



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

**Global Business Systems
International Dispatch**

Audit Report

November 8, 2011

Report Number CRR-AR-12-001



HIGHLIGHTS

November 8, 2011

Global Business Systems International Dispatch

Report Number CRR-AR-12-001

IMPACT ON:

Air transportation assignments for outbound international mail and missent international mail.

WHY THE OIG DID THE AUDIT:

Our objective was to assess controls over Global Business Systems International Dispatch (GBS Dispatch) processes used to build outbound international mail receptacles, assign transportation, and interface with operational and financial systems.

WHAT THE OIG FOUND:

GBS Dispatch controls over outbound international mail are adequate. However, controls within the Surface Air Management System do not always prevent outbound international mail from exceeding air carrier capacities. Additionally, GBS Dispatch does not detect discrepancies between destination country barcodes on individual mailpieces¹ and destination country barcodes on Enhanced Distribution Labels² attached to receptacles. As a result, incorrectly addressed or scanned mail can be missent.

In briefing management of the status of system internal controls, management stated they were aware of these issues and had scheduled corrective actions to

be completed in October 2011. We evaluated those system changes and believe they will address the issues.

WHAT THE OIG RECOMMENDED:

We did not make recommendations regarding these issues, as corrective actions were taken in October 2011.

WHAT MANAGEMENT SAID:

Because there are no recommendations, management elected not to provide formal comments.

[Link to review the entire report](#)

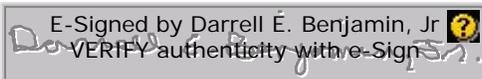
¹ Express Mail International[®], Priority Mail International[®], and International Registered Mail[™].

² Barcodes placed on trays and sacks.



November 8, 2011

MEMORANDUM FOR: BRENT A. RANEY
EXECUTIVE DIRECTOR, INTERNATIONAL NETWORK
OPERATIONS



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

SUBJECT: Audit Report – Global Business Systems International
Dispatch (Report Number CRR-AR-12-001)

This report presents the results of our audit of the Global Business Systems International Dispatch (Project Number 11RG015CRR000).

This report contains no recommendations and U.S. Postal Service management was not required to, and elected not to comment on its contents.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Paul Kuennen, director, Cost, Pricing, and Rates or me at 703-248-2100.

Attachments

cc: Joseph Corbett
Giselle E.Valera
Corporate Audit and Response Management

TABLE OF CONTENTS

Introduction 1

Conclusion 1

Over Tendered Mail..... 2

Missent Mail 2

Appendix A: Additional Information..... 4

 Background 4

 Objective, Scope, and Methodology 4

 Prior Audit Coverage 5

Introduction

This report presents the results of our audit of the Global Business Systems International Dispatch (GBS Dispatch) (Project Number 11RG015CRR000). Our audit objective was to assess controls over GBS Dispatch processes used to build outbound international mail receptacles, assign transportation, and interface with operational and financial systems. This self-initiated audit addresses financial risk. See [Appendix A](#) for additional information about this audit.

GBS Dispatch is a web-based application used for dispatching domestic and military mail to international destinations. Users build outbound international mail receptacles and containers and assign outbound international transportation. Outbound international mail transportation assignments are made through a GBS Dispatch interface with the Surface Air Management System (SAMS). The SAMS determines transportation capacity and assigns transportation to outbound international mail. One purpose of the SAMS application controls is to prevent international carrier generated routes (ICGRs)³ and carrier generated routes (CGRs)⁴ from exceeding their maximum weight capacities. When assigned mail volume reaches the transportation carrier's maximum allowable weight, the ICGR or the CGRs are to close the SAMS to prevent further mail volume assignments and assure that the U.S. Postal Service does not over tender international mail to air carriers.

The Point of Service (POS) ONE[®] is the primary Postal Service system used to conduct retail sales transactions, including outbound international mail, during the retail acceptance process. POS ONE collects data electronically from the scanning of barcoded mailpieces at acceptance. Scanned data includes the destination country for outbound international mailpieces.

When dispatch clerks at the international service centers (ISCs) build outbound receptacles for dispatch, they scan enhanced distribution label (EDL) barcodes on the receptacles, which identify the destination country for the receptacle. As the clerks place individually scanned mailpieces into the receptacles, they scan the mailpiece barcode on outbound Priority Mail[®] International, Express Mail[®] International, and International Registered Mail[™] mailpieces.

Conclusion

GBS Dispatch controls over building outbound international mail receptacles and containers, assigning transportation, and interfacing with operational and financial systems are adequate. However, the controls within SAMS, which GBS Dispatch relies on to prevent outbound international mail receptacles or containers from exceeding air carrier capacities are not always effective. Therefore, over tendered mail is returned to

³ Contract with air carriers for moving international mail from an ISC to a foreign post or military location overseas.

⁴ Contract with air carriers for moving mail in the domestic network and from ISC to ISC.

the ISCs and redispached. Additionally, GBS Dispatch does not detect destination country discrepancies between mailpieces scanned into POS One in the retail environment and the EDL barcode scanned during dispatch. As a result, mailpieces can be inadvertently placed in the wrong destination country receptacle and missent.

After briefing management of the status of system internal controls, management stated they were aware of these issues and had scheduled corrective actions to be completed in October 2011. We reviewed the system changes and believe they will correct the identified control issues; therefore, we made no recommendations regarding these issues.

Over Tendered Mail

The processing of outbound international mail does not always prevent the over tender of mail. The GBS Dispatch system relies on SAMS for transportation assignments, and SAMS controls do not always ensure air route capacities and maximum air contract weights are not exceeded. As a result, over tendered mail is returned to the ISCs for rework and new transportation assignments, which affects service performance and Postal Service resources. Management developed corrective actions for this issue, which were included in October 2011 system changes in SAMS. This will prevent the over tender of mail by ensuring that ICGR and CGR capacities are not exceeded and enforcing capacity restrictions on transportation assignments.

We were not able to quantify how often over tendered mail is returned by air carriers and reworked at the ISCs. The ISCs do not keep official records regarding reworked mail, and there are multiple reasons why mail is returned by air carriers and reworked, including the following:

- Mail that is early, late, or over tendered to air carriers.
- Mail that is missent or late arriving to the correct cargo facility.
- Mail that is mislabeled or missing delivery paperwork.
- Invalid or cancelled flights.

However, one ISC kept unofficial records on reworked mail, which indicated that during a 73-day period in fiscal year 2011, the ISC over tendered mail 14 times and had to rework 35 containers of mail.

Missent Mail

GBS Dispatch does not detect discrepancies between the destination country of individual mailpieces entered into POS ONE and the destination country identified on the receptacle EDL barcodes in which the mailpieces are placed. As a result, Priority Mail International, Express Mail International, and International Registered Mail mailpieces can be inadvertently placed in the wrong receptacle and missent to foreign posts. Management corrected this issue with the October 2011 GBS Dispatch system

change release, which enables GBS Dispatch to validate POS ONE destination country data with the EDL data and should correct this issue.

The Postal Service receives notifications from foreign postal administrations (FPAs) that a mailpiece has been missent and will be forwarded or returned via verification notes.⁵ In general, FPAs can only detect missent mail on individually barcoded mailpieces such as Express Mail International, International Registered Mail, and parcels. Generally, the verification notes do not provide enough details to determine the cause for the missent mail.

The Postal Service ISCs reported 28,945 missent mailpieces in calendar year 2010. However, we were not able to determine how many would have been prevented if GBS Dispatch had detected destination country discrepancies.

⁵ Verification notes are used to communicate about the exchange of mail, in particular, irregularities in the preparation, dispatch, and receipt of mail.

Appendix A: Additional Information

Background

The Global Business Systems (GBS) application manages the process of mail entering and leaving the U.S. as well as the reconciliation between mail sent and received. The GBS application comprises three modules: International Receipt, International Dispatch, and the International Reconciliation System. The International Operations group within Global Business manages the GBS application.

GBS Dispatch is a web-based application accessible via Postal Service workstations that is used to do the following:

- Dispatch and assign transportation to letters, parcels, and Registered Mail with item nesting⁶ functions for Express Mail International, International Registered Mail, and parcels.
- Include both mailpiece and receptacle information into container nesting functions.
- Delete and restore receptacles at various levels, and generate dispatch documents to facilitate verification note management.
- Assign and reassign receptacle or container transportation as needed.

Objective, Scope, and Methodology

Our objective was to assess controls over GBS Dispatch processes used to build and dispatch receptacles and containers, assign transportation, and interface with other operational and financial systems.

To examine controls over GBS Dispatch processes, we conducted site visits at the Chicago, Los Angeles, and New York ISCs and observed processes used to build, dispatch, and assign transportation to outbound international mail. Additionally, we interviewed management and staff at headquarters and the ISCs. To determine whether planned system changes addressed the over tender and missent mail issues, we analyzed system change documentation and interviewed management and system experts at headquarters and the ISCs.

We conducted this performance audit from April through November 2011, 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

⁶ Nesting identifies which mailpieces are placed into specified receptacles, such as trays, and how these receptacles are placed into specified containers.

observations and conclusions with management on October 21, 2011, and included their comments where appropriate.

Prior Audit Coverage

There are no prior audits related to GBS Dispatch.