

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF UNITED PARCEL SERVICE
REDIRECTED FROM WITNESS HUNTER
(UPS/USPS-T5-28)

Pursuant to Presiding Officer's Ruling No. R2000/48, the United States Postal Service hereby provides its compelled response to the following interrogatory of United Parcel Service: UPS/USPS-T5-28, filed on March 13, 2000.

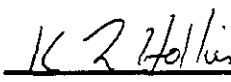
The interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:


Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



Kenneth N. Hollies

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.



Kenneth N. Hollies

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UPS/USPS-T5-28. Provide a copy of any audit results concerning the accuracy or inaccuracy of BY 1998 postage statements.

- a. Explain whether each such audit provides for verification procedures of actual mail delivered by the mailer against what was indicated by the mailer on the postage statement. If so, describe these procedures.
- b. Explain whether each such audit determines the number of errors discovered by mail class, subclass and error type. If so, provide the results of all such determination.

RESPONSE:

A search of Inspection Service records identified 49 financial audits that reported some type of internal control deficiencies in the Business Mail Entry Unit. Internal control deficiencies are sometimes indicative of conditions which would allow inaccuracies in postage statements to go undetected. Forty-seven of the 49 reports were located. For one of the missing reports, we were able to locate a portion of the report which was, in fact, responsive. One report was missing in its entirety for reasons unknown. The Postal Service has been unable to locate any other responsive documents. Copies of the reports are provided in USPS-LR-I-323.

- a. The audit program in effect for BY 1998 did not require auditors to compare *actual mailings presented at the BMEU to the respective postage statements.* The program prompts the auditor to observe whether or not clerks whose duties include mail verification are knowledgeable and performing their jobs as required. Auditors do, however, often examine postage statements and compare them to other relevant documents in an attempt to determine if entries are accurate, complete and reasonable. In these cases, the mailings which the postage statements represent, have long since been processed. We were not able to determine definitively from reading the report if the techniques employed

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by the different auditors included a verification of mailings presented in addition to the one routinely performed by the clerk.

- b. Among the 48 reports with findings in the area of business mail acceptance, those reports where postage statement discrepancies are noted describe them in terms of the class and subclass of mail and error type.