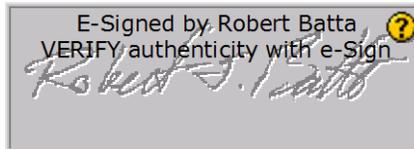




February 2, 2015

MEMORANDUM FOR: JO ANN FEINDT
VICE PRESIDENT, SOUTHERN AREA OPERATIONS



FROM: Robert J. Batta
Deputy Assistant Inspector General
for Mission Operations

SUBJECT: Management Alert – Mail Left in Mail Transport Equipment
Dispatched to the Dallas, TX, Mail Transport Equipment
Service Center (Report Number NO-MA-15-002)

This management alert presents our concerns with Mail Left in Mail Transport Equipment Dispatched to the Dallas, TX Mail Transport Equipment Service Center (Project Number 13XG007NL004). These concerns came to our attention during our ongoing project, *Internal Controls and Transportation Associated With the Dallas, TX, Mail Transport Equipment Service Center* (Project Number 13XG007NL003).

If you have any questions or need additional information, please contact James L. Ballard, director, Network Processing and Transportation, or me at 703-248-2100.

Attachment

cc: Corporate Audit and Response Management
David E. Williams, Jr.

Introduction

The purpose of this alert is to bring to your attention the need for the U.S. Postal Service to immediately address the issue of Southern Area processing facilities employees leaving time-sensitive mail in Mail Transport Equipment (MTE)¹ dispatched to the Dallas, TX, Mail Transport Equipment Service Center (MTESC). We observed this issue in our audit of *Internal Controls and Transportation Associated with the Dallas, TX, Mail Transport Equipment Service Center*² from November 17 through November 21, 2014.

MTESCs receive empty MTE from processing facilities that is no longer needed or serviceable, process it for inventory and redistribution, and deliver it to other Postal Service processing facilities³ and mailers. Management is responsible for ensuring that processing facility employees thoroughly inspect MTE for mail before dispatching it to the MTESC as required by Standard Operating Procedures (SOP).⁴ By ensuring that all facilities' personnel inspect MTE for residual mail before dispatching it to MTESCs, the Postal Service can reduce the risk of delayed or lost mail.

The Dallas MTESC is located in the Postal Service's Southern Area and services 27 associated processing facilities. The existing contractor has operated the facility since May 2012.

Conclusion

During a 5-day site visit to the Dallas MTESC, we observed almost 3,000⁵ instances of Express, Priority, First-Class, International mail, and Package Services and Standard Post being improperly sent from associated processing facilities in MTE (see [Table 1](#)). In addition, [Figure 1](#) shows a full gaylord⁶ container and three full trays of mail that were incorrectly sent to the Dallas MTESC. The Dallas MTESC contractor properly redirected mail found during our observations to the local processing facilities. The majority of the mail found was over 1 week old, although, there were some mailpieces that were much older including one international mailpiece with a postmark of February 2014 (see [Figure 2](#)).

¹ A system of containers (including sacks and pouches, trays, wheeled containers, and pallets) used to contain mail during processing or transport within or between facilities by the Postal Service, its customers, or contractors.

² *Internal Controls and Transportation Associated with the Dallas, TX, Mail Transport Equipment Service Center* (Project Number 13XG007NL003) announced on October 28, 2014.

³ Processing facilities receive outgoing mail from designated associate offices, stations, and branches or customer service facilities for processing and dispatch.

⁴ *Standard Operating Procedures – Mail Transport Equipment (MTE) Return Handling Procedures for Processing Facilities*, revised version dated July 20, 2012.

⁵ This count of almost 3,000 pieces does not include Package Services and Standard Post, which were loaded in hampers.

⁶ A pallet box, or gaylord, is any pallet base, or skid, with cardboard sides or a cardboard box on top that is normally 60 inches tall.

**Table 1. Daily Counts of Improperly Sent Mail in the MTE
Dispatched to the Dallas MTE SC
November 17–21, 2014**

Day	Express Mailpieces	Priority Mailpieces	First-Class Mailpieces	International Mailpieces	Package Services and Standard Post (Percentage of Hamper Space Used) ⁷
11/17/14	0	37	201	10	.25
11/18/14	0	7	159	14	.25
11/19/14	2	6	533	30	4.00
11/20/14	0	11	938	37	.50
11/21/14	8	8	952	27	.50
Totals	10	69	2,783	118	5.50

Source: U.S. Postal Service Office of Inspector General (OIG) analysis.⁸

Figure 1. Trays and Gaylords Containing Mail



Full gaylord.



Three full trays of sorted mail.

Source: OIG photographs taken at the Dallas MTE SC the week of November 17-21, 2014.

⁷ We did not count individual mailpieces, such as advertisements and catalogs. Instead of counting the mail contents in the hampers, we estimated how full the hampers were with Packaged Services and Standard Post through daily visual observations.

⁸ For comparative purposes, the OIG examined all found mail, placed business mail, and pre-sorted trays in hampers.

Figure 2. Mailpiece About 9 Months Old



International mailpiece postmarked February 2014.

Source: OIG photographs taken at the Dallas MTE SC the week of November 17-21, 2014

Some of this mail was also open, loose, or damaged. Examples found included damaged personal greeting cards, a passport and loose prescription medication⁹ (see Figure 3).

Figure 3. Open, Loose, and Damaged Mail



Personal cards with contents removed.



Priority Mail with passport.



Loose prescription medication.

Source: OIG photographs taken at the Dallas MTE SC the week of November 17-21, 2014.

⁹ We were unable to determine from our observations and interviews at the Dallas MTE SC whether the mail left in the MTE was opened and damaged at the facilities or if this occurred at the Dallas MTE SC.

We also found loose Express and Priority Mail (see Figure 4).

Figure 4. Express Mail and Priority Mail

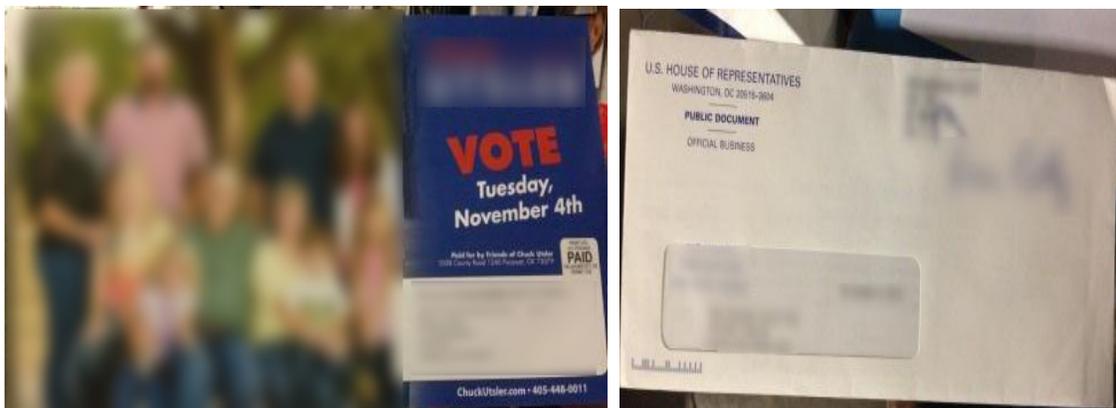


Ten pieces of Express Mail and 69 pieces of Priority Mail

Source: OIG photographs taken at the Dallas MTEC the week of November 17-21, 2014.

An undelivered political campaign mailpiece and congressional franked mail correspondence were also observed (see Figure 5).

Figure 5. Political Campaign and Congressional Franked Mailpiece



Political campaign mail.

U.S. congressional franked mail.

Source: OIG photographs taken at the Dallas MTEC the week of November 17-21, 2014.

We also found First-Class mail that was not cancelled¹⁰ (see Figure 6).

Figure 6. First-Class Mail That Was Not Cancelled



Nineteen pieces of First-Class Mail that was not cancelled.

Source: OIG photographs taken at the Dallas MTEC the week of November 17-21, 2014.

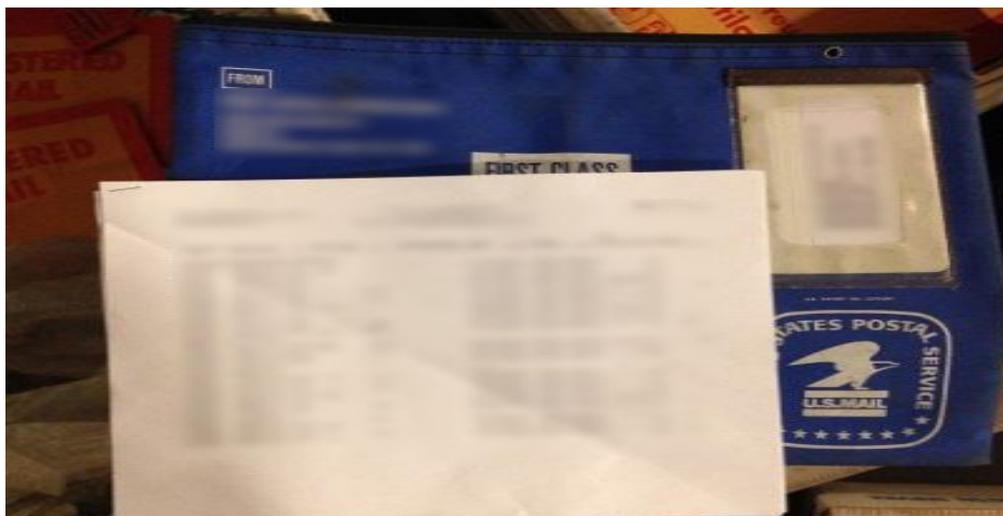
In addition to mail, we found Postal Service internal, restricted reports, which included personal identifiable information (PII) (see [Figure 7](#)):

- Payroll Register, Managed Service Point¹¹ Location, and Continuity of Operations Plan reports containing:
 - Employee Identification Numbers
 - Employee Salaries
 - Internal Operational Data
 - Privacy Act information
- *Daily Financial Reports* and carrier route operational reports containing sensitive information such as:
 - Unit Financial Data
 - Customer Names
 - Customer Addresses

¹⁰ Mail that is not cancelled is mail with a stamp that has not received an ink cancellation mark to avoid the possibility of the stamp postage being reused.

¹¹ Data from the Delivery Operations Information System.

Figure 7. Postal Service Internal Restricted Reports



Payroll data reports found in MTE.

Source: OIG photographs taken at the Dallas MTE SC the week of November 17-21, 2014.

Postal Service facility management did not ensure that they secured and safeguarded internal documents with PII or other sensitive information to avoid unauthorized disclosure or use.

We also found other non-mail items, including Delivery Bar Code Sorter labels, test mail, and various mailing supplies, left in MTE dispatched to the Dallas MTE SC.

The Postal Service and its customers can be significantly impacted by delayed, undelivered, damaged, and unsecured mail. Specifically, delayed or undelivered mail:

- Reflects poorly on the Postal Service's brand and public image and leaves the agency open to customer complaints. Customers expect to receive their prescription drugs, passports, bills, Express/Priority Mail, and other mail timely. In addition, poor service and mail declines can also lead to future revenue declines, as mailers or recipients seek or demand alternative delivery services.
- Results in possible refunds to customers using Express Mail that could negatively impact revenue. For example, the ten Express Mail pieces found were, on average, 14 days old. At an average cost of \$20 per piece, the potential refund liability just for this one facility for one year could be \$10,000.¹²

In addition, delayed, lost, damaged, and any potential disposal of mail in empty MTE can create an environment for fraud, waste, and abuse. In this case, the mail found during our observations was properly redirected to the local processing facilities.

¹² Calculations based on ten pieces per week and a 50-week year. This represents revenue at risk.

The Dallas MTE SC received mail in MTE from facilities because facility management did not adequately enforce policies that require employees to inspect MTE for mail before dispatching it to the Dallas MTE SC. The Postal Service specialist and MTE contractor stated that majority of mail found at the Dallas MTE SC was retrieved from the sacks. This likely occurred because Postal Service employees at processing plants were not ensuring sacks were empty through visual examination and use of the “Elbow”¹³ method.

Recommendations

We recommend the vice president, Southern Area Operations:

1. Reinforce the Standard Operating Procedure requirement that processing facilities thoroughly inspect mail transport equipment before sending it to the Dallas, TX, Mail Transport Equipment Service Center to ensure that mail transport equipment is empty.
2. Ensure that internal documents containing personal identifiable information or other sensitive information are properly secured and safeguarded throughout the internal mail process to avoid compromise or misuse of this information.

Management’s Comments

Management agreed with the finding and recommendations.

In response to recommendation 1, management re-issued their MTE Return Handling Standard Operating Procedures. In addition, they shared all OIG photos taken from November 17-21, 2014, with senior leadership staff at the district, who in turn shared the photos with their managers and employees. Communications with employees emphasized the need to ensure no “live mail” is left in containers and all sacks are “elbowed” or hand-checked for mail. All plants within the Southern Area have been made aware of the issues and will be monitored.

In response to recommendation 2, management stated policy and procedures have been prepared to ensure internal documents containing PII or other sensitive information are properly secured and safeguarded throughout the internal mail process to avoid compromise or misuse of information. In addition, procedures are being established with the Dallas MTE SC that if any items described above are found, it will be placed into a secured/locked piece of equipment for transport back to the Dallas P&DC on dedicated trips. Management stated in separate correspondence that these actions will be completed by February 15, 2015. See [Appendix A](#) for management’s comments, in their entirety.

¹³ The examining employee opens the sack or pouch to full width with both hands, inserts his or her elbow into the neck of the mailbag, and spreads it open wide. The employee then looks inside to ensure the container is empty.

Evaluation of Management's Comments

The OIG considers management's comments responsive to the recommendations and the actions taken or planned will address the issues identified in the report.

The OIG considers all recommendations significant, and therefore requires OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. These 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.

APPENDIX A. MANAGEMENT'S COMMENTS

MANAGER, OPERATIONS SUPPORT
SOUTHERN AREA



January 20, 2015

LORI LAU DILLARD
DIRECTOR, AUDIT OPERATIONS

OFFICE OF THE INSPECTOR GENERAL

SUBJECT: Draft Management Alert – Mail Left in Mail Transport Equipment
Dispatched to the Dallas Mail Transport Equipment Service Center
(Report Number NO-MA-15-Draft)

In response to your letter on subject matter: Draft Management Alert – Mail Left in Mail Transport Equipment Dispatched to the Dallas Mail Transport Equipment Service Center (Report Number NO-MA-15-Draft) the following has been completed and put into place to assist with preventing this type of issue from continuing to occur.

We are in agreement with the findings and as such we have re-issued our MTE Return Handling Standard Operating Procedures. In addition we have shared all photos taken during the time from of November 17 – 21, 2014 that were provided to us with our Senior Leadership staff at the District level, who in turn is sharing with their managers and employees. Our communications with our employees emphasizes the need to ensure no live mail is in the containers; all sacks are elbowed, and have all equipment pre-labeled correctly prior to live mail being placed inside. Our mail handlers are key to this process and we are providing them with visuals to assist with the talks.

All plants within the Southern Area have been made aware and we will monitor for compliance.

Thank you,


Eric D. Chavez

cc: Earl Randel
Timothy Holmes
Charles Smith
TJ Giddings

PO Box 225459
DALLAS TX 75222-5459
214-819-8600
FAX: 214-819-7220

MANAGER, OPERATIONS SUPPORT
SOUTHERN AREA



January 28, 2015

LORI LAU DILLARD
DIRECTOR, AUDIT OPERATIONS

OFFICE OF THE INSPECTOR GENERAL

SUBJECT: Draft Management Alert- Mail Left in Mail Transport Equipment
Dispatched to the Dallas MTE Service Center
(Report No. NO-MA-15-DRAFT)

In response to Recommendation # 2 of your letter on subject matter: Draft Management Alert – Mail Left in Mail Transport Equipment Dispatched to the Dallas Mail Transport Equipment Service Center (Report Number NO-MA-15-Draft) the following has been completed and put into place to assist with preventing this type of issue from continuing to occur.

We have prepared policy and procedures to ensure internal documents containing personal identifiable information or other sensitive information are properly secured and safeguarded throughout the internal mail process to avoid compromise or misuse of this information. This is both at the plant and delivery/customer service.

In addition, we are setting up procedures with the Dallas MTSEC that if any items described above are found, it will be placed into a secured/locked piece of equipment (rolling registry cage) for transport back to the Dallas PDC on dedicated trips. It is our plan to have one empty piece of equipment dropped off at the same time the one being returned to the plant is picked up. This will allow a secured/locked location at any given time.

Once again all plants within the Southern Area have been made aware and we will monitor for compliance.

Thank you,

A handwritten signature in blue ink, appearing to read "Eric D. Chavez".

Eric D. Chavez

cc: Earl Randel
Timothy Holmes
Charles Smith
TJ Giddings

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