



Office of Inspector General | United States Postal Service

## Audit Report

# Partnership Agreement Compliance

Report Number 19BG004FT000-R20 | December 27, 2019



# Table of Contents

Cover		Transaction Information or Reporting .....	7
Highlights.....	1	Incorrectly Paid Postage .....	7
Objective .....	1	Use of the Service Mark .....	8
Findings.....	1	Steering Committee.....	9
Shipping Services Contract.....	1	Recommendation #2.....	9
Marketing and Service Offering Agreement .....	1	Finding #3: Global Agreement .....	9
Global Customized Mail Agreement.....	2	Recommendation #3.....	10
Recommendations.....	2	Management's Comments.....	10
Transmittal Letter .....	3	Evaluation of Management's Comments .....	10
Results.....	4	Appendices .....	11
Introduction/Objective .....	4	Appendix A: Additional Information.....	12
Background.....	4	Scope and Methodology.....	12
Finding #1: Shipping Agreement .....	6	Prior Audit Coverage.....	14
Recommendation #1.....	6	Appendix B: Management's Comments.....	15
Finding #2: Marketing Agreement.....	6	Contact Information .....	18

# Highlights

## Objective

The U.S. Postal Service enters into partnership agreements to provide customers with customized shipping solutions and mailing incentives. These agreements provide mutual benefits for the Postal Service and its customers.

The Postal Service has had a partnership with [REDACTED] for [REDACTED]. From October 2018 through August 2019, [REDACTED] received [REDACTED] million in postage discounts. The Postal Service has entered into the following [REDACTED]:

- Shipping Services Contract – provides [REDACTED] discounted postage prices for domestic parcels with a baseline volume requirement of [REDACTED] contract packages annually. The current agreement expires [REDACTED].
- Marketing and Service Offering Agreement – governs [REDACTED] the Postal Service will promote each other's services. Requires an [REDACTED] a year for postage starting in 2016, which [REDACTED] for the term of the agreement. The current agreement expires on [REDACTED].
- Global Customized Mail Agreement - provides [REDACTED] postage prices for international parcels and requires an annual minimum commitment of [REDACTED] in postage paid. The current agreement expires [REDACTED].

The Postal Service recently negotiated a new Shipping Services Contract and a new Global Customized Mail Agreement. Now that these agreements are finalized, management plans to negotiate a new Marketing and Service Offering Agreement.

Our objectives were to [REDACTED] compliance with agreement provisions and to determine whether opportunities exist to enhance agreement provisions. We reviewed selected provisions from the [REDACTED] agreements based on their impact on Postal Service [REDACTED] commitments, and the protected interest of the Postal Service.

## Findings

Although [REDACTED] compliant with 13 of the 19 provisions we reviewed – such as contract volume and revenue minimums – we found instances of noncompliance with six of the provisions from all three agreements, as follows:

### Shipping Services Contract

System defects in a third-party vendor software package allowed [REDACTED] of the [REDACTED] percent allowed. In the limited time we ran our tests, we found discounts ranging from [REDACTED] percent, exceeding Shipping Services Contract provisions for some Priority Mail transactions. Specifically, we identified [REDACTED] instances out of about [REDACTED] transactions reviewed from 20 daily transaction files from May 2019 where [REDACTED] exceeded the [REDACTED] percent [REDACTED]. The Postal Service risks losing revenue if [REDACTED].

### Marketing and Service Offering Agreement

[REDACTED] not comply with some Marketing and Service Offering Agreement provisions. We found non-compliance issues with the following provisions in the Marketing and Service Offering Agreement:

- Transaction Information or Reporting. [REDACTED] provide a complete daily transaction file, as required. Without a complete daily transaction file, it is difficult for the Postal Service to identify the root cause of differences between the actual payment [REDACTED] the expected payment based on the day's transactions. During the audit, in May 2019, over three years after the agreement became [REDACTED] began to transmit a daily transaction file that met Postal Service requirements.
- Incorrectly Paid Postage. The Postal Service [REDACTED] a file containing an assessment of the postage due as a result of incorrectly paid postage on a daily basis. [REDACTED] for the postage due to the Postal Service that same day. [REDACTED] postage due supporting transaction file, containing thousands of transactions, did not always match postage due amounts submitted by and owed to the Postal Service. Further, the file did not indicate which transactions were paid. Consequently,



# Transmittal Letter



OFFICE OF INSPECTOR GENERAL  
UNITED STATES POSTAL SERVICE

December 27, 2019

MEMORANDUM FOR: TIMOTHY R. COSTELLO  
ACTING VICE PRESIDENT, SALES

E-Signed by John Cihota  
VERIFY authenticity with eSign Desktop   


FROM: John E. Cihota  
Deputy Assistant Inspector General  
for Finance and Pricing

SUBJECT: Partnership Agreement Compliance  
(Report Number 19BG004FT000-R20)

This report presents the results of our audit of the U.S. Postal Service's Partnership Agreement Compliance.

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

Attachment

cc: Postmaster General  
Corporate Audit Response Management

# Results

## Introduction/Objectives

This report presents the results of our self-initiated audit of the U.S. Postal Service's partnership agreements with [REDACTED] (Project Number 19BG004FT000). Our objectives were to determine [REDACTED] with agreement provisions and determine whether opportunities exist to enhance agreement provisions. See [Appendix A](#) for additional information.

## Background

The Postal Service enters into partnership agreements to provide customers with customized shipping solutions and mailing incentives. These agreements provide mutual benefits for the Postal Service and its customers.

The Postal Service has had a partnership with [REDACTED], and it was the Postal Service's [REDACTED] customer. The Postal Service has entered into the following agreements [REDACTED]:

- Shipping Services Contract (shipping agreement) – provides [REDACTED] [REDACTED] The current agreement expires [REDACTED].
- Marketing and Service Offering Agreement (marketing agreement) – governs how [REDACTED] [REDACTED] [REDACTED]

[REDACTED]. The current agreement expires on the date on which the last negotiated service agreement between the Postal Service and [REDACTED] or is terminated, or [REDACTED].

- Global Customized Mail Agreement (global agreement) – provides [REDACTED] [REDACTED] The current agreement expires [REDACTED].

The shipping and global agreements are considered Negotiated Service Agreements (NSA)<sup>3</sup> and are incorporated in the marketing agreement. NSAs must be reviewed and recommended by the Postal Regulatory Commission (PRC)<sup>4</sup> and approved by the U.S. Postal Service Board of Governors. The PRC also reviews the competitive product<sup>5</sup> prices to ensure each product covers its attributable costs,<sup>6</sup> does not cause market dominant products<sup>7</sup> to subsidize competitive products, and contributes to the Postal Service's institutional costs.<sup>8</sup>

Agreements between the Postal Service and [REDACTED] to purchase postage at a discount and resell it to its shipping users<sup>9</sup> at a higher rate. It also provides [REDACTED] access to commercial base pricing.<sup>10</sup> To receive commercial base pricing, [REDACTED] must print [REDACTED] labels using a PC Postage provider.<sup>11</sup> The Postal Service does not invoice [REDACTED] [REDACTED] initiates a daily electronic funds transfer payment to the Postal Service in the amount of the day's transactions less the discount. [Table 1](#) shows [REDACTED], discount, and volume for fiscal year (FY) 2018 and FY 2019 through August 31, 2019.

3 A customized and mutually beneficial contractual agreement between the Postal Service and a specific mailer.

4 An independent federal agency that promotes transparency and accountability of the Postal Service's operations.

5 Products and services for which similar products and services are offered by private sector carriers.

6 Direct and indirect Postal Service costs that can be clearly associated with a particular mail product.

7 Products and services over which the Postal Service exercises sufficient market power that it can effectively set their price with limited competition.

8 Postal costs that cannot be directly or indirectly assigned to any mail class or product.

9 Any person who is registered on [REDACTED] who accesses or has accessed the service offering through the integration applications.

10 Special discounted rates available to shippers who use scannable postage markings and send package data to the Postal Service systems electronically.

11 PC Postage is Postal Service-approved third-party vendor software that mailers can use to pay for and print postage using a computer, printer, and internet connection. [REDACTED] provider.

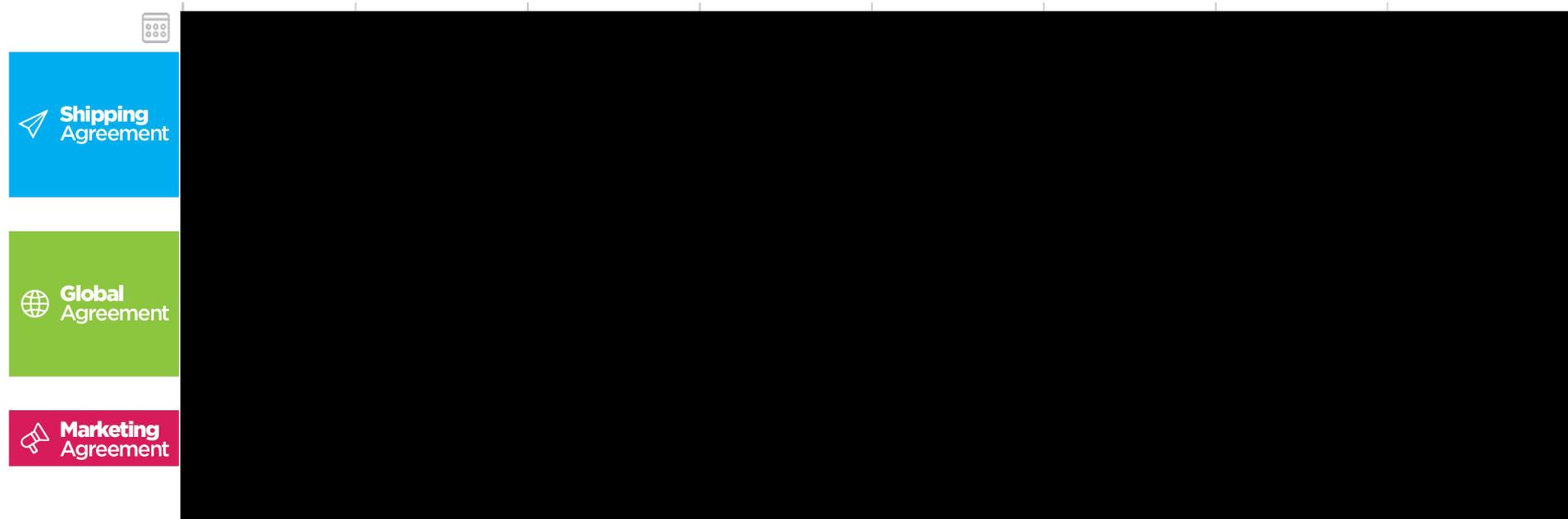
**Revenue, Discount, and Volume**

Item	FY 2018	FY 2019
Total Revenue		
Mail Volume (pieces)		

The Postal Service and [REDACTED] a new global agreement effective [REDACTED], and a new shipping agreement effective [REDACTED]. Now that these agreements have been finalized, management plans to negotiate a new marketing agreement. See Figure 1 for a timeline of the agreements.

Source: National Meter Accounting and Tracking System (NMATS).<sup>12</sup>

**Figure 1. Agreements Timeline**



Source: U.S. Postal Service Office of Inspector General (OIG) review of shipping, global, and marketing agreements, amendments, and extensions.

<sup>12</sup> Provides reports to the Postal Service from the meter company for the amount of postage used on a specific meter.

Although [REDACTED] with 13 of the 19 provisions we reviewed (such as contract volume and revenue minimums), we found instances of noncompliance with six of the provisions from all three agreements.

### Finding #1: Shipping Agreement

[REDACTED] discounts ranging from [REDACTED] percent, exceeding agreement provisions for some Priority Mail transactions. According to the shipping agreement, [REDACTED] entitled to a discount of [REDACTED] Priority Mail and Priority Mail Express.<sup>13</sup> We identified [REDACTED] instances out of about [REDACTED] transactions over 20 days<sup>14</sup> where [REDACTED] exceeded the [REDACTED] discount by a total of [REDACTED] as shown in Table 2.

**Table 2. [REDACTED] Exceeding Discount**

Date	Number of Transactions	Amount Exceeding [REDACTED]
May 12, 2019	[REDACTED]	[REDACTED]
May 13, 2019	[REDACTED]	[REDACTED]
May 14, 2019	[REDACTED]	[REDACTED]
May 15, 2019	[REDACTED]	[REDACTED]
May 16, 2019	[REDACTED]	[REDACTED]
May 18, 2019	[REDACTED]	[REDACTED]
May 20, 2019	[REDACTED]	[REDACTED]
May 21, 2019	[REDACTED]	[REDACTED]
May 27, 2019	[REDACTED]	[REDACTED]
<b>Total</b>	[REDACTED]	[REDACTED]

Source: OIG analysis of [REDACTED] Transaction Files.

<sup>13</sup> We did not review the most recent shipping agreement effective [REDACTED] with an expiration date of [REDACTED]. We may review this agreement in a subsequent audit.

<sup>14</sup> We analyzed daily transaction files from May 12 through 31, 2019 (see [Finding #2, Transaction Information or Reporting](#)).

<sup>15</sup> Article titles as listed in the marketing agreement.

This occurred because of a [REDACTED] that caused transaction information sent [REDACTED] be populated with an incorrect weight for some transactions. [REDACTED] the discount based on the postage amount for the incorrect weight. The Postal Service acknowledged that the [REDACTED] and is currently working to determine the financial impact. The Postal Service risks losing revenue [REDACTED] discounts in excess of agreement provisions.

*“The marketing agreement did not include consequences for non-compliance; thereby, putting the Postal Service at risk.”*

#### Recommendation #1

We recommend the **Acting Vice President, Sales**, in coordination with the **Vice President, Mail Entry and Payment Technology**, work with [REDACTED] to ensure the data recorded in transaction files submitted to the Postal Service [REDACTED] accurate.

### Finding #2: Marketing Agreement

[REDACTED] t comply with some marketing agreement provisions, and future agreements could be strengthened to enforce compliance. Specifically, we found non-compliance issues with the following marketing agreement provisions:<sup>15</sup>

- Transaction Information or Reporting
- Incorrectly Paid Postage
- Use of Service Mark
- Steering Committee

These non-compliance issues occurred because the marketing agreement did not include [REDACTED] non-compliance. Without [REDACTED]

responsible for full compliance, the Postal Service is at risk of having reduced revenue [REDACTED] missing critical data needed to assess its agreement [REDACTED] damage to its brand because of unauthorized or inappropriate use, and inadequate strategic direction between the [REDACTED]

## Transaction Information or Reporting

***“The marketing agreement requires a daily transaction file containing the details of the day’s transactions.”***

[REDACTED] provide a complete daily transaction file.<sup>16</sup> The marketing agreement requires [REDACTED] a daily transaction file containing details of all the day’s transactions. Without a complete daily transaction file, the Postal Service could only reconcile daily [REDACTED] to the payment. In addition, it is difficult for

the Postal Service to [REDACTED] on the day’s transactions. To perform the reconciliation, a Postal Service employee would compare information from three sources:

- A daily summary of activity [REDACTED] including volume and revenue.
- [REDACTED] payment amount.
- An NMATS report which calculates the amount that Postal Service estimates should be paid [REDACTED] a given day based on volume, rate, and discount information.

A difference could be caused by, for example, outdated rate tables loaded in NMATS or a mistake [REDACTED] calculating the discount. With a detailed daily transaction file, the Postal Service could identify differences at the transaction level which would make it easier to identify the cause.

<sup>16</sup> [REDACTED] file contains transaction amount, rate category, discount amount, and mail class, for packages shipped that day.

<sup>17</sup> Shortpaid amounts are differences created when the postage or fee actually paid to the Postal Service for a specific service is less than the actual postage or fee due to the Postal Service under the published or negotiated rate for that service.

<sup>18</sup> The supporting transaction file contains record type, rate category, transaction amount, net to Postal Service, discount amount, and refund status.

During the audit, in May 2019, [REDACTED] years after the marketing agreement became effective, [REDACTED] a daily transaction file that met Postal Service requirements. The Postal Service intends to load this file into NMATS and develop reports that will automate the reconciliation process. This will eliminate the current manual reconciliation process done by the Postal Service and increase efficiency. The Postal Service is currently expecting NMATS to be updated in late calendar year 2019 or 2020.

## Incorrectly Paid Postage

[REDACTED] transaction file data did not always equal all shortpaid amounts<sup>17</sup> submitted by and owed to the Postal Service, [REDACTED] always pay outstanding shortpaid amounts within the collection period. As of August 2019, [REDACTED] billed in shortpaid postage transactions, including [REDACTED] from September 2017 to January 2019. [REDACTED] to the Postal Service for these outstanding amounts on October 24, 2019.

The marketing agreement requires [REDACTED] payment and a supporting transaction file<sup>18</sup> to the Postal Service daily equaling all shortpaid amounts collected but not submitted to the Postal Service. The Postal Service threshold for collecting shortpaid amounts [REDACTED] marketing agreement also [REDACTED] a shortpaid amount within 14 business days of receiving notice from the Postal Service or seek to collect the shortpaid amount from the

***“The Postal Service was owed nearly [REDACTED] in shortpaid postage transactions, including about [REDACTED] outstanding since September 2017. The Postal Service received full payment for these outstanding amounts in October 2019.”***

██████████. If ██████████ activity instead of paying the shortpaid amount, the collection period is not to exceed 60 calendar days after initial Postal Service notification.

The Postal Service ██████████ daily file containing an assessment of the postage due ██████████ remits payment for the postage due to the Postal Service that same day. Because the supporting shortpaid transaction file contains thousands of transactions and does not indicate which are paid, Postal Service employees only keep a running total of the differences between shortpaid amounts billed and paid. To do this, they created a manually maintained spreadsheet that tracks information from two sources:

- NMATS reconciliation file, which is created from the shortpaid transaction file
- ██████████ via automated clearing house

When ██████████ not equal shortpaid amounts due or ██████████ not pay within the agreed upon collection period, the Postal Service is at risk of not timely receiving all revenue ██████████

### Use of the Service Mark

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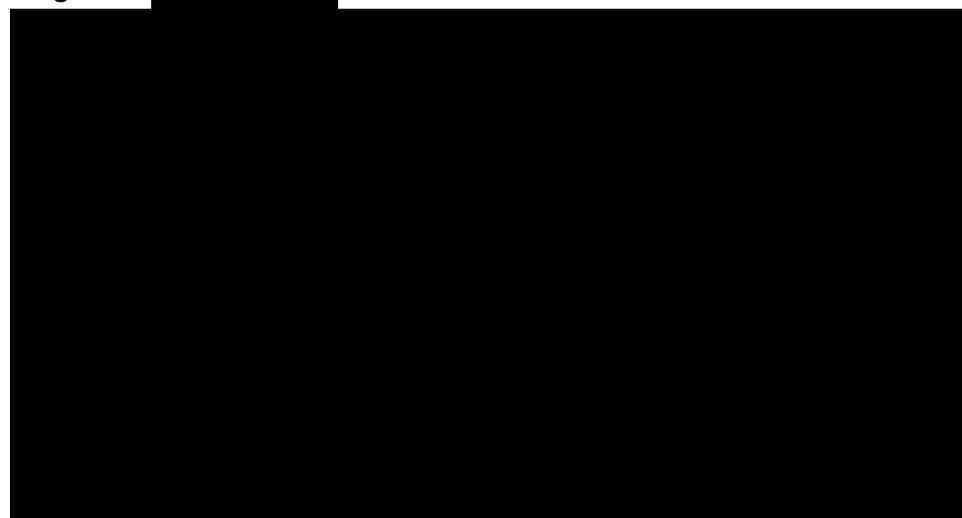
***“The marketing agreement requires written approval from the Postal Service to use its service marks in marketing materials.”***

---

██████████ obtain written approval for each use of the Postal Service's mark.<sup>19</sup> The marketing agreement requires ██████████ approval in writing from the Postal Service for all use of its service marks in marketing materials. The

Postal Service provided an example from ██████████, in which ██████████ or use was properly approved; however, when we asked for approvals under the new agreement, they did not provide any instances of the use of the service mark ██████████ approvals from the Postal Service. When we provided management two additional service mark examples, including one from ██████████ on ██████████ as shown in Figure 2, they could not provide evidence of approval. However, management acknowledged the marketing agreement approval process applied to at least one of the examples provided. If the Postal Service does not require approval of all use of its service marks, it risks damage to its brand from unauthorized or inappropriate use.

**Figure 2. ██████████ Postal Service Mark**



Source: ██████████

<sup>19</sup> The Postal Service name, domain names, trademarks, (including word marks, product marks, symbols, trade dress, and logos), and other branding elements associated with the Postal Service.

## Steering Committee

The Postal Service designated two individuals to be members of the steering committee, [REDACTED] individuals to serve on the steering committee, but they left the company and were not replaced before the committee was established. The marketing agreement states that the Postal Service and [REDACTED] a steering committee to help guide the relationship and resolve disputes and that committee shall meet at least once every quarter to exchange information, produce written reports, and discuss issues of mutual concern. It shall be made up of individuals with authority to make decisions on behalf of the parties. Further responsibilities and actions to be accomplished by the steering committee include:

- Review all aspects of the relationship
- Approve a marketing plan and review its execution and results
- Approve a standard operating plan (SOP) and review its execution and results
- Review and approve modifications to the agreements
- Determine whether to extend agreement terms

In the absence of a steering committee, there is no formal mechanism to provide strategic direction for the [REDACTED]. Without the designation of individuals to provide strategic direction and act as the decision-making body of the relationship, contractually required documents such as the marketing plan and SOP were never developed. The absence of these plans could have had a negative impact on revenue generation and the operational efficiency of the relationship between the Postal Service [REDACTED], issues of mutual concern such as disputes, agreement extensions or modifications, and payment mechanisms may be resolved more efficiently by a steering committee. For example, the issue of the daily transaction file may have been resolved more quickly had a steering committee existed.

### Recommendation #2

We recommend the **Acting Vice President, Sales**, direct the **Director of Enterprise Accounts** to include in future Marketing and Service Offering Agreements, measures that enforce compliance with agreement provisions.

## Finding #3: Global Agreement

The Postal Service did not have an effective process to [REDACTED] [REDACTED] not pay any discrepancies. The global agreement requires the Postal Service to [REDACTED] postage due as a result of discrepancies between what is paid by the [REDACTED] and the actual postage due.<sup>20</sup> For domestic mail, the Postal Service has the automated package verification (APV) system<sup>21</sup> which supports recovery of postage discrepancies in an automated fashion; [REDACTED]

---

*“The global agreement requires the Postal Service to bill for postage due for domestic and international mail.”*

---

Currently for international mail, [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

<sup>20</sup> We reviewed both global agreements, effective [REDACTED] and [REDACTED], as part of this audit.

<sup>21</sup> The APV system identifies discrepancies, calculates the difference, and notifies the PC Postage provider of the over/under payment.

**Recommendation #3**

We recommend the **Acting Vice President, Sales**, in coordination with the **Vice President, Mail Entry and Payment Technology**, develop a process to [REDACTED].

**Management's Comments**

Management generally agreed with the findings and recommendations.

Regarding recommendation 1, management stated they have a system in place with [REDACTED] to ensure data is accurately submitted, through biweekly meetings at the vice president level and weekly meetings at the manager level. In addition, management communicates directly with [REDACTED] to address and resolve issues and has resolved the [REDACTED] transactions identified.

Regarding recommendation 2, management stated the successor marketing agreement will include additional measures that ensure compliance. Until the new marketing agreement is negotiated, management will hold quarterly business reviews to monitor [REDACTED]. Management plans to implement these changes by July 31, 2021.

Regarding recommendation 3, management will incorporate international packages into the [REDACTED], which will allow the Postal Service to [REDACTED]. Management plans to implement the change by March 31, 2021.

For recommendations 2 and 3, in separate correspondence, management provided additional explanation for the prolonged implementation dates. They

stated the update to the marketing agreement will be a collaborative effort with [REDACTED] require lengthy discussions to negotiate and finalize the proposed changes. They also explained that [REDACTED].

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

**Evaluation of Management's Comments**

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

For recommendation 1, in separate correspondence, management provided evidence they have established weekly (effective October 4, 2019) and bi-weekly (effective February 7, 2019) meetings with [REDACTED]. Management also provided documentation to support the discussion of data quality, including [REDACTED]. We consider this recommendation closed upon issuance of the report.

For recommendations 2 and 3, we appreciate management's attention to these issues. We encourage management to take any opportunities for earlier collaboration and integration should they arise.

Recommendations 2 and 3 require OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. Recommendations 2 and 3 should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendations can be closed.

# Appendices

Click on the appendix title below to navigate to the section content.

Appendix A: Additional Information.....	12
Scope and Methodology .....	12
Prior Audit Coverage .....	14
Appendix B: Management’s Comments.....	15

# Appendix A: Additional Information

## Scope and Methodology

The audit [REDACTED] with provisions in the current agreements<sup>22</sup> between the Postal Service [REDACTED] did not review Postal Service compliance with the agreements as part of our audit.

To accomplish our objective, we:

- Reviewed agreements, amendments, modifications, and extensions between the Postal Service [REDACTED] considered the following factors to [REDACTED] provisions to review:
  - Impact on Postal Service revenue such as discounts and postage due
  - [REDACTED]
  - Protected the interest of the Postal Service
- Based on the above factors, we [REDACTED] shown in Table 3 for the shipping, global, and marketing agreements.

**Table 3. [REDACTED] Provisions**

Agreement	[REDACTED] Provision	Provision Description
Shipping	Eligible Products	The NSA applies to packages that meet the characteristics of Priority Mail Express, Priority Mail packages, and [REDACTED].
	Baseline Volume for Discount Calculation	For calculating growth and discounts, the baseline volume [REDACTED]
	Contract Prices	[REDACTED] for Priority Mail Express and Priority Mail.
	Marketplace Guidelines	[REDACTED] its sellers.

<sup>22</sup> We did not review the most recent shipping agreement effective [REDACTED], with an expiration date of [REDACTED]. We may review this agreement in a subsequent audit.

Agreement	Provision	Provision Description
<b>Global</b>	Prices that Reseller is to Pay Postal Service	Pay postage for qualifying mail in accordance with rate charts.
	Prices Offered by Reseller to Reseller's Customers	[REDACTED]
	Payment Method	Pay postage through intermediary of one or more PC Postage providers.
	Postage Due	Pay postage due as a result of discrepancies.
	Technical Requirements	Develop and maintain a platform for providing access to the discounts.
	Minimum Commitment	Meet an annualized minimum [REDACTED] [REDACTED] paid.
	Customs, Export, and Other Documentation	[REDACTED] provide necessary documentation for each mailing.
	Customs, Export, and Other Requirements	[REDACTED] comply with any regulation by the Postal Service and other federal agencies.
	Intellectual Property, Co-Branding and Licensing.	[REDACTED] trademarks and acronyms: Priority Mail Express International, Priority Mail International, and [REDACTED].
	<b>Marketing</b>	Service Offering
Transaction Information or Reporting		[REDACTED], the contents of which shall be mutually agreed to by the parties.
Minimum Payment		[REDACTED]
Steering Committee		[REDACTED] will establish a steering committee to help guide the relationship and resolve disputes.
Use of Service Mark		[REDACTED] materials containing Postal Service marks as may be approved in writing by the Postal Service.
Incorrectly Paid Postage		[REDACTED] to the Postal Service.

Source: OIG agreement provision review agreements between the [REDACTED]

- [REDACTED] related to provisions. We did not speak directly to [REDACTED] regarding any of the agreement provisions.
- Observed Postal Service employees perform a daily [REDACTED] transactions and reperform the reconciliation dated May 1, 2019.
- Obtained an understanding of the Postal Service's [REDACTED] shortpaid transactions file and payment.
- Analyzed [REDACTED] data and calculated [REDACTED]
- Reviewed the PRC website for the [REDACTED] and extension approvals.
- Interviewed Postal Service officials involved with the [REDACTED] and provisions.

We conducted this performance audit from March through December 2019 in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis

for our finding and conclusions based on our audit objective. We believe the evidence obtained provides a reasonable basis for our finding and conclusions based on our audit objective. We discussed our observations and conclusions with management on October 31, 2019, and included their comments where appropriate.

We assessed the reliability of data from NMATS and detailed transaction data provided [REDACTED] by applying logical tests to the electronic data files, such as checking for duplicate records and recalculating numerical fields. Additionally, for the NMATS data, we relied on the external auditor's conclusion that internal controls over financial reporting are effective in all material respects. We determined that the data were sufficiently reliable for the purposes of this report.

### Prior Audit Coverage

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

# Appendix B: Management's Comments

TIMOTHY R. COSTELLO  
ACTING VICE PRESIDENT  
SALES



December 9, 2019

LAZERICK C. POLAND  
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Partnership Agreement Compliance  
Project Number 19BG004FT000

The Postal Service generally agrees with the overall findings and general direction the Office of the Inspector General has provided on partnership agreement compliance through its recommendations. Management also appreciates that the OIG has noted in our discussions that it is cognizant of the commercial and business sensitivities involved in audits that implicate the compliance by our customers with partnership agreements, considering that all of our customers have alternatives to using the Postal Service.

**Recommendation #1: We recommend the Vice President, Sales, in coordination with the Vice President, Mail Entry and Payment Technology, work with the [REDACTED] to ensure the data recorded in transaction files submitted to the Postal Service [REDACTED] are accurate.**

Management Response:

Management agrees. The USPS has a system in place with [REDACTED] to ensure data is accurately submitted. Management holds bi-weekly meetings at the vice president level and weekly meetings at the manager level with [REDACTED] on a variety of topics, including data quality. When an issue arises, management communicates directly with [REDACTED] to address and resolve the issue. While we strive for 100% accuracy, we act quickly to resolve any issues found. Only [REDACTED] transactions out of the [REDACTED] reviewed over a 20-day period were found to have issues, which represents 0.00001% of the total transactions. Those transaction issues were identified and resolved immediately.

2

Target Implementation Date:

Currently in place.

Responsible Official:

Manager, Payment Technology

**Recommendation #2:** We recommend the Vice President, Sales, direct the Director of Enterprise Accounts to include in future Marketing and Service Offering Agreements, measures that enforce compliance with agreement provisions.

Management Response:

Management agrees. The successor Marketing and Service Offering Agreement (MSOA) with the customer will include additional measures that ensure compliance. Until new MSOA is negotiated, quarterly business reviews [REDACTED] will review and drive performance and compliance to MSOA recommendations.

Target Implementation Date:

July, 2021

Responsible Official:

Director of Enterprise Accounts

**Recommendation #3:** We recommend the Vice President, Sales, in coordination with the Vice President, Mail Entry and Payment Technology, develop a process to [REDACTED]

Management Response:

[REDACTED]

Target Implementation Date:

March, 2021

3

Responsible Official:

Vice President, Mail Entry and Payment Technology



Timothy R. Costello

cc: [REDACTED] Manager, USPS Corporate Audit and Response  
Marc McCreery, Vice President, Mail Entry and Payment Technology  
Luke Grossmann, Senior Vice President, Finance and Strategy  
Kristin Seaver, Chief Information Officer and Executive Vice President  
Jacqueline Krage Strako, Chief Customer and Marketing Officer, Executive  
Vice President



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