the verification of shipments by air carriers.

Finding #3: Air Carrier Performance

The Postal Service was not always reviewing or monitoring air carrier performance. During FY 2021, the Postal Service issued 300 Postal Service (PS) Forms 2759, *Report of Irregular Handling of Mail*, due to the air carrier mishandling mail. Most of the issues noted on these forms relate to failure to load, failure to protect, failure to notify, and delayed delivery. This form is primarily intended as a management tool for local Postal Service officials and air carrier management. However, the Postal Service did not review PS Forms 2759 for accuracy and conduct monthly meetings with air carriers to discuss the issues and corrective actions as required by Postal Service policy.⁹

This occurred because the Postal Service did not provide effective oversight of air carrier performance by not backfilling the network specialist position. As a result, there is increased risk of not holding the air carriers accountable for the performance requirements, which may delay mail deliveries.

Recommendation #4

We recommend the **Vice President, Logistics**, backfill the network specialist position so that air carrier performance is monitored and reviewed timely and corrective action is initiated when necessary.

Finding #4: Air Carrier Payments and Bypass Mail Program Costs

We analyzed payment data from S-AMS Alaska for FY 2021 and found that the Postal Service did not always ensure the timeliness and accuracy of air carrier payments. Additionally, the Postal Service was unable to determine bypass mail program costs.

⁹ Handbook PO-508, Sections 4-2.2, b and c, and 9-5.2.1.

Timeliness of Payments

Local Postal Service personnel did not enter 6,307 PS Forms 2729-A, *Record of Loose Mail Dispatched*,¹⁰ into S-AMS Alaska timely to process the payments. The data entered in the system ranged from 1 to 728 days late (see Table 1). Per Postal Service policy,¹¹ administrative officials¹² are required to ensure that payment documents are inputted daily.

Table 1. Number of Days Late for Entering PS Form 2729-A

Number of Days Late	Number of PS Forms 2729-A
1 to 30	4,185
31 to 90	1,179
91 to 180	354
181 to 360	466
361 to 728	123
Total	6,307

Source: S-AMS Alaska FY 2021 payment data.

Additionally, air carriers did not enter 56 PS Forms 2734, *Mail Exception Report*,¹³ into S-AMS Alaska carrier webpage interface timely in FY 2021. This form is used when a Postal Service official directs an air carrier to transfer mail from the assigned air carrier to another air carrier due to transportation exceptions,¹⁴ and it

is required to be approved by Postal Service personnel. The data entered in the system ranged from 1 to 512 days late (see Table 2). Postal Service personnel responsible for processing PS Form 2734 are required to verify that all the information is recorded correctly and input into S-AMS Alaska daily.¹⁵

Table 2. Number of Days Late for Entering PS Form 2734

Number of Days Late	Number of PS Forms 2734
1 to 30	28
31 to 90	21
91 to 180	4
181 to 360	2
361 to 512	1
Total	56

Source: S-AMS Alaska FY 2021 payment data.

Issues with the timeliness of air carrier payments occurred because Postal Service officials did not have enough time to review and enter payment information daily. Additionally, the Postal Service did not verify that air carriers entered the mail transfer information in the system at the time of the transfer. When payment information is not entered timely, the Postal Service is at risk of incurring additional administrative time, costs, and penalties for late payments.

10 The Postal Service uses this manual form to authorize the dispatch of mail and as a pay document for air carriers.

11 Handbook PO-508, Section 4-2.1e.

12 Designated to monitor the movement of mail via air, including dispatch, receipt, review of air carrier operations, payment review, and communication with air carriers on operational issues.

13 When air carriers transfer mail to other carriers for transportation, they are responsible for completing PS Form 2734 and entering the information in S-AMS Alaska, and Postal Service personnel approves the transfer in the system.

14 When the air carrier does not handle dispatched mail according to the routing instructions on the distribution and routing tag, Intra-Alaska Routing Labels (Label AK-53), and PS Form 2729-A.

15 Handbook PO-508, Sections 5-3.2.1 and 4-2.1e.

Inaccurate Payment Data

The Postal Service did not ensure the accuracy of the air carrier payments. For example:

- The Department of Transportation establishes rates for air transportation in Alaska. We found that the Postal Service did not enter correct rates in the system to calculate the mainline linehaul (priority and non-priority mail) services between April 4 and May 8, 2020.¹⁶ Additionally, management was aware of the overpayments but did not follow up to ensure the process for recovering overpayments was completed. We determined the

“We found the Postal Service entered incorrect rates in the system resulting in overpayments to air carriers and in excise taxes by about \$305,000 thousand and failure to recoup overpayments.”

Postal Service overpaid air carriers and excise taxes by \$305,036 due to failure to follow the process to recoup overpayments.

- Postal Service personnel did not cancel Label AK-53, which are affixed by the shipper to each pallet describing the order number, pallet number, and routing information. Specifically, from May 26 to June 13, 2022, 14 Label AK-53s were incorrectly printed and not cancelled at the Anchorage Processing and Distribution Facility, resulting in overpayments to air carriers of \$1,802. Postal Service policy¹⁷ requires a supervisor to review incorrect Labels AK-53 and forward them to the transportation manager for review and cancellation, if needed.
- PS Forms 2729-A were entered incorrectly in S-AMS Alaska. For example, one record was entered with a date of August 19, 2012, instead of August 19, 2021, and three records were entered with the wrong weight and the air carriers were overpaid by \$39,811 (see Table 3).¹⁸ Postal Service policy states that administrative officials are to ensure the forms are properly prepared, signed, and entered in the system.¹⁹

Table 3. PS Form 2729-A with Incorrect Weight Entered and Paid

Record Number	S-AMS Alaska Recorded Weight	Total Payment	PS Form 2729 Weight	Corrected Total Payment	Overpaid Amount
01160928	2,668	\$3,635.79	268	\$365.21	\$3,270.58
01389961	6,787	8,976.22	678	896.70	8,079.52
01393208	16,950	31,530.41	1,650	3,069.33	28,461.08
Total	26,405	\$44,142.42	2,596	\$4,331.24	\$39,811.18

Source: PS Form 2729-A provided by the Postal Service.

¹⁶ We reviewed payment adjustments in FY 2021 for services performed during FY 2020.

¹⁷ *Local Standard Operating Procedures for Canceling an Incorrect Air Assignment Label.*

¹⁸ We analyzed FY 2021 payment data and identified 106 records where the weight of the mail was over 2,500 pounds. The Postal Service only provided 15 of 106 PS Forms 2729-A that the U.S. Postal Service Office of Inspector General (OIG) requested.

¹⁹ Handbook PO-508, Section 4.2.1.

These issues occurred because management did not provide effective oversight of the processes to ensure accuracy of air carrier payments. Additionally, there is no review and approval process in place to ensure the accuracy of air carrier payments. As a result, the Postal Service incurred questioned costs of \$346,649 for FY 2021 due to overpayments to air carriers, non-cancellation of Labels AK-53, and incorrect weight entries.

Air Carrier Claims

From February 2021 through July 2022, 35 payment claims were submitted by air carriers after the 30-day requirement. These claims were submitted between 61 and 383 days after service. Postal Service policy²⁰ states that if an air carrier identifies a discrepancy, they must pursue corrective action within 30 calendar days by completing a PS Form 2747, *Intra-Alaska Payment Claim Worksheet*. This occurred because management did not provide effective oversight of the process to ensure claims were submitted timely. This resulted in significant administrative work for Postal Service personnel requiring them to go back through their manual records to verify claims that were past 30 days.

Bypass Mail Costs

The Postal Service was unable to determine bypass mail program costs. We reviewed the general ledger accounts for Alaska mail service transportations costs and found the bypass mail program costs were comingled with in-house non-priority mail costs. This occurred because management did not establish separate general ledger accounts to distinctly identify the bypass mail program costs.

Postal Service management stated that there should be separate general ledger accounts established for proper accounting of bypass program costs. Without knowing the cost of the bypass program, management cannot make informed operational and financial decisions that may impact the program.

Recommendation #5

We recommend the **Vice President, Logistics**, establish a review and approval process for air carrier payments and provide oversight to ensure air carrier payments are timely and accurate. Additionally, initiate recovery of the overpayments paid to air carriers.

Recommendation #6

We recommend the **Vice President, Logistics**, issue supplemental guidance to the air carriers to remind them to submit claims within 30 days and provide written documentation to the air carrier when a claim is not submitted timely.

Recommendation #7

We recommend the **Vice President, Logistics**, coordinate with the Postal Service Headquarters Finance group to establish separate general ledger accounts for bypass mail program costs.

Management's Comments

Management generally agreed with the findings; agreed with recommendations 2, 3, 4, 5, and 6; but disagreed with recommendations 1 and 7. Management agreed with the monetary impact, but are still evaluating it locally. See [Appendix B](#) for management's comments in their entirety.

Regarding recommendation 1, management disagreed with this recommendation and stated that they have not determined whether they can implement a solution that will provide visibility over mail movement in Alaska. However, they are currently evaluating the feasibility and practicability of implementing a solution.

Regarding recommendation 2, management stated that a periodic review needs to be performed to ensure air carriers and shippers are complying with Handbook PO-508 and will determine the practicality of USPS officials conducting the reviews. The target implementation date is March 31, 2023.

Regarding recommendation 3, management stated that Handbook PO-508 already requires bypass mail shipments to be accurate, but will reissue the written

²⁰ Handbook PO-508, Section 5.4.

instructions to all air carriers to follow the applicable requirements. The target implementation date is October 31, 2022.

Regarding recommendation 4, management acknowledged the need to provide sufficient oversight. However, there is no vacant network specialist position in Anchorage; the Manager, Transportation and Networks, position is vacant and was posted at the beginning of September. Management stated that they will follow the established selection policies and procedures to fill the vacant position. The target implementation date is November 30, 2022.

Regarding recommendation 5, management stated that they oversee the payment process through the S-AMS Alaska system, which provides information on air carrier payments, and through the transfer reconciliation process, initiates recovery of air carrier overpayments. Management stated that they will implement a periodic review process to ensure timely and accurate payments to air carriers. The target implementation date is January 31, 2023.

Regarding recommendation 6, management stated that they will issue guidance to air carriers reminding them to submit claims within 30 days. Management will also provide written documentation to air carriers when submitted claims are outside the 30-day timeframe. The target implementation date is October 30, 2022.

Regarding recommendation 7, management disagreed with this recommendation stating that they currently track volume and costs associated with each mail type through S-AMS Alaska and it is not necessary to establish a separate general ledger account to track bypass mail program costs because it would require significant effort and cost to update the systems. Therefore, management did not provide a target implementation date.

Evaluation of Management's Comments

The OIG considers management's comments responsive to recommendations 2, 3, 4, 5, and 6 and corrective actions should resolve the issues identified in the report. We consider management's comments nonresponsive to recommendations 1 and 7.

Regarding recommendation 1, management budgeted \$190,800 for a mail inventory and air carrier scanning solution. Management initially informed us that they plan to implement mail inventory scanning for Postal Service employees by September 2022 and scanning for air carriers by January 2023. Due to the lack of scanning, the Postal Service could not determine the on-hand mail inventory at air carrier facilities and manage the timely delivery of mail. Management did not address the recommendation for developing a plan to evaluate the feasibility and practicability of implementing a solution. We view the disagreement on recommendation 1 as unresolved and plan to pursue it through the audit resolution process.

Regarding recommendation 5, management agreed with the monetary impact and stated that they are still evaluating the impact locally. However, they did not address the recovery of OIG-identified overpayments.

Regarding recommendation 7, the Postal Service was unable to determine bypass mail program costs. The S-AMS Alaska system has the capability to track volume and costs associated with each mail type; however, the system is static and does not generate automated cost informational management reports. It requires a significant manual workaround to obtain the required information. Management initially stated that management should establish separate general ledger accounts for proper accounting of bypass program costs. Without knowing the cost of the bypass program, management cannot make informed operational and financial decisions that may impact the program. We view the disagreement on recommendation 7 as unresolved and plan to pursue it through the audit resolution process.

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

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Appendix A: Additional Information

Scope and Methodology

The scope of our audit was to review FY 2021 air carrier payment data for Alaska mail services. To accomplish our audit objective, we:

- Interviewed Headquarters Air Logistics and Pacific Northwest Division management and local personnel in Anchorage, AK, to gain an understanding of air carrier performance and the bypass mail program.
- Reviewed dispatch and receiving procedures for mail transported in Alaska.
- Determined if mail is scanned when assigned to air carriers.
- Determined if Postal Service managers reviewed and addressed service performance for air carriers. Obtained and reviewed PS Forms 2759.
- Reviewed payment policies and processes for Alaska mail services.
- Reviewed the process for completing PS Forms 2734.
- Obtained and analyzed the air carrier payment data to determine if payments were processed accurately and timely.

- Conducted site observation during the week of May 23, 2022, and interviewed a shipper, air carriers, and a retailer in Anchorage, Fairbanks, and Bethel, AK.

We conducted this performance audit from March through September 2022 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 26, 2022, and included their comments where appropriate.

We assessed the reliability of S-AMS Alaska payment data by interviewing Postal Service officials and testing selected data fields and comparing accounts payable payment data from the Enterprise Data Warehouse to S-AMS Alaska payment data. 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
<i>Uncompensated and Undercompensated Services</i>	Determine whether the Postal Service is appropriately compensated for selected government and business services.	20-208-R21	4/5/2021	\$2.1 billion

Appendix B: Management's Comments



September 22, 2022

JOHN CIHOTA
DIRECTOR, AUDIT SERVICES

SUBJECT: Management Response: Alaska Mail Services
(Project Number 22-090-DRAFT)

Thank you for providing the Postal Service with an opportunity to review and comment on the finding and recommendation contained in the draft audit report, *Alaska Mail Service*. Although management generally agrees with the OIG findings regarding visibility and oversight of the Alaska Mail Services, we do not agree with several of the recommendations provided in this report as outlined below.

Management does not disagree with the monetary impact identified, however, the impact stated in the report is still being evaluated locally.

Recommendation 1:

We recommend the **Vice President, Logistics**, develop a plan to complete the evaluation and implementation of a solution that will provide visibility over mail movement in Alaska.

Management Response:

Management disagrees with this recommendation. We are currently evaluating the feasibility of developing a potential visibility solution for the mail movement in Alaska. We are also currently evaluating the practicality of implementing such a solution. Due to the geographical challenges; limited personal, data transmission constraints and connectivity in some of the remote locations, we have not yet determined if we can implement a visibility solution.

Target Implementation Date:

N/A

Responsible Official:

N/A

Recommendation 2:

We recommend the **Vice President, Logistics**, require shippers to schedule appointments to tender bypass mail to air carriers and have Postal Service officials perform mail and postage verification.

Management Response 2:

Management agrees with this recommendation. We agree there needs to be a periodic review to ensure the air carriers and shippers are following the instructions outlined in the PO 508 "Bypass Preparation". We will review the practicality of USPS officials conducting such periodic reviews.

Target Implementation Date:

March 31, 2023

Responsible Official:

Division Director, Pacific NW
Director, Commercial Air and Revenue Protection

Recommendation 3:

We recommend the **Vice President, Logistics**, establish a standard weight threshold for the verification of shipments by air carriers.

Management Response 3:

Management agrees with this recommendation. We agree with this recommendation because PO 508 already requires Bypass mail shipments to be accurate. We will reissue the written instructions to all Air Carriers to follow the applicable requirements in the PO 508 and the DMM.

Target Implementation Date:

October 31, 2022

Responsible Official:

Director, Commercial Air Operations

Recommendation 4:

We recommend the **Vice President, Logistics**, backfill the network specialist position so that air carrier performance is monitored and reviewed timely and corrective action is initiated when necessary.

Management Response 4:

Management agrees with the intent of this recommendation, which is to ensure sufficient oversight. Currently there is no vacant network specialist position in Anchorage. The Manager, Transportation and Networks is currently vacant, and

was posted in the eCareer system in the beginning of September. The USPS will follow the established selection policies and procedures to fill the vacant position.

Target Implementation Date:

November 30, 2022

Responsible Official:

Division Director, West-Pac Division

Recommendation 5:

We recommend the Vice President, Logistics, establish a review and approval process for air carrier payments and provide oversight to ensure air carrier payments are timely and accurate. Additionally, initiate recovery of the overpayments paid to air carriers.

Management Response 5:

Management agrees with this recommendation. There is a current carrier payment process in place utilizing the S-AMS Alaska system. The S-AMS Alaska system provides information regarding the air carrier payments and, through the transfer reconciliation process, initiates the recovery of overpayments to air carriers. Management will initiate a periodic review process to ensure the USPS is executing timely and accurate payments to air carriers.

Target Implementation Date:

January 31, 2023

Responsible Official:

Division Director, West-Pac Division
Director, Commercial Air Operations

Recommendation 6:

We recommend the Vice President, Logistics, issue supplemental guidance to the air carriers to remind them to submit claims within 30 days and provide written documentation to the air carrier when a claim is not submitted timely.

Management Response 6:

Management agrees with this recommendation. The USPS will issue guidance to the air carriers to remind them to submit claims within 30 days. We will also provide written documentation to the air carrier when a claim is submitted outside of the 30-day timeframe.

Target Implementation Date:

October 30, 2022

Responsible Official:
Manager, Transportation Anchorage

Recommendation [7]:
We recommend the **Vice President, Logistics**, coordinate with the Postal Service Headquarters Finance group to establish separate general ledger accounts for bypass mail program costs.

Management Response/Action Plan [7]:
Management disagrees with this recommendation. We currently track volumes and costs associated with each mail type (Bypass, IHNP, Priority) through S-AMS Alaska. Establishing a separate GLA is not necessary to track the Bypass mail program costs. Creating a new GLA for Bypass mail would require significant and superfluous effort and cost to update the systems used to pay these programs.

Target Implementation Date:
N/A

Responsible Official:
N/A

Robert
Cintron

Digitally signed
by Robert Cintron
Date: 2022.09.22
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Robert Cintron
Vice President, Logistics

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