



November 14, 2018

**MEMORANDUM FOR:** ROBERT CINTRON  
VICE PRESIDENT, NETWORK OPERATIONS

Janet Sorensen 



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

**SUBJECT:** Management Alert – Inbound International Mail Operations –  
[REDACTED] and  
Nearby Offsite Facilities (Report Number MS-MT-19-001)

This management alert presents the results of our review of Inbound International Mail Operations – [REDACTED] and nearby offsite facilities (Project Number 18RG010MS001). We are issuing this alert to facilitate immediate corrective actions regarding the U.S. Postal Service's ability to fulfill the U.S. Customs and Border Protection's advanced electronic data-based holds for inbound international mail. These issues present potential public safety and security concerns to the U.S. Postal Service, its employees, and the general public.

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

Attachment

cc: Postmaster General  
Corporate Audit Response Management

## Introduction

The purpose of this management alert is to highlight concerns regarding inbound international mail operations at the [redacted] and nearby U.S. Postal Service offsite<sup>1</sup> facilities that require your immediate attention. Our objective was to assess international inbound mail operations at the [redacted] and other offsite facilities used by the [redacted] International Service Center (ISC) in [redacted]. We initiated this alert based on our observations in the greater [redacted] area in June 2018 as part of our audit work on *Advance Electronic Data Holds and Reliability*. During those observations, we reviewed how effectively the [redacted] and nearby offsite facilities were fulfilling advance electronic data (AED)-based holds for inbound international mail. These offsite facilities include: [redacted] Processing and Distribution Center (P&DC); [redacted]

The Postal Service coordinates its international inbound mail acceptance operations with the U.S. Customs and Border Protection's (CBP) inspection efforts. A key part of these efforts is the availability<sup>2</sup> and use of AED, which is typically sent [redacted]

### RVS Scanning Operations

When receptacles -- most of which contain multiple mailpieces -- arrive at an ISC, the initial RVS scan produces three possible results:

- 1.) **Accepted** – The receptacle (and all items contained therein) were accepted for processing.
- 2.) **CBP Hold** – The receptacle contains a mailpiece(s) with a requested AED-based hold. The receptacle then is to be segregated from the mailstream, and each individual mailpiece should be scanned to identify the specific item(s) with the AED hold.
- 3.) **Other** – The scan produced an error or other type of atypical event, and should be reviewed by staff.

<sup>1</sup> Some inbound international mailings have been routed from one of the five ISCs (New York, Chicago, Los Angeles, San Francisco, and Miami) to offsite locations for acceptance and processing. For example, after passing through initial radiation screening at the [redacted] ISC, mail is to be presented to CBP at the ISC for further examination(s). Upon release of mail by CBP, inbound mailings could be sent to one of twenty-seven offsite facilities (four primary and 23 secondary) for subsequent acceptance and processing—the [redacted] is one of those secondary offsite facilities. Offsite facilities are considered secondary nets for intercepting AED-based holds because the data initiating the CBP hold request can be received at any of the touch points occurring during the mailing process.

<sup>2</sup> AED accompanies many inbound international mailings—about 50 percent of the mailings as of July 2018.

[REDACTED]  
and Nearby Offsite Facilities

[REDACTED]

In fiscal year (FY) 2017, the [REDACTED] accepted [REDACTED] million pieces of inbound international mail directly from foreign countries—such as surface mail from Canada—but also inbound international mail routed through the [REDACTED] ISC.<sup>5</sup> We previously identified issues the Postal Service faced in fulfilling CBP’s AED-based hold requests in previous U.S. Postal Service Office of Inspector General (OIG) reports, and additional attention continues to be raised by other key stakeholders, including the Administration and Congress.<sup>6</sup>

## Conclusion

We found significant weaknesses in the inbound international mail acceptance operations at the [REDACTED]. The [REDACTED] missed [REDACTED] AED-based hold requests from January to June 2018. Postal Service data showed the following two reasons for most of these missed holds (1) the mailings did not receive a RVS scan or (2) there was no record of the hold notification message (which would show that the hold was met) in GBS. The Postal Service has already implemented corrective action to address the first group of errors—the lack of RVS scans—by deploying item-level scanning capabilities. The Postal Service, however; has yet to address the reporting limitations related to logging hold notification messages in GBS.

We also found a broader issue that compounded these problems at the [REDACTED] as frequent technical issues arising from data transmission errors hindered efficient RVS scanning operations. Postal Service data showed over 5,700 “time-out” errors between May and June 2018. Although the Postal Service has begun trying to correct this issue,

---

<sup>4</sup> To find the hold item inside a receptacle, employees must scan the individual item barcodes for each mail piece. Item barcodes are placed on the item by the foreign post when the items are containerized for shipment. When the scans occur, information is fed to GBS to query the database for a AED-based hold notification.

<sup>5</sup> While the Postal Service was unable to provide data on the inbound international mail volumes sent to the [REDACTED] offsite facilities, it did track the number of trailers sent to each offsite facility. Postal Service data showed that 6,562 total trailers were sent to one of 27 offsite facilities between January 1 and June 6, 2018, with over 90 percent going to three locations: [REDACTED].

<sup>6</sup> *Inbound International Mail Operations – [REDACTED] International Service Center*, (Report Number [MS-MT-16-003](#), dated September 21, 2016), *International Inbound Mail Verification* (Report Number [MR-MT-16-001](#), dated January 28, 2016), *U.S. Postal Service Handling of Inbound International Mail at the [REDACTED] International Service Center in [REDACTED]* (Report Number [NO-MA-15-006](#), dated September 3, 2015), *Combating the Opioid Crisis: Exploiting Vulnerabilities in International Mail*, Hearing before the Permanent Subcommittee on Investigations Committee on Homeland Security and Governmental Affairs United States Senate, January 25, 2018.

[REDACTED]  
and Nearby Offsite Facilities

continued data transmission limitations between the [REDACTED] and [REDACTED] ISC will hinder hold compliance performance and negatively impact the efficiency of inbound acceptance operations.

We also found significant weaknesses in the inbound international mail acceptance operations at some of the other [REDACTED] ISC offsite facilities. Specifically, [REDACTED] and [REDACTED] missed a total of [REDACTED] holds ([REDACTED] respectively) between January to June 2018, and Postal Service staff were not aware of the reasons for the missed holds. Additionally, at each of the other six sites we visited, we found the following:

- Staff did not have the equipment and technology for conducting item-level scanning.
- Staff were not fully aware of the policies and procedures for identifying, segregating, and presenting AED-based holds.
- The Postal Service did not capture AED-based hold performance information for these select offsite facilities.

Postal Service staff recognize these challenges and are working to develop corrective actions. Until corrective actions are implemented, these weaknesses will continue to hinder AED-based hold compliance and present public safety and security concerns to the Postal Service, its employees, the general public, and CBP's targeting operations.

### Inbound International Mail Operations at the [REDACTED]

We found significant weaknesses in the inbound international mail acceptance operations at the [REDACTED]. The [REDACTED] missed [REDACTED] AED-based hold requests from January 2018 to June 2018. All of these holds were parcels from [REDACTED]. Postal Service data showed the two following reasons for most of these missed holds:

- *Missed Hold - Operational - No ISC Scans* accounted for [REDACTED] missed holds ([REDACTED] percent) during this six-month period. These were instances where the Postal Service had no record of an RVS scan for a particular mailing. Postal Service officials attributed these lack of ISC scans to variety of reasons including barcode errors or other operational issues (such as a mailing bypassing RVS).

As opposed to resolving all the potential issues related to no ISC scans, Postal Service staff recently implemented an overarching solution that would mitigate these collective issues—deploying item-level scanning equipment and processes. During our visit to the [REDACTED], Postal Service Headquarters officials were unaware the [REDACTED] did not have item-level scanning equipment or processes, and [REDACTED] staff corroborated they did not have the capabilities to conduct item-level scanning. This condition was in contrast to the inbound operations at the five ISCs, which all had item-level scanning equipment and processes in place.

Due to the urgency of this condition, the Postal Service Headquarters staff immediately began working with [REDACTED] staff to develop corrective actions. The Postal Service recently implemented these actions—they customized its Universal

[REDACTED]  
and Nearby Offsite Facilities

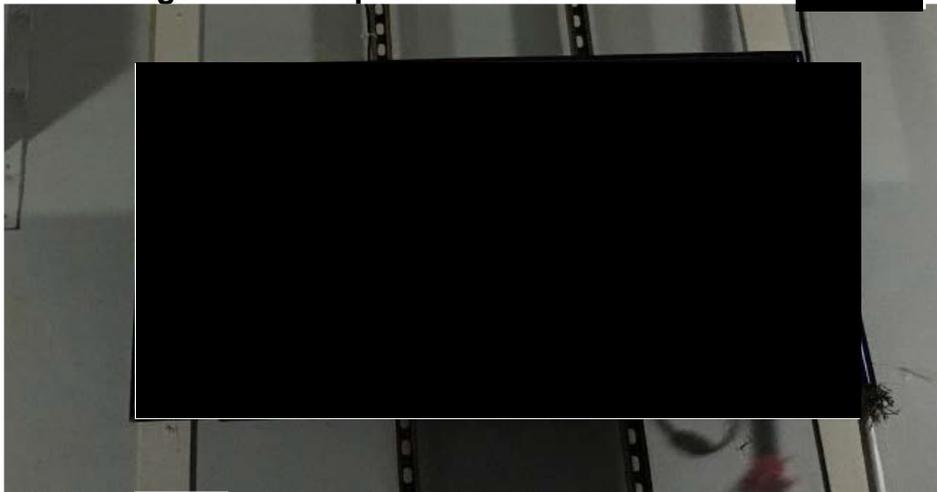
Receipt System (URS) equipment to facilitate item-level scanning and have communicated related item-level scanning processes and procedures to [REDACTED] staff through stand-up talks and other training. We are not making a recommendation for item-level scanning capabilities at the [REDACTED] because of the actions already taken; however, we will continue to monitor their effectiveness in reducing the number of missed holds due to no ISC scans as part of our overall AED project.

- *Missed Hold - System - No Receptacle Hold Event* logged in GBS for RVS on Mail Processing Equipment (MPE) accounted for [REDACTED] missed holds ([REDACTED] percent) during this six-month period. These were instances where mailings had a record of an RVS scan, but the hold notification message (which could show that the hold was met) was not actually logged in GBS. Postal Service staff stated that the lack of hold notification message not being logged into GBS was a reporting limitation rather than a hold compliance issue. They specifically stated that an item on this list may have been held, but the reporting limitations would show it as a missed hold. They acknowledge this lack of certainty and are working on corrective actions with Engineering. Until the Postal Service addresses the reporting limitations related to logging hold notification messages in GBS, it can neither determine whether items were held nor identify any underlying reasons for missed holds.

Postal Service data for this time period did not list reasons for the remaining [REDACTED] missed holds ([REDACTED] percent), and Postal Service officials acknowledged a lack of additional information on these misses. We will evaluate the tracking and monitoring of these and other missed holds as part of our ongoing audit of *Advance Electronic Data Holds and Reliability*.

While these operational and system issues hampered AED-based hold performance at the [REDACTED], we also found a broader issue that compounded these problems. Mainly, frequent technical issues hindered efficient RVS scanning operations. For example, during our visit, we observed multiple mailings receiving a “TC Response Timeout” error (see [Figure 1](#)). Clerks stated that when those errors appeared, they were instructed to rescan the receptacle; if a similar error appeared, they were just to accept the mailing for further processing.

Figure 1. Example of “Timed Out” Screen at [REDACTED]



Note: When [REDACTED] employees scan barcodes during the acceptance process, data from the barcode is transmitted from the URS through Transaction Concentrators (TC) to query the database that contains information on requested AED-based hold items. The “TC Response Timeout” error indicates the query did not successfully determine if the mailing contained a respective hold.  
Source: OIG visit to the [REDACTED] on June 5, 2018.

Postal Service data showed over 5,700 “time-out” errors resulting from these data transmission issues during May and June 2018 (which averages to about 90 errors per work day). Postal Service managers acknowledged the magnitude of these errors, and attributed them to technical issues between the [REDACTED] and [REDACTED] systems. [REDACTED] officials are working with headquarters to resolve these technical issues, and staff have been told to conduct the RVS scan until the receptacle registers or to set the receptacles aside and rescan them later. Continued data transmission limitations between the [REDACTED] and [REDACTED] ISC, however, will hinder hold compliance performance and negatively impact the efficiency of inbound acceptance operations.

These collective weaknesses—the individual operational and system concerns and the broader technical issue—pose a significant risk to the effectiveness of the [REDACTED] inbound international mail operations and present potential public safety and security concerns to the Postal Service, its employees, and the general public.

**Recommendation #1: We recommend the Vice President, Network Operations,** develop and implement solutions to address the reporting limitations related to logging hold notification messages in Global Business System.

**Recommendation #2: We recommend the Vice President, Network Operations,** develop and implement solutions to address the data transmission limitations between the [REDACTED] and [REDACTED] International Service Center.

[REDACTED]  
and Nearby Offsite Facilities

## Inbound International Mail Operations at Other [REDACTED] ISC Offsite Facilities

We found significant weaknesses in the inbound international mail acceptance operations at some of the other [REDACTED] ISC offsite facilities. Specifically, from January 2018 to June 2018, [REDACTED] missed a total of [REDACTED] holds ([REDACTED] respectively). Additionally, [REDACTED] remaining [REDACTED] ISC offsite locations we visited – [REDACTED] – each had the following concerns:

- They did not have the equipment and technology for conducting item-level scanning.
- Staff were not fully aware of the policies and procedures for identifying, segregating, and presenting AED-based holds.
- The Postal Service did not capture AED-based hold performance information for these select offsite facilities.

Postal Service officials stated they did not have sufficient insight to determine the reasons for the missed holds at [REDACTED] and acknowledged the concerns at the other offsite locations. They said there was still some uncertainty about the extent to which these offsite locations will be used in the future. They did note, however; that applicable equipment, technology, and processes were being phased in at select locations. For example, Postal Service officials have stated item-level scanning equipment will be deployed at the [REDACTED] P&DC.

While we recognize these actions are a step in the right direction, if there are chances that these facilities will be used as offsite locations going forward, it will be important to have the following to support these operations:

- *Equipment and technology:* Item-level scanning equipment and technology would provide another “layer” of control for identifying prospective AED-based holds before being further processed in the Postal Service network.
- *Policies and procedures:* Offsite officials need to be fully aware of the Postal Service’s policies and procedures for identifying, segregating, and presenting AED-based holds, particularly as these facilities may becoming increasingly involved in accepting and processing inbound international mail.
- *Performance information:* AED-based hold performance information—such as the reasons for missed holds at the [REDACTED] facilities or the number of successful/missed holds at the other offsite locations—should be tracked at any facilities involved in accepting inbound international mailings for management and oversight purposes.

The weaknesses at offsite locations pose a risk to the effectiveness of the Postal Service’s inbound international mail operations, particularly as these facilities may be relied upon to accept internal mailings during peak mailing times. Continued challenges in this area may present public safety and security concerns to the Postal Service, its employees, and the general public, but also to the effectiveness of the CBP’s targeting operations.

**Recommendation #3: We recommend the Vice President, Network Operations,** deploy item-level scanning equipment and technology at the facilities that will receive offsite inbound international mail from the [REDACTED] International Service Center.

**Recommendation #4: We recommend the Vice President, Network Operations,** implement measures to ensure staff at the facilities that will receive offsite inbound international mail from the [REDACTED] International Service Center are aware of the policies and procedures for identifying, segregating, and presenting advance electronic data (AED)-based holds.

**Recommendation #5: We recommend the Vice President, Network Operations,** develop mechanisms for tracking advance electronic data-based hold performance information (such as the reasons for missed holds at the [REDACTED] facilities or the number of successful/missed holds) at the facilities that will receive offsite inbound international mail from the [REDACTED] International Service Center.

### Management's Comments

Management agreed with the findings and recommendations.

Regarding recommendation 1, management stated that GBS will be updated (release R33) to correct the deficiencies associated with MPE reporting items without receptacles. The Network Operations Engineering team will then update the URS at the [REDACTED]. The target implementation date is January 31, 2019.

Regarding recommendation 2, management stated the Network Operations Engineering team will develop a solution to decrease MPE's dependency on GBS response time. The target implementation date is March 7, 2019.

Regarding recommendation 3, management stated the [REDACTED] ISC currently offloads inbound international mail to the [REDACTED] facilities. Management stated the package processing equipment at all four of these facilities will be enabled to identify hold items based on item-level barcode scanning. The target implementation date is November 30, 2018.

**[REDACTED]  
and Nearby Offsite Facilities**

Regarding recommendation 4, management stated the Global Trade Compliance team will re-issue service talks and standard work instructions for AED-based holds at the [REDACTED] facilities. The target implementation date is November 30, 2018.

Regarding recommendation 5, management stated the Global Trade Compliance team currently produces weekly reports regarding AED-based hold performance, including successful and missed holds. Management stated a process will be developed and implemented to capture root cause information for missed holds on a weekly basis at the [REDACTED] facilities. The target implementation date is March 29, 2019.

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

**Evaluation of Management's Comments**

The OIG considers management's comments responsive to all the recommendations, and the related corrective actions should resolve the issues identified in the alert.

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.

and Nearby Offsite Facilities

## Appendix A: Management's Comments

ROBERT CINTRON  
VICE PRESIDENT, NETWORK OPERATIONS



November 6, 2018

MONIQUE COLTER  
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Inbound International Mail Operations – [REDACTED]  
[REDACTED] and Nearby Offsite Facilities (Report Number MS-MT-19-  
DRAFT)

Thank you for providing the Postal Service with the opportunity to review and comment on the subject draft management alert report. We appreciate the engagement of the Office of the Inspector General (OIG) with us, as well as the opportunity to review and comment on the provided recommendations.

In general, while inbound international mail that arrives at [REDACTED] could, in the past, have been sent to one of a number of offsite facilities for processing, mail is typically only sent to [REDACTED] under the current offload plan. Over the past few years, sorting equipment at these sites have been upgraded and expanded to increase the capacity with the specific purpose of processing inbound international packages, reducing the reliance and need for additional offsite facilities.

It should also be noted that while [REDACTED] missed 180 AED holds from January to June 2018, CBP placed over [REDACTED] holds during this time period. Missed holds in [REDACTED] represent [REDACTED] of the total holds during these six months.

**OIG Recommendation # 1:**

We recommend the Vice President, Network Operations, develop and implement solutions to address reporting limitations related to logging hold notification messages in GBS.

**Management Response/Action Plan:**

Management agrees with this recommendation. A Global Business System (GBS) deficiency preventing MPE reporting of items without receptacles will be corrected in the upcoming release R33. The Network Operations Engineering team will update the Universal Receipt System (URS) utilized in [REDACTED] to report items to GBS after the upcoming GBS deployment.

**Target Implementation Date:**

Jan 31, 2019

**Responsible Officials:**

Manager, Network Operations Engineering

475 L'ENFANT PLAZA SW  
WASHINGTON, DC 20260-7100  
WWW.USPS.COM

██████████ and Nearby Offsite Facilities

- 2 -

**OIG Recommendation # 2:**

We recommend the Vice President, Network Operations, develop and implement solutions to address the data transmission limitations between the ██████████ and ██████████ International Service Center (██████ ISC).

**Management Response/Action Plan:**

Management agrees with this recommendation. The Network Operations Engineering team will develop a solution that will decrease mail processing equipment's dependency on GBS response time.

**Target Implementation Date:**

March 7, 2019

**Responsible Official:**

Manager, Network Operations Engineering

**OIG Recommendation # 3:**

We recommend the Vice President, Network Operations, deploy item-level scanning equipment and technology at the facilities that will receive offsite inbound international mail from the ████████ ISC.

**Management Response/Action Plan:**

Management agrees with this recommendation. Currently, ████████ ISC offloads inbound international mail to ██████████ (letter-class packets) and ██████████ (Priority parcels). ██████████ is available as an additional offsite location as well. The package processing equipment at all four of these facilities are enabled with the ability to identify hold items based on item-level barcode scans.

**Target Implementation Date:**

November 30, 2018

**Responsible Official:**

Director, Global Trade Compliance

**OIG Recommendation # 4:**

We recommend the Vice President, Network Operations, implement measures to ensure staff at the facilities that will receive offsite inbound international mail from ████████ ISC are aware of the policies and procedures for identifying, segregating and presenting AED-based holds.

**Management Response/Action Plan:**

Management agrees with this recommendation. Global Trade Compliance will re-issue service talks and standard work instructions for AED-based holds for ██████████ facilities.

**Target Implementation Date:**

November 30, 2018

[REDACTED]  
and Nearby Offsite Facilities

- 3 -

**Responsible Official:**  
Director, Global Trade Compliance

**OIG Recommendation # 5:**  
We recommend the Vice President, Network Operations, develop mechanisms for tracking AED-based hold performance information (such as the reasons for missed holds at the [REDACTED] facilities or the number of successful/missed holds) at the facilities that will receive offsite inbound international mail from the [REDACTED] ISC.

**Management Response/Action Plan:**  
Management agrees with this recommendation. Global Trade Compliance currently produces weekly reports regarding the AED-based hold performance regarding successful and missed holds. A process will be developed and implemented to capture root cause information for missed holds on a weekly basis for [REDACTED].

**Target Implementation Date:**  
March 29, 2019

**Responsible Official:**  
Director, Global Trade Compliance



\_\_\_\_\_  
Robert Cintron  
Vice President, Network Operations

cc: Corporate Audit Response Management  
[REDACTED]