



Office of Inspector General | United States Postal Service

Management Alert

Negotiated Service Agreement Price Tables Sent Unsecured to Vendors

Report Number 21-097-R21 | May 3, 2021



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Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

May 3, 2021

MEMORANDUM FOR: SHAVON L. KEYS
VICE PRESIDENT, SALES (A)

A handwritten signature in black ink, reading "Amanda H. Stafford", is positioned above the "FROM:" field.

FROM: Amanda H. Stafford
Acting Deputy Assistant Inspector General for Retail,
Delivery and Marketing

SUBJECT: Management Alert – Negotiated Service Agreement Price
Tables Sent Unsecured to Vendors
(Report Number 21-097-R21)

This management alert presents an issue we identified during our audit on *Negotiated Service Agreement – Contract [REDACTED]* (Project Number 20-233) related to the unsecured transmission of Negotiated Service Agreement (NSA) pricing rate tables. The objective of this management alert was to provide U.S. Postal Service officials immediate notification of this issue for their attention and remediation.

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

Attachment

cc: Postmaster General
Corporate Audit Response Management

Results

Introduction

During the audit of *Negotiated Service Agreement – Contract [REDACTED]* (Project Number 20-233), we identified an issue related to the transmission of Negotiated Service Agreement (NSA) pricing rate tables. Specifically, the U.S. Postal Service electronically transmitted confidential contract pricing rates to PC Postage vendors in unencrypted emails.¹

NSAs are contractual agreements between the Postal Service and commercial mailers, whereby mailers receive customized pricing discounts in exchange for meeting volume and mail preparation requirements. NSAs specify customized pricing and may include a quarterly revaluation of shipping rates, based on volume tiers and commitments. If a mailer uses a PC postage provider to print their postage, then initial pricing rate tables and any quarterly or annual price changes are sent to the mailer and the PC Postage provider via email.

Postal Service policy requires sensitive information, including customized pricing and other proprietary information to be sent in an encrypted format.² The Postal Service must [REDACTED] to send an encrypted email. This will trigger Postal Service systems to flag the email as sensitive and encrypt it. If the [REDACTED] Postal Service systems will not flag the email as sensitive and will not encrypt it. We reviewed unencrypted emails sent from usps.gov email address extensions to vendors with attachments containing contract pricing rate tables for the period June 1, 2020 through January 21, 2021. Because this issue poses security weaknesses across all contracts, the scope of our review included, but was not limited to, the vendor involved in NSA – Contract [REDACTED].

We identified this issue while conducting our performance audit in accordance with generally accepted government auditing standards. 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

objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Finding #1: Transmission of Unsecured NSA Pricing Rate Tables

Our analysis showed that the Postal Service transmitted nearly [REDACTED] unencrypted emails, which referenced confidential information and excel attachments, to PC Postage providers between June 1, 2020 and January 21, 2021. To determine whether the email attachments contained confidential pricing tables, we reviewed the nearly [REDACTED] emails and found that nearly 65 percent of the attachments contained confidential pricing rate tables.

Postal Service policy states that sensitive information must be protected from unauthorized disclosure and encrypted when transmitted electronically.³ The Postal Service explained that it sends a large number of unencrypted emails to vendors regarding contract rates because there are additional technical requirements for the vendor to open the encrypted messages. However, when the Postal Service transmits unsecured sensitive information, it creates an opportunity for possible financial or operational loss and can potentially impact business relationships with current or prospective vendors.

Management stated that it has taken corrective action to ensure all vendor communications regarding sensitive NSA information are sent encrypted. Management also intends to automate the encryption process this fiscal year. However, it does not have a projected timeframe for when that process will be fully implemented.

Recommendation #1

We recommend the **Vice President, Sales**, immediately develop and disseminate guidance for handling transmission of sensitive information from the Sales organization, including Negotiated Service Agreement pricing rate tables.

¹ The Postal Service currently transmits NSA pricing rate tables to individual mailers through encrypted email transmissions.

² Handbook AS-805, Section 3-2.4.2, November 2019.

³ Handbook AS-805, Section 3-5.6, November 2019.

Recommendation #2

We recommend the **Vice President, Sales**, evaluate the development of a secure interface for transmitting pricing information with customers, including appropriate milestones and targets.

Management's Comments

Management agreed with the finding and recommendations.

Regarding recommendation 1, management now requires all external communication of sensitive information to be transmitted securely. Further, management developed and implemented a standard operating procedure for communicating rates and other sensitive NSA information by secure means.

Regarding recommendation 2, management will explore the feasibility of implementing a fully automated and secure process for communicating NSA rates sent to external vendors and/or customers. The target implementation date for this process is September 30, 2021.

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

Evaluation of Management's Comments

The OIG considers management's comments responsive to the finding in the report. The Postal Service provided documentation to support the issuance of standard operating procedures which we consider sufficient to close recommendation 1.

All recommendations require OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. Recommendation 2 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. We consider recommendation 1 closed with the issuance of the report.

Appendix A: Management's Comments



April 22, 2021

Joseph Wolski
Director, Audit Operations
U.S. Postal Service Office of the Inspector General

SUBJECT: Draft Management Alert – Negotiated Service Agreement
Price Tables Sent Unsecured to Vendors
Project Number 21-097

The Postal Service generally agrees with the overall findings and the direction the OIG has provided through its recommendations.

Recommendation #1: We recommend the Vice President, Sales, immediately develop and disseminate guidance for handling transmission of sensitive information from the Sales organization, including Negotiated Service Agreement pricing rate tables.

Management Response:

Management agrees. The Sales organization now requires all external communication of sensitive information to be transmitted securely. Further, Sales has developed and implemented a standard operating procedure for communicating rates and/or other sensitive NSA information by secure means.

Target Implementation Date:

Currently in place.

Responsible Official:

Vice President, Sales

Recommendation #2: We recommend the Vice President, Sales, evaluate the development of a secure interface for transmitting pricing information with customers, including appropriate milestones and targets.

Management Response:

Management agrees. The USPS will explore the feasibility of implementing a fully automated, secure process for communicating Negotiated Service Agreement rate sets to external vendors and/or customers.

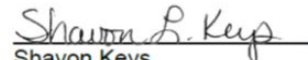
475 L'ENFANT PLAZA SW
WASHINGTON DC 20260-5657
WWW.USPS.COM

Target Implementation Date:

September 2021

Responsible Official:

Director Sales Operational Solutions in conjunction with the Director Field Sales Strategy and Contracts.



Shavon Keys
A/Vice President, Sales

cc: Sally K Haring,
Manager, Corporate Audit and Response Management
US Postal Service

OFFICE OF
**INSPECTOR
GENERAL**
UNITED STATES POSTAL SERVICE

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