Office of Inspector General | United States Postal Service

Audit Report

Seamless Acceptance Mail Quality Processes

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Highlights

Objective

Seamless Acceptance automates the entry and verification of commercial mailings by leveraging electronic mailing documentation (eDoc). The eDoc contains detailed information on the mailing, and the Intelligent Mail barcode on pallets, trays, sacks, and mailpieces. Commercial mailings receive workshare discounts for types of mail preparation or mail processing activities (for example, presorting, prebarcoding, and transporting) normally performed by the Postal Service. Seamless Acceptance uses census and sampling verification to validate proper mail preparation for the discounts claimed and postage paid by mailers. The U.S. Postal Service regularly provides feedback to mailers on errors identified and assessments when errors exceed established thresholds. As of July 2021, there were 1,840 participants.

Our objective was to evaluate the use of Seamless Acceptance to assess mail quality and mail errors.

Findings

Opportunities exist for the Postal Service to improve Seamless Acceptance verification, strengthen the system, and enhance the appeals process. We found issues with the verification processes involving Nesting Sampling and Nesting/Sortation, pallet selection, and scanner functionality. Further, system enhancements were needed to reduce barcode uniqueness errors, Customer Registration Identification errors, and to make assessment details readily available. We also found opportunities to reduce the number of overturned assessments.

"Opportunities exist for the Postal Service to improve Seamless Acceptance verification, strengthen the system, and enhance the appeals process."

We conducted site visits at six mailing facilities and observed issues with Nesting Sampling, pallet sample selections, and scanners. Nesting Sampling verification was not conducted at two of the six facilities we visited and was conducted inconsistently at the remaining four sites. This type of verification determines whether scanned pieces are nested in a different tray or bundle than the tray or bundle identified in the eDoc. Employees at the facilities we visited did not understand the policy and/or did not think Nesting Sampling was required to be conducted. Additionally, although Nesting/Sortation errors are the second highest error type, assessment fees may be understated because of high error thresholds.

We also noted opportunities to strengthen the sampling verification of pallets at the sites visited. At five of the six sites, clerks did not verify if the mail provided to clerks by the mailer represented all completed pallets. Further, at one site the mailer selected the pallets for the clerks to sample from. When clerks sample from only a fraction of processed pallets, there is a risk that the sample is not representative of all available completed pallets. Also, when mailers select pallets to sample from, the integrity of the sampling methodology could be compromised, increasing the likelihood of potential revenue loss.

Additionally, at five of the six sites, personnel stated that scanners did not regularly operate as designed. For example, scanners experienced sudden malfunctions and failures, and did not provide the option to review the data before transmitting it to the system. Further, scanners did not always connect to Bluetooth scales, requiring clerks to enter weights manually. Postal Sevice personnel reported that scanners were malfunctioning because they were beyond their useful life and the batteries were expired. Scanner malfunctions created frequent interruptions and delayed the sampling process.

Further, mailers had concerns related to the 45-day unique barcode rule, potential misuse of customer registration identification, and unavailable detailed information of errors. Specifically:

■ When mail is in the mail stream for longer than 45 days, the barcode may lose its uniqueness and cannot be matched with its associated eDoc. In February, the Postal Service waived 272 Seamless Acceptance assessments made in January 2021, valued at $524,290, for mailpieces that were processed after

the 45-day uniqueness period. Management stated this occurred because of delays in processing mail during the peak season.

- Mailers who participate in Seamless Acceptance can use identifications owned by other mailers to register their mail in eDoc. There is no internal control that matches the identification number to the mailer provided on the eDoc.

- Many mailers stated that access to detailed information on undocumented piece errors was not readily available. This information is necessary to research the assessment. Error details are available in the Informed Visibility reporting system; however, mailers are not automatically provided access to the system when enrolled in Seamless Acceptance.

The Postal Service waives most of the issued assessments that are appealed. Assessment data between fiscal year (FY) 2016 and FY 2021, Quarter 2, shows the Postal Service reduced total assessments from an original amount of about $39 million to just over $5.6 million. Most of the overturned error assessments are related to mailers providing documentation to support payments made during the appeals process. The appeals process results in additional labor costs as Postal Service personnel must coordinate with mailers to review documentation and conduct additional research.

Recommendation

We recommended management:

- Determine if Nesting Sampling verification should be conducted at the Detached Mail Units and, if so, reiterate the policy to personnel to ensure this verification is conducted.

- Assess the appropriateness of corresponding error thresholds for Nesting/ Sortation verification on mail processing equipment.

- Ensure existing pallet selection policies are consistent and adhered to and clerks are aware of the various sampling options.

- Ensure available scanners and scales are functional and new scanners include relevant functionality to complete accurate sampling.

- Consider enhancing the Seamless Acceptance system by revising the system logic to enable mail confirmation in the eDoc for more than 45 days; validating Customer Registration Identification; and including immediate access to the Informed Visibility Mail Tracking and Reporting system.

- Communicate common issues and error types that result in a high rate of overturned assessments with mailers to improve the assessment process.

Transmittal Letter

September 29, 2021

MEMORANDUM FOR: THOMAS FOTI
VICE PRESIDENT, PRODUCT SOLUTIONS

MARC McCRERY
VICE PRESIDENT, TECHNOLOGY APPLICATIONS

Lorie Nelson

FROM: Lorie Nelson
Acting Deputy Assistant Inspector General
for Finance and Pricing

SUBJECT: Audit Report – Seamless Acceptance Mail Quality Processes
(Report Number 21-098-R21)

This report presents the results of our audit of Seamless Acceptance Mail Quality Processes.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Janice Pegram-Lewis, Acting Director, Cost and Pricing, 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 Seamless Acceptance mail quality processes (Project Number 21-098). Our objective was to evaluate the use of Seamless Acceptance to assess mail quality and mail errors, specifically, analyzing processes used to capture errors and assessing the accuracy of capturing specific error types and data integrity.

See Appendix A for additional information about this audit.

Background

Seamless Acceptance automates the entry and verification of commercial mailings by leveraging electronic mailing documentation (eDoc)[1] and Intelligent Mail barcodes (IMb)[2] on pallets[3], trays, sacks, and mailpieces that Full-Service IMb provides. Commercial mailings receive workshare discounts for types of mail preparation or mail processing activities (for example, presorting, prebarcoding, and transporting) normally performed by the U.S. Postal Service. There are two processes for verifying proper mail preparation for the discounts claimed and postage paid by mailers:

- Census verification —comparison of eDoc data to mailpiece scan data from mail processing equipment (MPE).[4]

- Sampling verification —comparison of eDoc data to sample mailpiece scan data from handheld scanning devices (scanners).[5] The Postal Service applies the rate of errors found during sampling verification to the entire mailing.

Postal Service employees conduct sampling verifications and mail acceptance at detached mail units (DMU)[6] and Business Mail Entry Units (BMEU)[7], but census verifications only occur at BMEUs. These verifications are to see if the mail was prepared as stated on the eDoc and done in accordance with mailer discounts.

In conjunction with Seamless Acceptance verification, there are two types of Nesting verifications:

- Nesting Sampling: clerks use handheld scanners to validate trays are on the correct pallet but do not validate at the mailpiece level.

- Nesting/Sortation (MPE): MPE validates at the mailpiece level that mailpieces are in the correct trays.

The Postal Service implemented Seamless Acceptance to reduce the risk of inaccurate error assessments and simplify mail verification processes.[8] Further, it provides mailers an opportunity to work with Postal Service representatives to correct errors and improve mail quality. Implementation began in July 2015. Mailers are offered a $.001 rate incentive to participate in Seamless Acceptance and, in return, are given regular feedback on errors identified and receive assessments[9] when errors exceed established error thresholds.[10]

Seamless Parallel is an intermediate step that mailers must complete before they can fully participate in Seamless Acceptance. During Seamless Parallel, mail verifications are performed, but mailers do not receive error assessments. While mailers are in Seamless Parallel, errors are logged onto a mailer scorecard[11] and

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1. Information about a mailing such as postage statements and qualification reports that is submitted electronically to the Postal Service using mail.dat Web Services or the Postage Statement Wizard.
2. A 31-character, four-state Postal Service-developed barcode consisting of 65 vertical bars that is used to sort and track letters, cards, and flats on automated equipment. The barcode encodes tracking information that identifies the mailer, type of service, and serial number and the routing code and routing information that contains the delivery point ZIP Code.
3. A reusable platform or skid on which mail is stacked to be moved as a single unit. Pallets are made of rigid material such as wood or plastic designed for four-way forklift entry and capable of handling loads of up to 65 cubic feet and 2,200 pounds. A Postal Service pallet measures 48 by 40 inches.
4. Machinery and related apparatus used to perform mail distribution and other functions such as canceling and culling. MPE includes automated and mechanized machinery as well as manual distribution cases.
5. A handheld scanning device is scanner that reads and collects barcode data from products such as Priority Mail Express and Postal Service Tracking services.
6. An area in a mailer's facility where postal employees perform mail verification, acceptance, dispatch, and other postal functions.
7. The area of a postal facility where mailers present bulk, presorted, and permit mail for acceptance. The BMEU includes dedicated platform space, office space, and a staging area on the workroom floor.
8. Seamless Acceptance replaced Mail Evaluation Readability Lookup Instrument (MERLIN). MERLIN is an automated system used in BMEUs to evaluate mailings submitted by mailers for acceptance. MERLIN randomly selects mail samples and checks presort levels and piece counts, address accuracy, barcode readability and accuracy, tray label accuracy, and other requirements, and generates diagnostic reports.
9. Assessments are amounts mailers are officially required to pay.
10. Error thresholds are a method to measure mailer quality across all pieces mailed in a calendar month. For Seamless Acceptance mailings, the Postal Service uses error thresholds for all census verifications plus undocumented pieces identified during sampling.
11. The mailer's scorecard is an electronic document that gives mailers the opportunity to receive feedback on whether documentation and barcoding requirements set by Seamless Acceptance Program are met.

eDoc validations are performed for informational purposes only. Mailers work with Postal Service representatives for at least one calendar month to achieve the appropriate level of mail quality before they can migrate to Seamless Acceptance.

From fiscal year (FY) 2016 through FY 2021, Quarter (Q)2, the number of mailers participating in Seamless Parallel versus Seamless Acceptance significantly increased. Specifically, from FY 2019 to FY 2020, the number of mailers in Seamless Parallel increased from 103 to 58,308 — an increase of 565 percent. The significant increase in the number of mailers participating in Seamless Parallel in FY 2020 is a result of the Postal Service requirement that all mailers with at least 90 percent Full-Service IMB mailpieces enter Seamless Parallel by March 1, 2020.

The Postal Service also required all mailers with an authorized DMU to enroll in the Seamless Acceptance Program by May 1, 2021, and all BMEUs to use only automated sampling and verification processes beginning July 1, 2021. As of July 2021, the number of mailers participating in Seamless Acceptance and Seamless Parallel was1,840 and 97,670, respectively.

Finding Summary

Opportunities exist for the Postal Service to improve Seamless Acceptance verification, strengthen the system, and enhance the appeals process. We found issues with the Nesting Sampling and Nesting/Sortation (MPE) verifications, pallet selection, and scanner functionality. We also determined that further, system enhancements are needed to reduce barcode uniqueness and Customer Registration Identification errors and to make assessment details readily available. We also found opportunities to reduce the number of overturned assessments.

Finding #1: Mail Verification Processes

Opportunities exist for the Postal Service to enhance its Seamless Acceptance verification processes in these areas:

- Nesting Sampling and Nesting/Sortation (MPE)

- Pallet sample selections

- Scanner functionality

The Postal Service has about 700 DMUs. We observed Seamless Acceptance mail verification processes performed at six DMU sites and identified discrepancies where employees did not consistently conduct Nesting Sampling verification or pallet sample selection according to the sampling job aid[12] and used unreliable scanners when collecting data. Appendix B shows the full results of observations during the site visits.

Nesting Sampling and Nesting/Sortation (MPE) Verification

Personnel did not conduct Nesting Sampling verification at two of the six DMUs we visited and conducted it inconsistently at the remaining four sites. For example, we observed a clerk at one site using the Seamless Sampling Randomizer Tool[13] to identify the pallets for sample selection; however, at another site we noted the clerk arbitrarily chose the pallets to be sampled.

Postal Service policy states that when Seamless Acceptance or Seamless Parallel samplings are performed, Nesting Sampling should be performed daily if mail is available, even if there is no prompt for a Seamless Acceptance or Seamless Parallel sampling. Policy further instructs employees to use the randomizer tool for pallet selection .[14] However, employees at the DMUs we visited did not understand the policy and did not think they had to conduct Nesting Sampling. Further, contrary to policy, management also stated that, depending on arrangements with mailers, Nesting Sampling is not required at all DMUs.

In addition, Seamless Acceptance compliance data nationwide from FY 2016 to FY 2021, Q2, indicated that the Nesting/Sortation (MPE) verification process identified about 43.5 million errors on average per year, accounting for about 35 percent of all Seamless Acceptance errors annually. The nesting of mailpieces with unique IMb identification provides tracking capabilities over mailpieces

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12 BMA Job Aid 8A, *Sampling – Postal Service Guide on how to Conduct Business Mail Acceptance Sampling*, dated November 24, 2020.
13 The Seamless Sampling Randomizer Tool generates a random timeframe, production line, and/or container/pallet position to select for sampling.
14 Nesting Sampling Process Document, dated October 2020, provides instructions for Acceptance Employees to select containers for Nesting Sampling by utilizing the Nesting Sampling Randomizer Tool and the Full-Service Intelligent Mail Device Scanner.

in containers that bear unique barcodes. Nesting/Sortation errors have an error threshold of 1 percent and are the second most common error type.[15] Undocumented mail errors are the most common error type and have a threshold of only 0.03 percent. The comparatively high threshold for Nesting/Sortation (MPE) errors increases the risk that mailers will not correct these errors for future mailings. Specifically, mailers are not incentivized to correct the errors until they reach the threshold.

Inconsistent Nesting Sampling verification processes pose a data integrity risk, as sampling verification may be incomplete or inaccurate. Additionally, mailers may be provided too large of a discount or may be underpaying postage when these errors are not corrected, while the Postal Service bears the costs of reworking mail that already received a discount. There is an additional potential

> " *Seamless Acceptance compliance data nationwide from FY 2016 to FY 2021, Q2, indicated that the Nesting/Sortation (MPE) verification process identified about 43.5 million errors on average per year, accounting for about 35 percent of all Seamless Acceptance errors annually.*"

for revenue loss when improper Nesting/Sortation (MPE) reduces the ability to track mailpieces resulting in potential service performance complaints by mailers. However, we were unable to quantify this because the data is not available to analyze the impact of reducing the threshold.

Recommendation #1

We recommend the **Vice President, Product Solutions**, determine if Nesting Sampling verification should be conducted at Detached Mail Units and, if so, reiterate the policy to personnel to ensure this verification is conducted.

Recommendation #2

We recommend the **Vice President, Product Solutions**, assess the appropriateness of corresponding error thresholds for Nesting/Sortation verification on mail processing equipment.

Pallet Selection and Sampling

We noted opportunities to strengthen the pallet sampling process at the DMU sites we visited. Postal Service clerks at these sites did not properly sample pallets. The sampling job aid states that clerks should sample from completed pallets[16] available at the time of sampling or must select a sample from either the production lines[17] or a mixture of both production lines and completed pallets in the staging areas. Clerks at the DMU determine which method to use for sampling. When clerks identify the total number of completed pallets available, they enter the count into the Seamless Sampling Randomizer Tool. That tool then identifies the time needed to conduct the sampling and the number of pallets to be sampled.

At five of the six sites visited, clerks did not verify if the mail provided to clerks by the mailer represented all completed pallets. Further, the mailer selected the pallets at one site for the clerks to sample from and there was no count of the available completed pallets or use of the Seamless Sampling Randomizer Tool. The sampling job aid states that Postal Service clerks are to select the pallets for sampling; however, if clerks did not verify all available completed pallets, they may not have entered accurate data into the randomizer tool. Additionally, while the policy allows clerks to choose their sampling method, observations showed that they were consistently sampling from pallets rather than production lines.

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15 From FY 2016 to FY 2021, Q2, "undocumented errors" was the highest error type with a total of 335,080,045 and averaging about 65 million errors per year. Nesting/Sortation errors were the second highest with a total of 224,833,122 errors and averaging about 43.5 million errors per year.

16 Completed pallets are pallets that are shrink-wrapped and ready to ship and are available at the time of sampling.

17 A production line can be an actual production machine, staged mail areas or run outs from a production line/machine.

The sample may not be representative if all available completed pallets are not identified as needed for the randomizer tool; or when clerks do not verify that pallets in an area represent all pallets available, consistently rely on one sampling method, or allow mailers to select and provide pallets from which to sample. Further, when mailers select pallets to sample from, the integrity of the sampling methodology could be compromised, increasing the likelihood of potential revenue loss.

> **Recommendation #3**
> We recommend the **Vice President, Product Solutions**, ensure existing pallet selection policies are consistent and adhered to and clerks are aware of the various sampling options they can select.

Scanner Functionality

At five of the six DMU sites visited, personnel stated that scanners did not regularly operate as designed. For example, scanners experienced sudden malfunctions and failures. Clerks use scanners to capture and confirm mail characteristics, such as mail type and weight. Some data need to be manually entered into the scanner when a malfunction occurs. For example, Bluetooth scales do not always connect to scanners and not all sites have access to Bluetooth scales; therefore, clerks may have to enter weights manually, taking additional time and causing potential input errors. The scanned data is used to perform mail quality verification by comparing scanned mail data characteristics against the associated eDoc. If there is a discrepancy between the barcode data and the eDoc data, an error is flagged in the data system. When scanners are not functioning, a clerk must call the support desk and go through a lengthy process to get scanners to work. Sometimes the clerks may go to another DMU or main office to get another scanner.

Clerks also stated that scanners do not provide them the option of reviewing the data before it is transmitted to the system. Therefore, once the clerk has uploaded information to the scanner, they cannot verify whether it is accurate or review error information for more immediate remediation.

Postal Service personnel reported that scanners were malfunctioning because they were beyond their useful life and/or the batteries were expired. For example, we noted that clerks were using scanners with batteries that expired in 2016, 2017, and 2018. Management stated that they are in the process of testing new scanners. Scanner malfunctions create frequent interruptions, which delay the sampling process and lead to the Postal Service incurring additional labor costs. In addition, when scanners are unable to flag errors or provide the option of previewing data before it is transmitted, clerks cannot proactively identify input and mail quality errors before the mail is transported to Postal Service facilities and enters the mail stream. Scanner malfunctions and the inability to review scanned data can result in the transmittal of incorrect data.

> **Recommendation #4**
> We recommend the **Vice President, Product Solutions**, in coordination with the **Vice President, Technology Applications**, ensure available scanners and scales used are functional and new scanners include relevant functionality to complete accurate sampling.

Finding #2: System Enhancements

Opportunities exist for the Postal Service to enhance the Seamless Acceptance system to reduce labor costs related to processing and resolving undocumented piece errors. Undocumented piece errors occur when a piece cannot be associated with a valid eDoc submission over the past 45 days. Undocumented piece errors account for the largest number of identified errors, at about 51 percent, between FY 2016 and FY 2021, Q2. The U.S. Postal Service Office of Inspector General (OIG) surveyed mailers enrolled in Seamless Acceptance, Seamless Parallel, and Non-Seamless Full-Service IMb to obtain feedback on the Seamless Acceptance program, mail quality, and error assessments. There were 63 respondents and their primary concerns related to:

- Barcode uniqueness

- Customer Registration Identification[18] (CRID)

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18 A number up to 15 digits long that is created by the Customer Registration system in the Business Customer Gateway that uniquely identifies a customer at a location and connects the customer's company information by physical address across multiple applications and to any account established for the customer.

- Availability of assessment details.

The full results of the survey can be found in Appendix C.

Barcode Uniqueness

In February 2021, the Postal Service waived 272 Seamless Acceptance assessments totaling $524,290 for mailpieces that were processed in January 2021.These mailpieces had undocumented piece errors beyond the 45-day barcode uniqueness period. Postal Service policy requires barcode uniqueness for 45 days across all mailers and mailings. The 45-day uniqueness period begins on the postage statement mailing date provided in eDoc. When mail is in the mail stream for longer than 45 days, the barcode loses its uniqueness and cannot be matched with its associated eDoc. After 45 days has lapsed, the barcode can be re-used for a new mailing. When the barcode is re-used, the information associated with the prior mailpiece is no longer available and there is no way to verify the postage paid.

> *"In February 2021, the Postal Service waived 272 Seamless Acceptance assessments totaling $524,290 for mailpieces that were processed in January 2021."*

Management stated the Postal Service experienced significant delays in processing mail because of an increase in mail volume during the peak season and the pandemic. These delays caused mail processing to extend beyond 45 days. Further, the Seamless Acceptance system did not contain logic[19] that extended the time frame beyond 45 days to ensure a mail piece was in the eDoc.

Customer Registration Identification

Mailers who participate in Seamless Acceptance can inappropriately use CRIDs owned by other mailers to register their mail in eDoc since there is no internal control that matches the identification number to the mailer provided on the eDoc. Further, the system does not generate a notification when an incorrect CRID has been used. The Postal Service learns of this issue only when assessments are sent to the wrong mailer and the assessment is appealed.

Submission of eDoc requires mailers to register on the Business Customer Gateway (BCG) to obtain a CRID. The BCG system checks the eDoc to verify that:

- Mail owner identifiers (MID)[20] exist in the Postal Service reference system;

- The mail owner is also identified as the mail preparer within the same mailing; and

- The mail owner has or has not been identified as a mail preparer in another mailing that has occurred in the past 90 days.

An example provided by mailers in the survey was that sometimes mail preparers may include one mail owner's CRID in another mail owner's eDoc because they provide services for multiple mail owners; therefore, they have access to multiple CRIDs. Although this may not be an instance of intentional misuse, the BCG system does not verify that the CRID on the eDoc is assigned to the mail owner/preparer identified on the eDoc. Seamless Acceptance assessments are aggregated to the mailer's scorecard according to the assigned mail owner's CRID. Management stated that CRID management is a challenge because mailers regularly share work with other mailers, resulting in the possible incorrect use of a CRID.

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19 A system or set of principles in a computer that performs a specified task.
20 A six- or nine-digit code included in the IMb suite, allowing identification of the party responsible for a mailpiece, handling unit, or container. These barcodes are provided in the eDoc for evaluation.

Registering mail under the wrong CRID results in the owner of the CRID receiving incorrect assessments. These assessments would likely be appealed, resulting in the Postal Service spending additional time reviewing and processing the appeal because Seamless Acceptance does not have a systematic way to validate and report CRID discrepancies. In addition, mailers often share work for the same customers and cannot determine when use of the CRID/MID is deemed incorrect. Further, this issue results in the actual mailer not being made aware of identified errors, which can result in additional mailings with errors and missed opportunities to collect fees for incorrectly prepared mail. This issue cannot be quantified because management does not have a tracking mechanism to report on the frequency of CRID discrepancies.

Availability of Assessment Details

The Postal Service does not fully leverage the Informed Visibility Mail Tracking & Reporting (IV MTR) system to support Seamless Acceptance. Of the 111 respondents in the short answer section, 14 mailers, or about 13 percent, stated that access to detailed information on undocumented piece errors was not readily available. This information is necessary to research the assessment. The Postal Service's IV MTR system enables mailers to obtain error details, leverage key information about their mailings to manage operations, refine processes, and adjust marketing campaigns as needed. This insight also allows mailers to plan and manage mailings and quick and easy access to the Postal Service's recommendations for how to improve mail quality and hygiene.

Although the Postal Service advertises the IV MTR system to mailers to assist them in retrieving details regarding their error assessments, mailers are not automatically given access to this tool when they join Seamless Acceptance. As a result, many mailers do not receive the detailed error information collected by the Postal Service. Therefore, Postal Service personnel are required to work with mailers to collect and provide the information that is already available in the IV MTR data.

Recommendation #5

We recommend the **Vice President, Technology Applications**, in coordination with the **Vice President, Product Solutions**, consider enhancing the Seamless Acceptance System by revising the system logic to enable mail confirmation in the eDoc for more than 45 days, especially during high volume/peak periods; validating Customer Registration Identification; and including immediate access to the Informed Visibility Mail Tracking and Reporting system as a part of enrollment.

Finding #3: Appeals Process

Opportunities exist for the Postal Service to reduce labor costs for time spent researching and remedying assessments that are appealed and reversed. The Postal Service issues a high number of assessments and management stated this generally occurs because mailpieces do not match information in the eDoc. However, the Postal Service overturns a high percentage of these assessments once they are appealed. Data from FY 2016 to FY 2021, Q2, show that the Postal Service reduced total assessments from about $39 million to just over $5.6 million (as shown in Table 1) representing a reduction of about 86 percent.

"However, the Postal Service overturns a high percentage of these assessments once they are appealed. Data from FY 2016 to FY 2021, Q2, show that the Postal Service reduced total assessments from about $39 million to just over $5.6 million representing a reduction of about 86 percent."

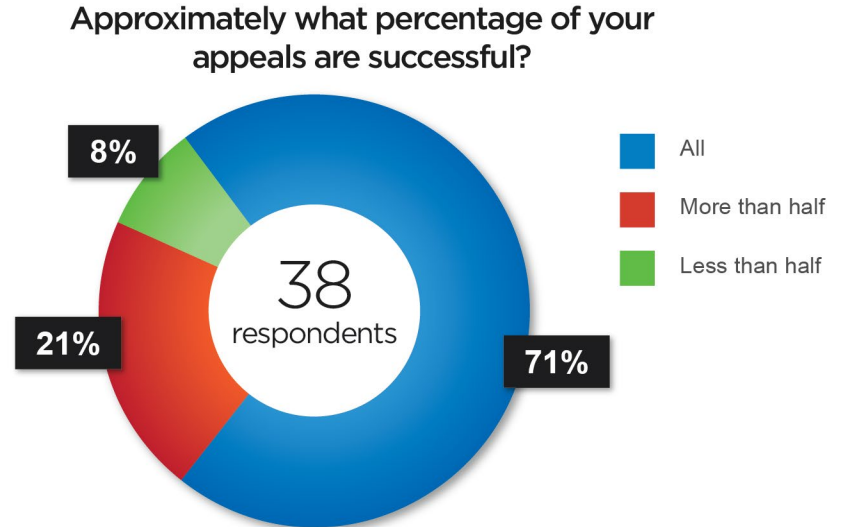**Table 1. Original Assessment Amount vs. Final Assessment Amount**

Fiscal Year	Original Assessment	Final Assessment	Reduced Assessment
FY 2016	$ 3,322,356	$ 1,307,489	$ 2,014,866
FY 2017	$ 1,159,712	$ 213,293	$ 946,419
FY 2018	$ 4,769,602	$ 448,568	$ 4,321,034
FY 2019	$ 11,003,454	$ 781,573	$ 10,221,881
FY 2020	$ 14,022,519	$ 1,728,766	$ 12,293,753
FY 2021 (Q2)	$ 5,001,402	$ 1,209,052	$ 3,792,350
Total Assessment	**$ 39,279,045**	**$5,688,741**	**$33,590,303**

Source: OIG analysis of Postal Service data.

In addition, survey results indicated that 27 of 38 respondents (or about 71 percent) stated that "all" of their appeals are successful, 21 percent responded that "more than half" are successful, and 8 percent stated that "less than half" are successful, as shown in Figure1. More than 50 percent of survey respondents also indicated Seamless Acceptance did not reduce their organization's assessments or errors (72% and 54%, respectively).

Figure 1. Successful Appeals

Approximately what percentage of your appeals are successful?

- 8%
- 21%
- 71%
- 38 respondents

Legend:
- All
- More than half
- Less than half

Source: OIG Seamless Acceptance Survey.

The majority of appealed and overturned error assessments related to various errors that resulted in questions of whether mailers made postage payments. Generally, these appeals were successfully overturned because mailers provided documentation to support payment of the questioned mailpieces.

During the assessment appeal process, a Postal Service reviewer is supposed to contact the mailer within five business days to gather supporting documentation. A supervisor or manager then provides concurrence on the recommended resolution. The Postal Service has until the end of the second calendar month after the assessment month to complete the review process. Once the review is complete, the Postal Service employee updates the assessment to indicate the adjusted additional postage due or closes the assessment if no assessment is due. Management stated, although the appeals process is labor intensive, there is value from interactions with mailers and initial error assessments are part of that interaction.

Assessments appealed and overturned result in additional labor costs as Postal Service personnel must coordinate with mailers and conduct additional research through the appeals process.

Recommendation #6
We recommend the **Vice President, Product Solutions**, identify and communicate common issues and error types that result in a high rate of overturned assessments to improve the assessment process and ensure errors are accurately assessed the first time.

Management's Comments

Management agreed with recommendations 1 through 4 and 6 and partially agreed with recommendation 5.

Regarding recommendation 1, management stated that Nesting Sampling should be considered separate from Seamless Acceptance processes as it does not log errors at the piece level. However, management plans to review the current Nesting Sampling process with key stakeholders and ensure that employees receive refresher training at sites where this processing is being performed. The target implementation date is January 30, 2022.

Regarding recommendation 2, management agreed to assess the appropriateness of Seamless Acceptance thresholds for Nesting/ Sortation (MPE). The target implementation date is March 31, 2022.

Regarding recommendation 3, management agreed to review process documents and ensure that Acceptance Employees are aware of the various options when identifying pallets for sampling. The target implementation date is March 31, 2022.

Regarding recommendation 4, management is currently pilot testing new scanners that have several enhancements, including automatically connecting to scales using Bluetooth technology. Once testing is complete, the Postal Service will deploy new scanners to DMU/BMEU locations. The target implementation date is February 28, 2022.

Regarding recommendation 5, management has already implemented an offline process for removing undocumented pieces that can be matched to an eDoc older than 45 days. However, they will consider enhancing the system logic to remove these errors in a more efficient and automated process.

Management stated that enhancing system logic to validate CRID use may be challenging as mail owners often have several mail service providers that prepare mail on their behalf. In addition, software and data service providers may share CRID/MID with mail owners and mail service providers and the Postal Service would not be able to systematically monitor that activity. However, they will consider enhancing undocumented logic that would allow pieces to be reassigned so they are reported in a more refined way.

Management also stated that the IV MTR team indicated immediate enrollment is not available for seamless mailers. Management will continue to promote IV MTR and provide guidance to mailers on the enrollment process. The target implementation date is January 31, 2022.

Regarding recommendation 6, management will continue to enhance communications to mailers to improve mail quality and reduce the quantity of assessments. They will try to enhance documentation to share common issues or best practices, improve systems, and look for solutions that will enable mailers to provide documentation for pieces that are paid. They will also try to increase adoption of eDoc and enhance Postal Wizard to allow identification of the MID/serial number even for non-Full-Service submissions. The target implementation date is March 31, 2022.

See Appendix D for management's comments in their entirety.

Evaluation of Management's Comments

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

Regarding recommendation 5, we acknowledge enhancing system logic to validate CRID use may be challenging. Management's proposed actions to consider enhancements that would allow pieces to be reassigned so they are reported in a more refined way address the primary concerns regarding sharing of CRIDs. Further, we consider management's proposed actions to continue to promote IV MTR and provide guidance to mailers on the enrollment process responsive to the mailer feedback noted in the report.

All recommendations require OIG concurrence before closure. The OIG requests written confirmation when corrective action is completed. Recommendations 1 through 6 should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendation can be closed.

Appendices

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

Appendix A: Additional Information

Scope and Methodology

The scope of the audit is Postal Service Seamless Acceptance mail quality and error data and corresponding processes from FY 2018 to FY 2021, Q2. However, for trending purposes the scope included the last five years from FY 2016 to FY 2021, Q2.

To perform this audit, we:

- Reviewed policies and procedures related to Seamless Acceptance.

- Identified and reviewed criteria related to Seamless Acceptance to determine whether the Postal Service is following prescribed guidance in identifying and assessing Seamless Acceptance errors.

- Interviewed Postal Service personnel responsible for Seamless Acceptance to understand the processes the Postal Service undertakes to identify, research, and trace errors.

- Evaluated the processes for tracking and verifying errors.

- Evaluated the process for mailers to transition from Seamless Parallel to Seamless Acceptance to determine the impact on error assessments.

- Interviewed mailers to obtain feedback on Seamless Acceptance experiences with improvement of mail quality and reduction in mailing errors.

- Obtained and reviewed data from the Business Mail Acceptance folder in Application System Reporting (ASR) related to Seamless Acceptance to identify common errors and determine how they impact Seamless Acceptance.

- Obtained data related to undocumented mailpieces in Seamless Acceptance to analyze error assessments.

- Obtained and trended data related to Seamless Acceptance and Seamless Parallel to determine the number of mailers in both programs.

- Obtained and reviewed data to determine if mail preparation errors have declined since the inception of Seamless Acceptance.

- Evaluated the appeals process for disputed assessments.

We conducted this performance audit from February through September 2021 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 objective. 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 August 31, 2021, and included their comments where appropriate.

We assessed the reliability of computer-generated data from ASR through discussion with personnel from the Postal Service Commercial Acceptance group and by completing tests for completeness and reasonableness. 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 directly related to the objective of this audit within the last five years.

Appendix B. Site Visit Summary of Results

	DMU #1	DMU #2	DMU #3	DMU #4	DMU #5	DMU #6
Two weeks training/ Knowledge test	✓	✓	✓	✓		✓
Entire population of pallets/skids available for testing						✓
Scanners considered reliable	N/A*					
Nesting Sampling verification conducted		✓	✓	✓	✓	
Input correct sampling start time	✓	✓		✓	✓	✓
Sampled different pallets		✓	✓	✓	✓	✓
Selected 3 trays and 10 mailpieces from each tray	✓	✓	✓	✓	✓	✓
Returned mailpieces to the related tray and the trays to the related pallet after sampling	✓	✓	✓	✓	✓	✓
Scales with working Bluetooth connectivity		✓	✓			✓
Trending surveys conducted	✓	✓	✓	✓		✓

Source: USPS OIG DMU site visits from May 11 to June 3, 2021.
* N/A: The question was not asked at this DMU as this was the first site visited.

Appendix C. Survey Results

There was a total of 63 respondents, but all of the questions were not mandatory and some questions were asked only of a subset of respondents based on their answers to previous questions.
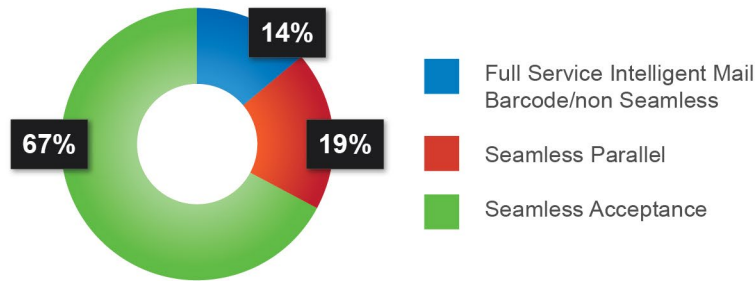
Seamless Acceptance Survey

Demographics:
63 total respondents

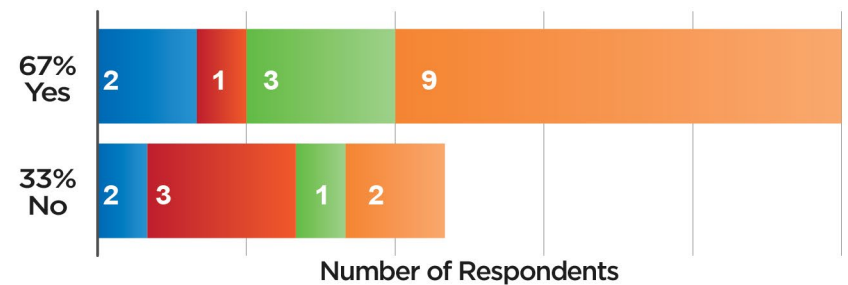Note: some total may equal more than 100% due to rounding

Responses from: Seamless Parallel or Full Service Non-Seamless Customers
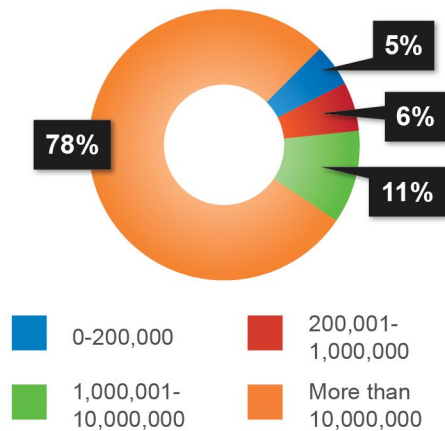
How do you identify yourself as a mailer?

- 14%
- 19%
- 67%

Legend:
- Full Service Intelligent Mail Barcode/non Seamless
- Seamless Parallel
- Seamless Acceptance

Do you plan to participate in Seamless Acceptance?

12 respondents - broken down by number of mailpieces sent by respondent per year

- 67% Yes: 2, 1, 3, 9
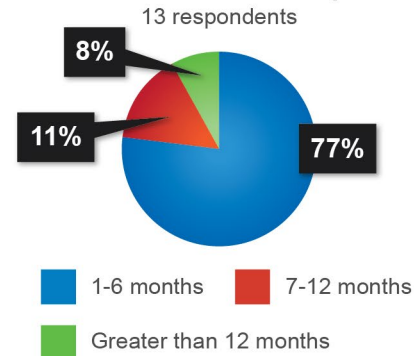- 33% No: 2, 3, 1, 2

Number of Respondents

Legend:
- 0-200,000
- 200,001-1,000,000
- 1,000,001-10,000,000
- More than 10,000,000

How many mailpieces do you mail with the Postal Service each year?

- 5%
- 6%
- 11%
- 78%

Legend:
- 0-200,000
- 200,001-1,000,000
- 1,000,001-10,000,000
- More than 10,000,000

What type of pieces do your mailings usually include?

- 18%
- 83%

Legend:
- Letters
- Flats
- Combination of Letters and Flats
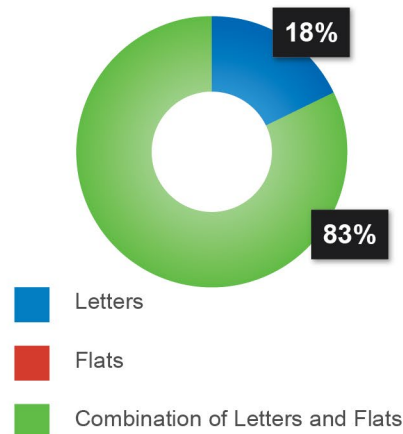
When do you anticipate "going live" with Seamless Acceptance?

13 respondents

- 8%
- 11%
- 77%

Legend:
- 1-6 months
- 7-12 months
- Greater than 12 months

Is your mail accepted at a DMU, BMEU, or both?

14 respondents

- 14%
- 29%
- 57%

Legend:
- DMU
- BMEU
- DMU & BMEU
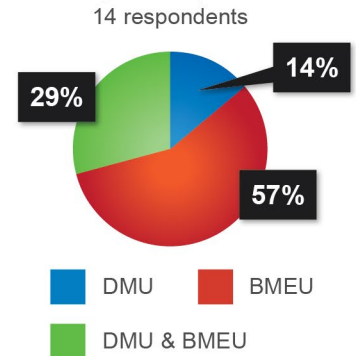
Seamless Acceptance Survey – Errors, Assessments, and Appeals

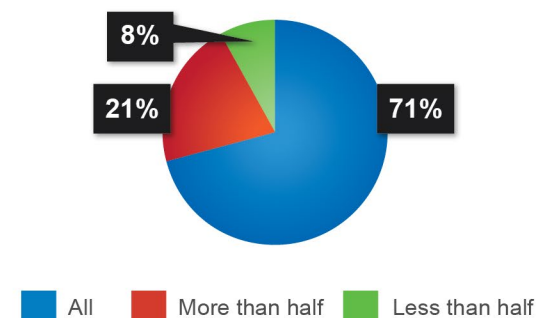### How long did you spend in Seamless Parallel before transitioning?
42 respondents

- 26% 1-6 months
- 12% 7-12 months
- 62% Greater than 12 months

Legend:
- 1-6 months
- 7-12 months
- Greater than 12 months
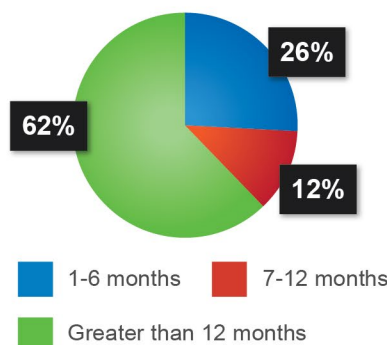
Over the past calendar year, how many months were you assessed additional postage based on your scorecard data?
53 respondents

- 26%
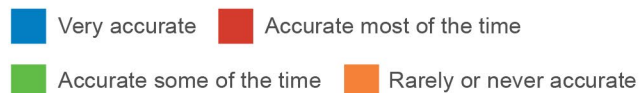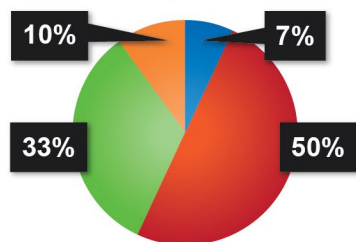- 12%
- 62%

Legend:
- 1-6 months
- 7-12 months
- Greater than 12 months
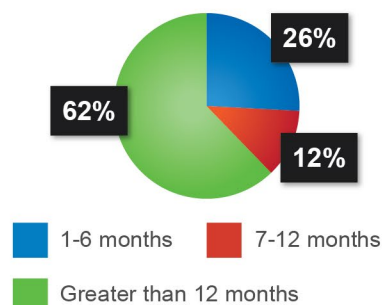
Approximately what percentage of your appeals are successful?
38 respondents

- 8%
- 21%
- 71%

Legend:
- All
- More than half
- Less than half

How accurate are the Postal Services error assignments?
60 respondents

- 7%
- 10%
- 50%
- 33%

Legend:
- Very accurate
- Accurate most of the time
- Accurate some of the time
- Rarely or never accurate

Approximately what percentage of assessments does your organization appeal?
60 respondents

- 25%
- 37%
- 8%
- 13%
- 17%

Legend:
- All
- More than half
- Less than half
- None
- N/A
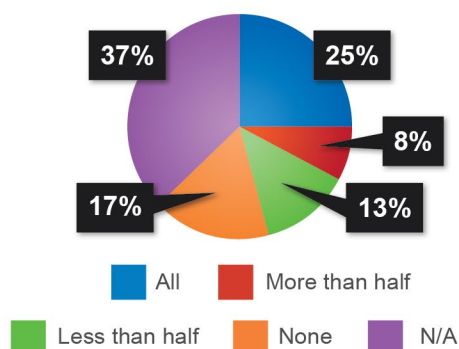
In general, how much time does your organization spend on an individual appeal?
37 respondents

- 41%
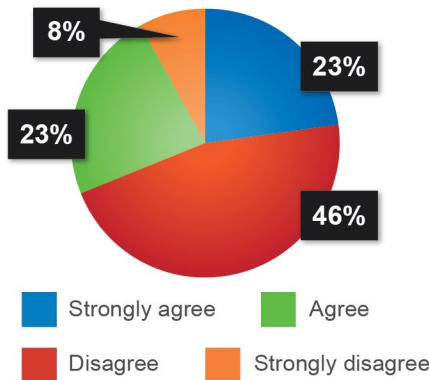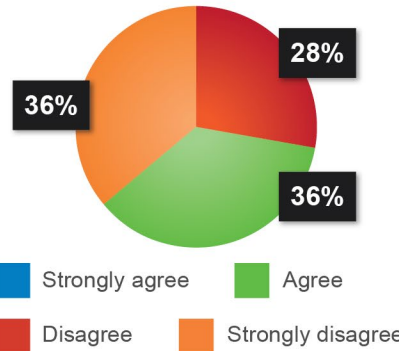- 35%
- 24%

Legend:
- Less than 1 day
- 1-2 days
- Greater than 3 days
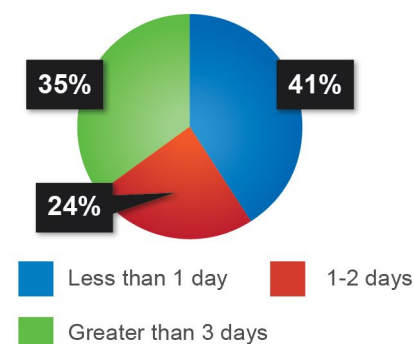
Seamless Acceptance Survey – Customer Feedback

13 Respondents

Seamless Acceptance allows for faster/streamlined mail acceptance.

- 23% Strongly agree
- 46% Disagree
- 23% Agree
- 8% Strongly disagree

Seamless Acceptance has resulted in my organization having fewer incorrect assessments.

- 28% Disagree
- 36% Agree
- 36% Strongly disagree

**The Postal Service has been accessible and supportive while I have been in Seamless Parallel and/or Seamless Acceptance.**

- 8% Strongly agree
- 46% Disagree
- 31% Agree
- 15% Strongly disagree
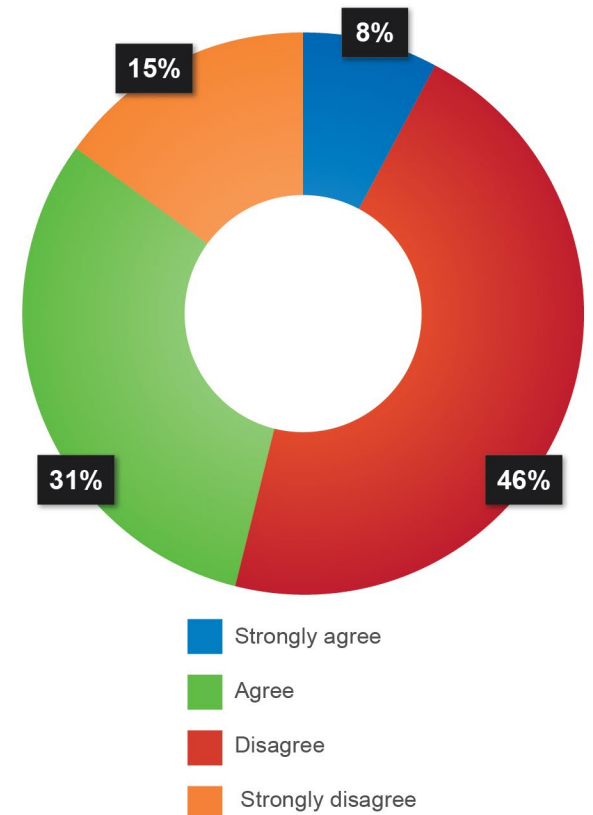
Seamless Acceptance has provided my organization with the knowledge to correct future mailings.

- 8% Strongly agree
- 31% Disagree
- 23% Agree
- 38% Strongly disagree
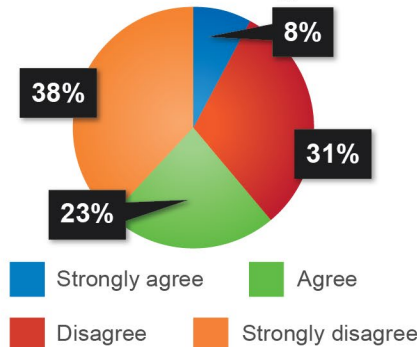
Seamless Acceptance has resulted in a reduction in errors with mail provided by my organization.

- 15% Strongly disagree
- 39% Agree
- 46% Disagree
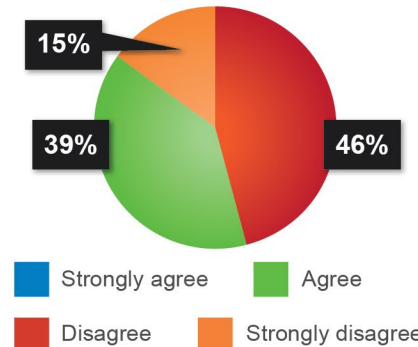
Appendix D: Management's Comments

UNITED STATES POSTAL SERVICE

Tuesday September 21, 2021

JOSEPH WOLSKI
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Management Response: Seamless Acceptance Mail Quality Processes
(Report Number 21-098-DRAFT)

Finding #1: Mail Verification Processes
Management agrees that opportunities exist for the Postal Service to enhance its Seamless Acceptance verification process around Nesting Sampling and Nesting/Sortation (MPE), pallet sample selection, and scanner functionality.

Recommendation [1]:
We recommend the **Vice President, Product Solutions**, determine if Nesting Sampling verification should be conducted at Detached Mail Units and, if so, reiterate the policy to personnel to ensure this verification is conducted.

Management Response/Action Plan:
Management agrees with this recommendation. The Nesting Sampling process is not an assessable validation under Seamless Acceptance as it does not log errors at the piece level, and Product Solutions believes it should be considered separate from Seamless Acceptance processes. The process was implemented to monitor accurate pallet makeup at specific DMU locations for mailers preparing pallets based on Customer Supplier Agreements (CSA's). The Product Solutions Team will review the current Nesting Sampling process with key functional stakeholders. Additionally, we will review documentation for Nesting Sampling and ensure the acceptance employees have received refresher training at the sites where this processing is being performed.

Target Implementation Date: 01/30/2022

Responsible Official:
Senior Director of Product Acceptance & Support (PAS) Program

Recommendation [2]:
We recommend the **Vice President, Product Solutions**, assess the appropriateness of corresponding error thresholds for Nesting/Sortation verification on mail processing equipment.

Management Response/Action Plan:
Management agrees with the recommendation to assess the appropriateness of the Seamless Acceptance thresholds for Nesting/Sortation (MPE).

Target Implementation Date: 03/31/2022

Responsible Official:
Director of Commercial Product Payment & Policy

Recommendation [3]:
We recommend the **Vice President, Product Solutions**, ensure existing pallet selection policies are consistent and adhered to and clerks are aware of the various sampling options they can select.

Management Response/Action Plan:
Management agrees with this recommendation to ensure the Seamless Sampling pallet selection policies are consistent and being adhered to by the DMU Acceptance Employees. The Product Solutions Team will review existing process documents and ensure the Acceptance Employees are aware that they may consider various selection options when identifying pallets for Seamless Sampling.

Target Implementation Date: 03/31/2022

Responsible Official:
Senior Director of Product Acceptance & Support (PAS) Program

Recommendation [4]:
We recommend the **Vice President, Product Solutions**, in coordination with the **Vice President, Technology Applications**, ensure available scanners and scales used are functional and new scanners include relevant functionality to complete accurate sampling.

Management Response/Action Plan:
Management agrees with this recommendation. As of this date Product Solutions and Technology Applications are currently in pilot testing of new Zebra TC77 scanners. The new scanners will automatically connect to the scales using Bluetooth technology. They also have enhancements over the previous version of scanners used in the DMU's currently. Once completed with our testing the new devices will be deployed to DMU/BMEU locations to replace the current scanners.

Target Implementation Date: 02/28/2022

Responsible Official:
Director of Commercial Product Payment & Policy

2

Finding #2: System Enhancements
Management agrees that opportunities exist for the Postal Service to enhance the
Seamless Acceptance system to reduce labor costs related to processing and
resolving undocumented piece errors.

Recommendation [5]:
We recommend the **Vice President, Technology Applications**, in coordination with
the **Vice President, Product Solutions**, consider enhancing the Seamless
Acceptance System by revising the system logic to enable mail confirmation in the
eDoc for more than 45 days, especially during high volume/peak periods; validating
Customer Registration Identification; and including immediate access to the Informed
Visibility Mail Tracking and Reporting system as a part of enrollment.

Management Response/Action Plan:
Management agrees in part with Recommendation #5. Regarding enhancing
Seamless Acceptance Undocumented logic, Technology Applications and Product
Solutions have already implemented an off-line process to mitigate issues related to
high volume/peak periods to remove undocumented pieces that can be matched to
eDoc older than 45 days prior to issuing assessments. Technology Applications
and Product Solutions Teams will consider enhancing the system logic to remove
these errors in a more efficient/automated process.

Enhancing system logic to validate CRID use may prove to be a challenging effort
due to the complexities of working relationships across the mailing industry. Mail
Owners may often have several different MSP's that prepare volumes on their
behalf. Additionally, software/data service providers may also share CRID/MID
across Mail Owners and MSP's and the USPS would not be able to monitor this
activity in a systematic way. Technology Applications and Product Solutions will
consider potential enhancements to undocumented logic that would allow pieces to
be reassigned so they are reported to the Mailer Scorecard in a more refined way.

Informed Visibility Mail Tracking and Reporting (IVMTR) does not fall within the
scope of Product Solutions and Technology Applications. Technology Applications
and Product Solutions have outreached to the IVMTR team and they have indicated
that an immediate enrollment (or access) option would not be available for
Seamless mailers. The Product Solutions Team will continue to promote the use of
IVMTR to mailers that are participating in Seamless Acceptance to receive
uncapped error data. We will also provide guidance to mailers on the enrollment
process during our industry facing education sessions regarding Seamless
Acceptance.

Target Implementation Date: 1/31/2022

Responsible Official:
Director of Commercial Product Payment & Policy

3

Finding #3: Appeals Process

Management agrees that opportunities exist for the Postal Service to reduce labor costs for the time spent researching and remedying assessments that are appealed and reversed.

Recommendation [6]:

We recommend the **Vice President, Product Solutions**, identify and communicate common issues and error types that result in a high rate of overturned assessments to improve the assessment process and ensure errors are accurately assessed the first time.

Management Response/Action Plan:

Management agrees with this recommendation. The Product Solutions Team will continue to enhance our communications to our Mailers with a goal of improving mail quality and reducing the quantity of assessments. We have shared common causes of errors (undocumented mail) with individual mailers during the Seamless onboarding process. Product Solutions can look to enhance documentation to share common issues or best practices that can be posted on PostalPro or reviewed during industry facing education sessions. Product Solutions will also continue to try to improve our systems and look for solutions that would allow mailers to provide documentation for pieces that are paid. The Product Solutions Team will look to increase adoption of eDoc particularly for mailers that currently do not submit eDoc. Product Solutions will also look to enhance Postal Wizard to allow identification of the MID/Serial Number even for non-Full Service submissions. This should help mailers reduce undocumented for these Postal Wizard submissions.

Target Implementation Date: 03/31/2022

Responsible Official:

Director of Commercial Product Payment & Policy

Tom Foti
Vice President, Product Solutions

Marc McCrery
Vice President, Technology Applications

cc: Manager, Corporate Audit Response Management

4

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INSPECTOR
GENERAL
UNITED STATES POSTAL SERVICE

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