Management of Commercial Mail Receiving Agencies

AUDIT REPORT

Report Number 24-146-R25 | June 24, 2025

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Highlights

Background

Customers can receive mail and packages from the U.S. Postal Service in a variety of locations, including through private mailboxes at Commercial Mail Receiving Agencies (CMRA). Over 1.6 million customers nationwide (through nearly 12,000 CMRAs) were registered for this service as of February 2025. The Postal Service does not collect any related revenues but manages CMRA applications, quarterly reporting, mail sample tests, and overall program data quality. In 2018, we reported that insufficient oversight made CMRAs vulnerable to drug traffickers, and the Postal Service subsequently invested in an automated database to better track and monitor CMRA documentation.

What We Did

Our objective was to evaluate the Postal Service's management of CMRAs. We analyzed systems, data, and documentation; interviewed staff; and reviewed policies.

What We Found

Despite improvements, ineffective management and oversight of CMRAs remain. First, the amount the Postal Service spends managing CMRAs is unknown, as management does not track these costs. This lack of data hinders the efficient management of CMRA resources and the potential development of strategies to offset costs. We estimated the Postal Service missed collecting CMRA-related revenues of about $5.2 million for fiscal years 2023-2024. Second, we found compliance issues related to missing or outdated applications, inaccurate data, and incomplete mail samples. These issues occurred due to a variety of shortfalls, including staff not being aware of certain policy requirements, vague policies, or a lack of internal controls. Industry representatives echoed some of these concerns and contended that insufficient communication from the Postal Service to both field staff and CMRAs could be contributing to the non-compliance. While we acknowledge the Postal Service is deploying its automated database, continued non-compliance could result in vulnerabilities to program safety, security, and effectiveness by those trying to exploit the CMRA network.

Recommendations and Management's Comments

We made five recommendations to address the issues in the report. Management agreed with one and disagreed with four. We consider management's comments responsive to recommendation 3, as corrective action should resolve the issues in the report. For recommendations 1, 2, 4, and 5, we will work with management through the formal audit resolution process. Management's comments and our evaluation are at the end of each finding and recommendation. See Appendix C for management's comments in their entirety.

Transmittal Letter

OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

June 24, 2025

MEMORANDUM FOR: JENNIFER T. VO
VICE PRESIDENT, RETAIL & POST OFFICE OPERATIONS

SHARON D. OWENS
VICE PRESIDENT, PRICING & COSTING

MARGARET M. PEPE
EXECUTIVE DIRECTOR, PRODUCT SOLUTIONS

FROM: Amanda H. Stafford
Deputy Assistant Inspector General
 for Retail, Marketing, and Supply Management

SUBJECT: Audit Report – Management of Commercial Mail Receiving
Agencies (Report Number 24-146-R25)

This report presents the results of our audit of the Postal Service's management of Commercial Mail Receiving Agencies.

All recommendations require U.S. Postal Service Office of Inspector General's (OIG) concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. Recommendation 3 should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that it can be closed. We will work with management through the audit resolution process on recommendations 1, 2, 4, and 5.

We appreciate the cooperation and courtesy provided by your staff. If you have any questions or need additional information, please contact Josh Bartzen, Director, Retail and Infrastructure, or me at 703-248-2100.

Attachment

cc: Postmaster General
    Corporate Audit Response Management

Results

Introduction/Objective

This report presents the results of our self-initiated audit of the management of Commercial Mail Receiving Agencies (CMRA) (Project Number 24-146). Our objective was to evaluate the Postal Service's management of CMRAs. See Appendix A for additional information about this audit.

Background

Customers can receive mail and packages from the U.S. Postal Service in a variety of locations, including via their residence or an alternative access point like a Post Office (PO) Box. Another option is through a private mailbox (PMB) at a CMRA. CMRAs are private businesses that enter into an agreement with the Postal Service whereby they accept mail from the Postal Service and then sort and deliver it to their customers' PMBs (see sidebar for a brief history of CMRAs and the Postal Service).[1] The customers pay fees to the CMRA for this service. The Postal Service does not collect any related revenues but manages CMRA applications, quarterly reporting, mail sample tests, and overall program data quality.

Postal Service data show nearly 12,000 CMRAs and 1.6 million customers were registered for this service as of February 2025. Customers choose to use CMRAs for multiple reasons including a convenient, single location to receive deliveries from multiple carriers and the ability to send and track large shipments, make returns, and order shipping supplies.

CMRA and Customer Processes

To become a CMRA, businesses must first complete an application (PS Form 1583-A) and submit it at the local post office.[2] The application requires information such as the CMRA's point of contact, phone number, and address, as well as the CMRA applicant's signature and two forms of identification.[3] The local postmaster or other designated Postal Service staff then reviews this application for completeness and

History of CMRAs

Postal Service officials stated that external parties ("agents") were allowed to receive mail on behalf of its customers since at least the 1700s and that the term "commercial mail receiving agency" was used in the late 1960s. The 1970s saw an increasing demand for PO Boxes in certain parts of the country, and CMRAs became more viable alternatives in instances where the Postal Service did not have enough PO Boxes to meet this demand. At that time, the Postal Service required CMRA owners to pick up their PMB customers' mail from their local Post Office. The Postal Service eventually flipped this operational model to one where it delivers mail directly to the CMRAs.

Source: U.S. Postal Service Office of Inspector General (OIG) discussions with Postal Service officials and reviews of hearing documents and other Postal Service information.

accuracy, and, if found to be acceptable, adds their signature to certify approval. Local Postal Service staff manually upload the CMRA's information to the Postal Service's Facilities Database (FDB). This information is then routed into the newly created Customer Registration Database (CRD) — the Postal Service's primary system for storing and managing CMRA data (see sidebar on next page).

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1   The CMRA can also send the mail to another location for the customer, with additional postage.
2   Postal Service policy requires post offices delivering to CMRAs to collect and maintain Postal Service (PS) Form 1583-A, *Application to Act as a Commercial Mail Receiving Agency*, to establish the CMRA as a delivery point.
3   The Postal Service recently added additional security requirements to CMRA and PMB applications, including requiring more stringent forms of identification. Under the current policy, one form of identification must contain a photograph of the addressee(s).

Customer Registration Database (CRD)
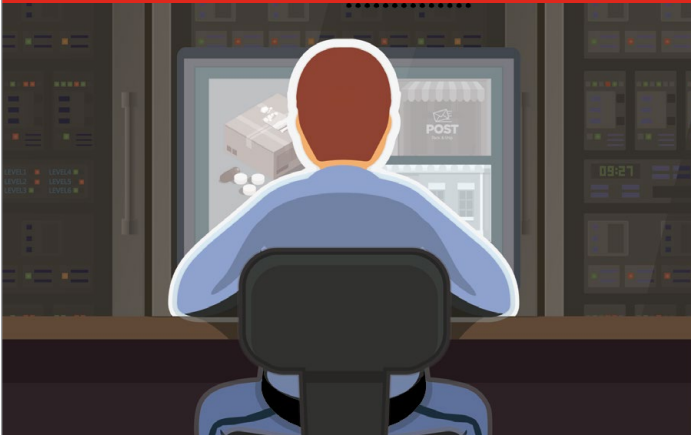
During a 2018 audit of narcotics in the mail, we found the Postal Service's CMRA documentation was managed via a decentralized and paper-based system, causing inaccurate tracking, limited oversight, and lack of visibility into CMRAs and their customers. We found that persons conducting illegal activity frequently rent private mailboxes at CMRAs to disguise their identity, location, or business name. The use of CMRAs helps conceal their identities and makes packages harder to track. We concluded the Postal Service's lack of CMRA oversight made them vulnerable to drug traffickers, using them as part of the Postal Service network to facilitate illicit drug distribution.

We recommended the Postal Service develop a centralized and automated system for tracking key CMRA data. In 2022, the Postal Service spent $1.5 million to develop the CRD to store and manage CMRA and PMB customer registration information. The Postal Service has been migrating paper-based CMRA and PMB information into the CRD, and the completion date depends on other, ongoing system developments in FY 2025.

Source: OIG report, *Use of the Postal Service Network to Facilitate Illicit Drug Distribution*, SAT-AR-18-002, September 18, 2018.

To use a CMRA, customers must first complete an application (PS Form 1583) and submit it to the CMRA.[4] The application requires information such as the customer's name, phone number, and address, as well as the customer's signature and two forms of identification. A CMRA representative then reviews this application for completeness and accuracy, and, if found to be acceptable, adds their signature to certify approval. The CMRA representative then manually uploads the customer application and identification information into CRD.

The CMRAs and Postal Service each have ongoing oversight responsibilities. Each quarter, CMRAs must submit a report to the Postal Service indicating new, current, and terminated PMB customers (with respective termination dates) within the last six months. Local Postal Service staff are then required to review this information and enter it into the Retail and Delivery Analytics Report system.[5] Local Postal Service staff[6] are also expected to perform the following:

- *Mail Sampling*: Periodically sample random mailpieces destined for CMRAs to verify a completed and approved PMB application is on file for each addressee. If an addressee does not have an approved application on file, local staff are to withhold mail from delivery to the CMRA and return it to the sender.

- *Review of CMRA Data in FDB*: Periodically review CMRA data in FDB and certify it is complete and accurate. Local staff are required to update the data if a CMRA changes address, transfers records to another facility, or, if any of the mandatory fields in the application are changed, a new PS Form 1583-A needs to be signed and uploaded.

The Postal Service's Retail and Post Office Operations and Inspection Service groups also have roles in CMRA management and oversight. The Retail and Post Office Operations group sets program policy, develops improvements to streamline processes, and communicates guidance to local postmasters and other staff. This group also is primarily responsible for the ongoing transition to CRD. The Inspection Service

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4   Each customer intending to use the same PMB, such as a spouse or family member, must submit a separate application.

5   Postal Service officials stated these reports will eventually be loaded into CRD; however, those capabilities are not expected to be available until late fiscal year (FY) 2025.

6   The local staff performing these activities include host associate office managers, postmasters, or their designees.

team actively monitors CMRA operations and data to help identify potential criminal activity facilitated through CMRAs such as fraud, identity theft, or narcotics trafficking.

Ongoing Program Improvements

The Postal Service continues to move forward with the CRD transition, estimating that 39 percent of this data have been uploaded as of February 2025. Postal Service management stated that the completion of the remaining 61 percent depends on the development of other system enhancements during FY 2025, such as data transfer capabilities. The Postal Service is also working to enhance CRD capabilities related to the following:

- Reporting, including retaining quarterly reports and mail sample results and allowing for related tracking and analysis;

- Providing an interface for CMRA owners to complete various tasks, such as complete trainings, and review program policies and procedures; and

- Integrating a control to notify CMRAs when a PMB customer's identification is expired.

Postal Service officials stated they have already begun capturing efficiencies from the transition to CRD, including reduced paperwork, streamlined document retrieval, more accurate customer information, and improved security. The Postal Service expects these efficiencies to grow upon CRD's completion.

Finding #1: Unknown CMRA Costs Hinder Effective Management

The amount the Postal Service spends administering, managing, and overseeing CMRAs is unknown. While the Postal Service is aware of some individual components — for example, the $1.5 million to create and deploy the CRD — other recurring associated costs (for example, local staff workhours providing oversight and management, such as reviewing and approving applications or performing quarterly reviews or mail samples; sorting and delivery costs; or investigative costs) are not estimated or tracked. This occurred because management has chosen not to track these costs as they consider CMRAs as part of their normal delivery service rather than a standalone service. We estimated recurring administrative costs for managing and overseeing CMRAs, as well as the known costs dedicated to the CRD, to be about $5.2 million for FYs 2023 and 2024.[7]

Failure to identify and track program costs also hinders effective CMRA management. Leading best practices recognize the importance of tracking cost components (for example, human capital, operational, capital, and so on) associated with services and programs.

Actively tracking program costs would provide valuable information to Postal Service leadership when assessing needed CMRA resources and developing viable financial and operational strategies for the CMRA service going forward. This could include examining options to generate revenues to offset costs through CMRA registration or maintenance fees, or penalties. Such fees or penalties would need to be coordinated with both the Postal Service's Pricing and Costing, and Product Solutions groups and would be subject to review by the Postal Regulatory Commission. We conservatively estimate that the Postal Service missed collecting CMRA-related revenues of about $5.2 million for

> **"The amount the Postal Service spends administering, managing, and overseeing CMRAs is unknown."**

FYs 2023 and 2024 by not having an approach to generate revenue to offset CMRA-related costs.[8]

While this type of analysis would entail a fundamental shift in how the CMRA program is viewed and implemented, such an approach would be consistent with the Postal Service's Delivering for America plan to enhance the Postal Service's financial condition and outlook.

Recommendation #1

We recommend that the **Vice President, Retail and Post Office Operations,** develop an approach to estimate and track Commercial Mail Receiving Agency program-related costs.

Recommendation #2

We recommend that the **Vice President, Retail and Post Office Operations,** in coordination with the **Vice President, Pricing and Costing** and the **Executive Director, Product Solutions,** develop and implement an approach to generate revenue to offset all Commercial Mail Receiving Agency-related costs.

Postal Service Response

Management disagreed with the finding, recommendations 1 and 2, and monetary impact. Regarding the finding, management stated it maintains a robust tracking mechanism to monitor program level CMRA-related

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7   In addition to the funds dedicated to the CRD, we also estimated the cost and time spent conducting management and oversight activities, including processing CMRA applications and conducting required reviews. However, we did not include other potential costs associated with sorting and delivery or investigative costs (see detailed analysis in Appendix B).

8   See detailed analysis in Appendix B.

costs and that it provided documentation of annual CRD saving projections. Regarding recommendation 1, management stated that it is not the Postal Service's intent to track incremental program costs down to the field level and that benefits from tracking do not always justify their burden and expense. Regarding recommendation 2, management stated it would consider evaluating the CMRA program to determine if any changes are warranted based on "market research insight, etc." Regarding the monetary impact, management alleged the OIG's financial analysis lacked rigor, such as not recognizing cost-saving differences in delivery, forwarding, and remailing.

OIG Evaluation

Regarding the finding and recommendation 1, we included the Postal Service's support for $1.5 million in CRD costs in our report. Management, however, did not estimate or track other recurring associated costs (for example, local staff workhours providing oversight and management, such as reviewing and approving applications or performing quarterly reviews or mail samples; sorting and delivery costs; or investigative costs). Regarding recommendation 2, we would support management's efforts to conduct such an evaluation. Regarding the monetary impact, considering the Postal Service's lack of CMRA-related data, we developed our own methodology to estimate the annual costs of the CMRA program based on various reasonable Postal Service inputs and activities.

We consider management's comments nonresponsive to recommendations 1 and 2 and will pursue the recommendations through the audit resolution process.

Finding #2: Non-Compliance Limits Program Effectiveness

We found the following issues related to Postal Service compliance with key program requirements from our review of CMRA data and activities and discussions with CMRA officials.

CMRA Oversight and Data Quality Concerns

We randomly selected 205 CMRA applications[9] to assess Postal Service compliance with applicable completeness and accuracy requirements and found a variety of issues. We found the following concerns:[10]

- *Missing applications*: 14 of the 205 records (seven percent) did not have the required application on file. Rather than the required CMRA applications, these records were a variety of other documents (six quarterly reviews and eight PMB customer applications).[11]

- *Outdated application*: 133 of the remaining 191 applications (69 percent) were completed on a prior version of the form (only 58 applications reflected the current version). The Postal Service made changes to the CMRA application to comply with ID requirements, and required resubmission to update unacceptable IDs, to enhance the safety and security of the mail.[12]

- *Improper identification*: 94 of the 191 applications (49 percent) did not include all necessary requirements for proper identification. Specifically, some fields were left blank or failed to reflect all required information, and some unacceptable forms of identification (such as wholesale store IDs or credit cards) were accepted.

- *Missing application data*: 75 of the 191 applications (39 percent) had missing data, such as the applicant's name, home address, application date, or signatures from the applicant and local Postal Service staff, which were required at the time the application was submitted and reviewed.

Based on these concerns about the quality and accuracy of the CMRA application data, we then reviewed data for the 11,684 CMRA locations in FDB as of August 2024. We found multiple examples that collectively[13] speak to data quality concerns regarding the source FDB data. For example, we found 622 of 11,684 records (five percent) did not contain appropriate Point of Contact information but instead included vague or non-descript identifiers such as "manager," "TBD," or "unknown."

Mail Samples and Data Quality Reviews Not Completed

We also interviewed 24 Postal Service staff throughout the country responsible for managing local CMRAs, and 21 stated they were not completing the required mail sample reviews of PMB mailpieces, and 14 stated they were not completing the required data reviews.[14] Postal Service officials attributed this non-compliance to other program priorities, including the push to transition to CRD. For example, headquarters representatives stated they would rather local offices enter outdated application forms in CRD rather than have no applications entered at all, recognizing they must take additional actions to ensure the completeness and accuracy of CMRA data.

While we acknowledge these challenges associated with the transition to CRD, these noncompliance issues occurred due to a variety of management and oversight shortfalls such as:

- *Vague policies that lack key details.* We found multiple instances where CMRA policies for applications, mail samples, and data quality reviews were incomplete or lacked clear

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9   These applications are submitted by business customers that want to become a CMRA using PS Form 1583-A, *Application to Act as a Commercial Mail Receiving Agency.*

10   Of the applications we reviewed, some had recurring completeness and accuracy concerns.

11   Because these documents were not applications, they were excluded from further analysis.

12   The current version of *Application to Act as a Commercial Mail Receiving Agency,* PS Form 1583-A, lists a January 2023 effective date.

13   We also found other instances, such as the CMRA owner phone number was incorrect (nine), from the field either being blank or improper number values or duplicate addresses (16).

14   Three post office managers stated that they conduct this sample but could not provide documentation as to the results of the review because it is not required in any postal system.

instruction. Regarding CMRA applications, policy and local guidance do reflect updated identification requirements, but do not define a timeline when local staff should obtain this information from CMRAs. Regarding mail samples and data quality reviews, related policies are unclear, pertaining to how frequently they should be conducted; how they should be conducted (for example, how many mailpieces to include in the sample size); and how results should be documented. The Postal Service should update these policies to include additional detail regarding the timing, scope, and documentation of the CMRA applications, mail samples, and data quality reviews.

■ *Staff not aware of certain policy requirements.* Some local staff we spoke with stated they were not performing key program tasks because they were not aware of the related requirements. Developing strategies to better communicate program management requirements can help address these shortfalls.

■ *Lack of internal controls to track and verify local staff compliance.* Some local staff we spoke with were aware of their responsibilities to review and approve CMRA applications, but our review of CMRA application data indicated that local staff were not complying with policy for ensuring complete and accurate information, including acceptable forms of identification. This occurred because the Postal Service lacks internal controls associated with key CMRA activities, including reviewing, vetting, and documenting applications and conducting mail samples and data quality reviews. Regarding CMRA applications, the Postal Service does not enforce the policy to obtain updated CMRA identification using the current version of the form, resulting in non-compliance. For completed mail samples or data quality reviews, there are no mechanisms to track key data (such as when it was completed, who completed it, the results of the review(s), or any associated corrective actions). Postal Service management recognized

the lack of controls in these areas and is taking preliminary steps to explore integrating some of these capabilities into the CRD during FY 2025. However, the ongoing lack of internal controls for tracking and ensuring compliance with key CMRA oversight requirements will continue to put program performance and effectiveness at risk. These enforcement shortfalls could be better addressed by creating internal controls to ensure managers are adequately providing oversight of key program staff responsibilities.

CMRAs and industry representatives we spoke with also mentioned program challenges, many of which aligned with the management issues we identified. They raised concerns about local staff awareness of policies for reviewing and updating CMRA applications and CRD data; and CRD design and implementation. They also asserted Postal Service communication issues and noted that efforts to enhance communication both (a) within the Postal Service (for example, headquarters and local postmasters) and (b) between the Postal Service and CMRAs could help mitigate these issues and improve CMRAs' compliance with related requirements.

The Postal Service continues to make significant efforts to implement CRD and automate its formerly decentralized, paper-based system for managing CMRA information. However, ongoing compliance, policy, oversight, and user coordination challenges remain. As the Postal Service continues to further develop the CRD and other elements of the CMRA program, it will be crucial to integrate controls to ensure compliance with related requirements, detect and prevent fraud and other criminal activity, and ensure a safe, efficient, and effective delivery service. These controls will better equip the Postal Service to manage and oversee CMRAs, which is critical as the Postal Service develops approaches to cover costs and generate revenue. Moreover, without controls, unauthorized entities may be operating through CMRAs, and they may be unknowingly facilitating criminal activity, calling into question the safety and security of the mail.

Recommendation #3

We recommend that the **Vice President, Retail and Post Office Operations,** update Commercial Mail Receiving Agency application, mail sample, and data quality review policies to include additional detail regarding the timing, scope, and documentation.

Recommendation #4

We recommend that the **Vice President, Retail and Post Office Operations,** develop strategies to better communicate policies and related updates to Postal Service field staff and Commercial Mail Receiving Agencies, including those for reviewing, vetting, and documenting applications and conducting mail samples and data quality reviews.

Recommendation #5

We recommend that the **Vice President, Retail and Post Office Operations,** develop and implement internal controls for ensuring effective local staff compliance and oversight with key program responsibilities, including reviewing, vetting, and documenting applications (using the current PS Form 1583-A version) and conducting mail samples and data quality reviews.

Postal Service Response

Management disagreed with the finding and recommendations 4 and 5 but agreed with recommendation 3. Regarding the finding, management disagreed with various elements related to outdated applications, mail sampling and data quality reviews, and vague policies. Specifically, management stated OIG misrepresented or omitted applicable Postal Service policies regarding CMRA applications and did not properly consider ongoing updates to mail samples, data quality reviews, or policies. Regarding recommendation 3, management stated it has updated policies pertaining to CMRA applications, mail samples, and data quality reviews. The target implementation date is June 30, 2025. Regarding recommendation 4, management stated it already shared its robust communication strategy with the OIG and will continue communicating policies and related updates. Regarding recommendation 5, management stated it already has measures in place to validate applications, mail samples, and data quality reviews.

OIG Evaluation

We consider management's comments responsive to recommendation 3, and corrective actions should resolve the issues identified in the report. Regarding management's disagreement with the finding, we reported on a variety of management and oversight shortfalls — including outdated applications in CRD and incomplete mail samples and data quality reviews — and that these issues were caused by vague polices, staff unawareness, and lack of internal controls. Regarding recommendation 4, we would support management's efforts to enhance communication of polices and related updates to its field staff and CMRAs. Regarding recommendation 5, we would support management's efforts to help ensure compliance associated with validating applications, mail samples, and data quality reviews.

We consider management's comments nonresponsive to recommendations 4 and 5 and will pursue them through the audit resolution process.

Path Forward

CMRAs provide an alternative delivery option for business and residential customers. The Postal Service continues to make improvements to the CMRA program through investing in the CRD system and performing oversight. To address the compliance shortfalls identified in this report, additional Postal Service resources and attention will be necessary. The future of the CMRA program will have to effectively balance these increasing demands with addressing the Postal Service's larger financial challenges, ensuring the safety and security of the mail, and coordinating with CMRA program participants and users.

Appendices

Appendix A: Additional Information

Scope and Methodology

Our objective was to evaluate the Postal Service's management of CMRAs. To accomplish our objective, we:

- Reviewed Postal Service policies, procedures, and local guidance related to CMRA program management and oversight, including application review and approval, quarterly reviews, and mail samples.

- Analyzed the Postal Service's list of 11,684 active CMRA locations in the FDB, as of August 2024, along with their corresponding application forms and associated data.

- Randomly selected 205 CMRA locations and tested their applications for completeness (whether required data fields were complete) and reasonability (whether the information in the data fields was reasonable to meet form requirements).

- Interviewed 24 judgmentally selected district managers and local post office managers (or their designees) to understand their roles and responsibilities related to CMRA program management, oversight, and customer feedback collection. The sample comprised eight district managers (two districts from each of the four area office locations) and 16 local post office postmasters/supervisors (two local offices from each of the eight selected districts).

- Interviewed headquarters officials responsible for the CMRA program, including Retail and Post Office Operations and Inspection Service.

- Analyzed the FY 2023 Decision Analysis Report demonstrating the costs approving the funding for the CRD.

- Interviewed CMRA and industry representatives.

- Reviewed prior Postal Service OIG audit work on CMRA oversight.

We conducted this performance audit from August 2024 through June 2025 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 objectives. 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 May 19, 2025, and included its comments where appropriate.

In planning and conducting the audit, we obtained an understanding of the CMRAs' internal control structure to help determine the nature, timing, and extent of our audit procedures. We reviewed the management controls for overseeing the program and mitigating associated risks. We also assessed the internal control components and underlying principles, and we determined that the following four components were significant to our audit objective: Control Environment, Control Activities, Information and Communication, and Monitoring.

We developed audit work to ensure that we assessed these controls. Based on the work performed, we identified internal control deficiencies related to all components outlined above that were significant within the context of our objectives. Our recommendations, if implemented, should correct the weaknesses we identified.

We assessed the reliability of computer-generated data from the Postal Service's FDB and CRD by reviewing the data and interviewing program management. We determined that the data was sufficiently reliable for the purposes of this report.

Prior Audit Coverage

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

Appendix B: Annual CMRA Cost Estimation

We attempted to estimate the annual costs of the CMRA program. We focused on the potential costs associated with local staff providing oversight of CMRA-related activities, as they are tasked with key program responsibilities, including reviewing CMRA quarterly reports, FDB data, and conducting mail samples. For three[15] key taskings, we estimated (a) the average time needed to complete (based on our knowledge of retail Postal Service operations) and (b) how many times it should be completed (based on Postal Service policy). Table 1 illustrates these estimates and summarizes the total time requirement of three hours and 40 minutes each year for these taskings.

Table 1. Local Staff CMRA Taskings

Local Staff Tasking	Time Required (per review/ sample)	Frequency of Tasking (times per year)	Total Time Requirement (each year, hours:minutes)
Reviewing CMRA quarterly reports	20 minutes	4	1:20
Reviewing CMRA data in FDB	15 minutes	4	1:00
Conducting Mail Sample	20 minutes	4	1:20
Total	**55 minutes**	**12**	**3:40**

Source: OIG analysis and estimates.

We then estimated the average cost per hour of local staff, who would be performing these taskings. We first assumed a local staff salary of nearly $90,000[16] and 2,080 workhours (40 hours a week x 52 weeks) in a year. Using those estimates, we calculated a $43 per hour cost. We then applied this $43 per hour factor to the total time requirement (three hours

and 40 minutes from Table 1) to determine the average annual CMRA-related costs of $158. We then multiplied this $158 by the total number of CMRAs (11,684) to determine the collective local staff CMRA-costs of $1,846,072 per year.

As part of our estimation, we also included the known CRD-related costs of $1.491 million. We recognize other program related costs occur — such as those for headquarters staff oversight. We, however, excluded those costs as they were more system-wide in nature and not as easily discernable for an individual year. Furthermore, we also excluded any incremental costs associated with local staff taskings that would have been applicable to new CMRA applicants (for example, time spent reviewing and processing the application).

While we acknowledge the conservative nature of our CMRA-related cost estimation based on these exclusions, we recognize these are annual, recurring administrative costs. As such, we conservatively concluded the Postal Service incurred about $5.2 million in total CMRA-related costs for FYs 2023–2024 (see Table 2) and missed collecting CMRA-related revenues of that amount ($5.2 million) by not having an approach to generate revenue to offset CMRA-related costs.

Table 2. Estimated CMRA-Related Costs, FY 2023-2024

Cost Component	Estimated Cost
CRD (FY 2023 & FY 2024)	$1,491,000
Annual Oversight – FY 2023	$1,846,072
Annual Oversight – FY 2024	$1,846,072
Total	**$5,183,144**

Source: OIG analysis and estimates.

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15   Since we did not know how many new CMRA applications were reviewed and approved in fiscal year 2024, we did not include this tasking in our analysis.
16   According to the Bureau of Labor Statistics, the national average postmaster salary was nearly $90,000 as of May 2023.

Appendix C: Management's Comments

![United States Postal Service logo]

June 10, 2025

VICTORIA SMITH
ACTING DIRECTOR, AUDIT SERVICES

SUBJECT: Management Response: *Management of Commercial Mail Receiving Agencies* (24-146-DRAFT)

The Postal Service has taken the opportunity to review and comment on the findings and recommendations contained in the draft audit report, *Management of Commercial Mail Receiving Agencies.*

While Management acknowledges improvements may still be needed in the oversight of Commercial Mail Receiving Agencies (CMRAs), it believes significant gains have been made with the launch of the Customer Registration Database (CRD) and with the transitioning of more than 13K CMRA Owners and 1.7M Private Mailbox Customers from a manual to a digital process. The new CRD application gives an unobstructed view of information needed to prevent fraud, ensure accuracy of data entry, and reduce costs for both the US Postal Service and US Postal Inspection Service.

At the start of the audit, it was disclosed to the OIG, that Management was within months of completing a three-year timeline of improvements to the CMRA Program Improvements included external/internal notification/communication, policy changes, and technology enhancements. OIG was granted full access to the CRD platform and given the opportunity to examine and validate each module within the application. They were likewise provided copies of updated PS forms, training resources, revised DMM references and examples of correspondence. With the release of the audit, however, Management found it interesting that many of the Findings/Recommendations focused on things USPS had already addressed or that were already being addressed - and that OIG had confirmed "As Completed" first-hand.

In addition, Management noted numerous instances of unsubstantiated comments and/or inaccurate data points throughout the report. Management felt these were included to skew reader perception and/or validate the OIG's stance. While Management appreciates the corrections made to the draft after discrepancies were called out, examples still lace throughout the Findings/Recommendations/Monetary Impact that misrepresent both Postal policy and/or misreport data.

Finding #1: Unknown CMRA Costs Hinder Effective Management
Management Disagrees.

Management maintains a robust tracking mechanism to monitor Program level costs as they relate to Commercial Mail Receiving Agencies. Not only did Management provide documentation for the Decision Analysis Report (DAR) and "Soft" annual saving projections associated with the launch of the CRD, it likewise, shared the CMRA annual expense budget and annual capital budget. It has never been the intent of the Postal Service to track incremental costs for all HQ Programs Offices down to the field level. Benefits from tracking do not always justify their burden and expense.

Finding #2: Non-Compliance Limits Program Effectiveness
Management Disagrees:

Outdated Applications: The report misrepresents USPS Commercial Mail and Receiving Agencies policies as outlined in the Domestic Mail Manual (DMM). The audit includes several references to the use of "outdated" PS Form 1583A by Management. This representation is not accurate. The DMM 508.1.8.2 clearly states that a new PS Form 1583A application is only needed when information on the application has changed.

In addition, Management removed all earlier versions of PS Form 1583A and PS Form1583 with the 2023 release. All new and existing Private Mailbox Customers (1.7M) are required to use the updated PS Form 1583 that aligns with the formatting found in the CRD. The OIG's report fails to share this important information.

Mail Sampling and Data Quality Reviews: Management made OIG fully aware that the new CRD platform would require a review and mail sampling process to be completed on a quarterly basis. Even so, mail sampling and data quality reviews were called out in the report. This represents another example where actions already taken by Management were called out as a Finding.

Vague Policies: The report references vague Postal policies/and lack of local guidance but fails to recognize the continuous efforts made by Management to modernize Postal forms/policies and educate external CMRA customers/local offices. Some examples of Management's focused efforts include Facility Database enhancements, PS Form 1583A revisions, PS Form 1583 revisions, Notice of Privacy Act System of Records (SOR) changes, Federal Register publication, Domestic Mail Manual (DMM) section 508.1.8. policy updates and newly developed resources/training. The OIG was aware of these changes but did not give due consideration in the report.

Monetary Impact:
Management Disagrees:

The OIG failed to conduct adequate rigor testing to validate the accuracy of their analysis and the credibility of their asserted Monetary Impact. Instead, OIG assigned random time values to each task, even though time studies were never conducted as part of their analysis. Knowing this, the Monetary Impact could not possibly be accurate. In addition:

- OIG subjectively/erroneously referenced operational costs as revenues not captured throughout the report
- OIG did not consider the number of mail pieces sampled in their analysis
- OIG did not consider the number of PMBs per CMRA in their analysis
- OIG indiscriminately interpreted Post Office Operations Manual frequency language to be 4 times/year when the POM simply states "Periodically monitor mail going to CMRAs..."
- OIG did not consider workhour savings with the implementation of the CRD

Following are our comments on each of the five recommendations.

Recommendation 1:
We recommend that the Vice President, Retail and Post Office Operations, develop an approach to estimate and track Commercial Mail Receiving Agency program-related costs.

Management Response/Action Plan:
Management **disagrees** with the recommendation.

Management maintains a robust tracking mechanism to monitor Program level costs as they relate to Commercial Mail Receiving Agencies. Management provided OIG with all requested/related documentation. It was never the intent of the Postal Service to track incremental costs for all Programs down to the field level. Benefits from tracking do not always justify their burden and expense.

Target Implementation Date: NA

Responsible Official: NA

Recommendation 2:
We recommend that the Vice President, Retail and Post Office Operations, in coordination with the Vice President, Pricing and Costing and the Executive Director, Product Solutions, develop and implement an approach to generate revenue to offset all Commercial Mail Receiving Agency-related costs.

Management Response/Action Plan:
Management **disagrees** with this Recommendation

The financial analysis lacks rigor, such as not recognizing the cost saving differences between delivery to CMRAs and individual address delivery nor accounting for differences in forwarding and remailing protocol.

Management would consider evaluating the program to determine if any changes are warranted based on market research insight, etc."

Target Implementation Date: NA

Responsible Official: NA

Recommendation 3:
We recommend that the Vice President, Retail and Post Office Operations, update Commercial Mail Receiving Agency application, mail sample, and data quality review policies to include additional detail regarding the timing, scope, and documentation.

Management Response/Action Plan:
Management **agrees** with this Recommendation

Management already updated PS Form 1583A Application to Act as a Commercial Mail Receiving Agency and PS Form 1583 Application for the Delivery of Mail Through Agent in 2023. Management likewise updated verbiage in the Postal Operations Manual (POM) to include more specific mail sample and data quality review policies. Management provided a draft of changes to the OIG and requests Closure at Issuance.

Target Implementation Date: 6/30/25

Responsible Official:
Manager, Retail & Post Office Operations Policy and Practices

Recommendation 4:
We recommend that the Vice President, Retail and Post Office Operations, develop strategies to better communicate policies and related updates to Postal Service field staff and Commercial Mail Receiving Agencies, including those for reviewing, vetting, and documenting applications and conducting mail samples and data quality reviews.

Management Response/Action Plan:
Management **disagrees** with this Recommendation.

Management has already shared its robust communication strategy with the OIG and provided examples to validate its support for both Post Offices and Commercial Mail Receiving Agencies. It will continue to communicate policies and related updates including those for reviewing, vetting, and documenting applications and conducting mail samples and data quality reviews."

Target Implementation Date: NA

Responsible Official:

Recommendation 5:
We recommend that the Vice President, Retail and Post Office Operations, develop and implement internal controls for ensuring effective local staff compliance and oversight with key program responsibilities, including reviewing, vetting, and documenting applications (using the current PS Form 1583-A version) and conducting mail samples and data quality reviews.

Management Response/Action Plan:
Management **disagrees** with this Recommendation.

The Postal Service already has measures in place requiring local management to validate the accuracy of PS Form 1583A on a quarterly basis. (The DMM does not require a new PS Form 1583A application to be used unless the information on the application has changed.) It likewise provided the OIG with first hand access to the Customer Registration Database to confirm that a process exists for conducting mail samples and data quality reviews.

Target Implementation Date: NA

Responsible Official: NA

E-SIGNED by Jennifer Vo
on 2025-06-10 09:17:00 EDT
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Jennifer Vo
Vice President, Retail & Post Office Operations

E-SIGNED by Sharon Owens
on 2025-06-10 10:22:17 EDT
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Sharon Owens
Vice President, Pricing & Costing

E-SIGNED by Margaret Pepe
on 2025-06-10 12:55:23 EDT
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Margaret Pepe
Executive Director, Product Solutions

cc: Corporate Audit & Response Management

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, please email press@uspsoig.gov or call (703) 248-2100