



May 7, 2009

WILLIAM GALLIGAN  
SENIOR VICE PRESIDENT, OPERATIONS

THOMAS G. DAY  
SENIOR VICE PRESIDENT, INTELLIGENT MAIL AND ADDRESS QUALITY

**SUBJECT:** Audit Resolution – Management Controls at Contractor-Operated Mail Processing Facilities  
(Management Advisory Report MS-MA-09-001, Dated October 22, 2008)

This memorandum summarizes the results of our December 15, 2008, meeting and subsequent efforts to resolve significant recommendation 4 from the subject management advisory report.

### **Recommendation**

The U.S. Postal Service Office of Inspector General (OIG) recommended the Vice President, Network Operations, establish procedures to ensure the U.S. Postal Service reconciles mail scans captured by Surface Transfer Center and Terminal Handling Services contractors with scans at the points of acceptance.

### **Management's Initial Response to Report Recommendation**

Management disagreed with the recommendation, stating that full adoption of the Intelligent Mail barcode and implementation of Seamless Acceptance will provide a fully integrated process to capture and track mailpieces and handling units back to the point of acceptance.

### **Resolution**

In discussions subsequent to the initial report response, management indicated that they agreed with the recommendation and decided that the Vice President, Network Operations, would form a team to address it. A team with representatives from Operations and Supply Chain Management (SCM) has begun redefining payment requirements for the STC contracts. Changes will include more visibility into the scans and improved payment processes. SCM and Logistics have bi-weekly meetings to discuss related issues. All of the STC contracts will be renegotiated in fiscal year 2009. Management plans to include the new requirements in the renegotiated contracts.

The OIG agrees that the resolution actions planned or taken are responsive to the recommendation. Management will submit a timeline for implementing these corrective actions, as appropriate, or a request to close the recommendation if actions have already been implemented.

E-Signed by Darrell E. Benjamin, Jr.   
VERIFY authenticity with ApproveIt 

Darrell E. Benjamin, Jr.  
Deputy Assistant Inspector General  
for Revenue and Systems



*for* Jordan M. Small  
Acting Vice President, Network Operations



Pritha Mehra  
Vice President, Business Mail Entry & Payment Technologies

cc: Vice Presidents, Area Operations  
Katherine S. Banks