U.S. POSTAL SERVICE

Electronic Commerce Activities and Legal Matters

Statement of Bernard L. Ungar
Director, Government Business Operations Issues
General Government Division
U.S. Postal Service: Electronic Commerce Activities and Legal Matters

USPS is in the early stages of implementing its electronic commerce (e-commerce) program. USPS has taken steps this year to develop and implement its e-commerce activities, including developing a definition of its e-commerce initiatives, identifying e-commerce and related initiatives, and establishing a process for approving these initiatives. USPS identified seven e-commerce initiatives involving products and services meant to facilitate the movement of messages, merchandise, and money in ways that require the use of the Internet and generate revenues for USPS. USPS also outlined overall e-commerce goals and strategies and developed some performance targets for its e-commerce initiatives. However, GAO identified three problem areas relating to USPS management of its e-commerce area:

- inconsistencies in identifying e-commerce and related initiatives and in reporting the status of these activities, which made it difficult to obtain a complete and accurate picture of USPS’ e-commerce activities;
- inconsistencies in following the required process for reviewing and approving its e-commerce initiatives, which raised questions as to whether the initiatives were appropriately planned and reviewed; and
- deficiencies in the financial information USPS provided for its e-commerce activities, which raised concerns about the accuracy and completeness of the financial reporting for e-commerce activities.

To help ensure more effective management and oversight of USPS’ e-commerce activities, GAO recommended that the Postmaster General (1) take appropriate actions to help ensure that e-commerce and related initiatives are appropriately identified and maintain accurate and complete information related to the status of these initiatives; (2) follow processes and controls that have been established for developing and approving e-commerce initiatives; and (3) provide complete and accurate information on costs and revenues for the financial data on e-commerce initiatives.

In the legal area, USPS provided its views on how various laws and regulations apply to its e-commerce activities. USPS said its unique status as an independent establishment of the executive branch gives it broad legal authority and discretion to offer e-commerce products and services in ways that USPS finds appropriate to its assigned functions and in the public interest. USPS, some competitors, and others have conflicting views on the extent of USPS’ legal authority to offer e-commerce products and services and under what circumstances it should offer such services.
Mr. Chairman and Members of the Subcommittee:

We are pleased to be here today to participate in the Subcommittee's hearing on the electronic commerce (e-commerce) initiatives of the U.S. Postal Service (USPS). In my testimony, I will summarize the main findings and recommendations of our report on USPS e-commerce initiatives and related legal matters, which is based on the review we conducted from January through August 2000.¹

Members of Congress and postal stakeholders have raised issues related to the merits of USPS’ development of nonpostal products and services, including those that are e-commerce related. As USPS has recently developed and implemented a number of e-commerce initiatives, you requested us to provide information on the status of USPS’ e-commerce activities and related legal and regulatory matters.

In my testimony today, I will describe USPS’ (1) e-commerce initiatives that have been implemented or are being developed, (2) goals and strategies for the e-commerce area, (3) processes for approving these initiatives, and (4) expected performance and results to date related to e-commerce initiatives. I will also discuss areas we identified during the course of our review where USPS can improve its management of its e-commerce activities. In addition, I will describe USPS’ views on how major federal laws and regulations apply to its e-commerce initiatives and identify some legal issues that have been raised concerning its e-commerce activities. Our report on USPS’ e-commerce initiatives provides more detail on each of these areas.²

USPS is in the early stages of developing its current e-commerce program. We previously reported on USPS’ new products and services, including several e-commerce activities piloted or implemented during fiscal years 1993 through 1997.³ Since then, USPS has discontinued its earlier e-commerce activities, some of which have helped USPS develop new e-commerce-related products and services.

Since the beginning of 2000, USPS has taken a number of steps to develop and implement its e-commerce activities. Some key actions included

¹ U.S. Postal Service: Postal Activities and Laws Related to Electronic Commerce [GAO/GGD-00-188], Sept. 7, 2000).
² GAO/GGD-00-188.
developing a definition of its e-commerce initiatives, identifying its e-commerce and related initiatives, outlining its overall goals and strategies, establishing expected performance, and providing some information on results to date.

How USPS defines its e-commerce activities is fundamental when determining what USPS is doing in the e-commerce area and what process is to be followed in reviewing and approving e-commerce initiatives. The development of goals and strategies is key to understanding what USPS expects to achieve in this area. The review and approval processes are to establish accountability for management and oversight of the e-commerce initiatives. Information on performance targets and results is to provide a basis for determining if the actual performance of the e-commerce initiatives is meeting intended targets.

**USPS Definition of its E-Commerce Initiatives**

USPS’ definition of its e-commerce initiatives has two components—those products or services that (1) require the Internet to do business and (2) generate revenue to USPS through user charges or licensing fees. USPS defined its e-commerce initiatives as a subset of its broader “eBusiness” environment, which included other categories of related initiatives that may involve use of new technology, such as “eService” initiatives that are to be value-added services or enhancements to existing services. Other related initiatives referred to as “gray area” initiatives did not meet the requirements of the e-commerce definition. Another category called “infrastructure” initiatives included information technology systems and other technology initiatives that are required to support e-commerce initiatives. USPS’ distinctions among these categories illustrate that USPS activities involving the Internet include more than just its designated e-commerce initiatives.

**USPS Identified Seven Current E-Commerce Initiatives**

USPS identified seven e-commerce initiatives that were either planned or implemented as of September 2000. These seven initiatives are generally intended to facilitate the movement of messages, merchandise, and money. To facilitate the movement of messages, USPS introduced the PosteCS initiative, an Internet-based global document delivery system implemented in May 2000. To facilitate the movement of merchandise, USPS introduced the Stamps Online initiative in December 1998 that enables customers to use the Internet to purchase stamps, philatelic products, and other USPS products. USPS also plans to expand this initiative to include a Virtual Store that would offer USPS merchandise and other stamp products for sale via the Internet. To facilitate the movement of money, in April 2000 USPS introduced its eBillPay initiative, an electronic bill presentment and payment service.
USPS also identified three initiatives that it refers to as gray area initiatives. Gray area initiatives are related to e-commerce initiatives but either would not generate revenue for USPS or would not require use of the Internet.

Table 1 provides a list and descriptions of USPS’ e-commerce initiatives and gray area initiatives.

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Description of initiative</th>
<th>Intended customers</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>E-Commerce initiatives</strong></td>
<td></td>
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<tr>
<td><strong>Electronic Postmark (EPM)</strong></td>
<td>Creates a secure electronic time and date stamp for electronic communications and provides evidence of any tampering. USPS is seeking business partners to integrate EPM into their products, services, and systems. Revenue to date has been generated from businesses that incorporated EPM in their services. EPM also has been used with the PosteCS initiative.</td>
<td>Financial, legal, medical, governmental, and educational organizations</td>
<td>Implemented 4/00.</td>
</tr>
<tr>
<td><strong>ePayments</strong></td>
<td>Provides integrated ePayment solutions: (1) eBillPay—consumers paying bills, (2) businesses sending bills, (3) consumers paying each other, and (4) consumers receiving financial statements. eBillPay services are currently offered through a partnership with a private company. The eBillPay service is to be offered to new customers at no charge for the first 6 months. Revenue is to be generated by user fees.</td>
<td>Consumers and businesses</td>
<td>eBillPay was implemented 4/00. The rest of the services are in the planning stage.</td>
</tr>
<tr>
<td><strong>Internet Change of Address and Move-Related Products and Services (MoversNet)</strong></td>
<td>MoversNet includes three products and services: the hard copy publications—Movers Guide and Welcome Kit—and the Internet application called MoversNet.com. Currently MoversNet.com allows downloading a form for customers to submit changes of physical addresses and is accessible via the USPS Web site and via direct link. It is offered through a strategic alliance with a private company. Future MoversNet enhancements, which are to involve integration into a proposed MoversGuide Web site, are to allow additional services, such as electronic changes to physical addresses, e-mail addresses, and electronic accounts; ordering various services (e.g., power, electric, water, cable, newspaper, and long-distance telephone service); and new security features, such as credit card verification. Revenue to date has been generated by commissions from USPS’ partner.</td>
<td>All postal customers</td>
<td>MoversNet was implemented summer 1996. Enhancements to MoversNet were scheduled for implementation in 9/00.</td>
</tr>
<tr>
<td><strong>NetPost.Certified</strong></td>
<td>Is to provide confidential, ensured delivery of electronic documents to the government. A completed electronic delivery is to be certified back to the sender via an electronic receipt containing a USPS electronic postmark that provides legal proof of filing. Revenue is to be generated from transaction fees from government agencies.</td>
<td>Organizations that file information with the government</td>
<td>Not implemented.</td>
</tr>
<tr>
<td>Initiative</td>
<td>Description of initiative</td>
<td>Intended customers</td>
<td>Status</td>
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<td>NetPost Mailing Online</td>
<td>Is to allow mailers to electronically transmit their documents, correspondence, newsletters, and other First-Class Mail and Standard A mail (primarily advertising mail), along with mailing lists, to USPS. Electronic files would then be securely distributed to printing contractors who print documents, insert them into addressed envelopes, sort the mailpieces, and transport the mailing to post offices for processing and delivery. Revenue is to be generated by printing and mailing fees paid by users.</td>
<td>Small Office and Home Office (SOHO) customers</td>
<td>To be implemented 9/00.</td>
</tr>
<tr>
<td>PosteCS</td>
<td>Provides a secure, private, Internet-based document delivery system. Users establish secure links using Secure Socket Layer (SSL) protocol. They then upload a file(s) to the PosteCS server using desktop software. To receive PosteCS messages, the recipients need only to have access to e-mail and an Internet browser. USPS has joined with Canada Post and LaPoste of France to provide this service globally. Also, the EPM initiative was used as part of PosteCS. Revenue is to be generated by user fees.</td>
<td>Large to medium-size businesses and SOHOs</td>
<td>Implemented 5/00.</td>
</tr>
<tr>
<td>Stamps Online/Virtual Store</td>
<td>Stamps Online allows the purchase of stamps and other existing USPS products. After the Virtual Store is implemented, postal customers are to be able to purchase stamps, philatelic products, phone cards, and other USPS merchandise via the Internet, including new products not currently available. Revenue to date has been generated from the face value of postage stamps and from other existing USPS products ordered via the Internet.</td>
<td>All postal customers</td>
<td>Stamps Online implemented 12/98; Virtual Store implementation planned in 2000.</td>
</tr>
<tr>
<td>Gray area initiatives</td>
<td></td>
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<tr>
<td>Returns@ease</td>
<td>Enables customers to return Internet-purchased merchandise. Using a Merchandise Return Application Program Interface, businesses can authorize customers to download a postage-paid label directly from their Internet sites. The program is designed to make returning items bought via the Internet, through catalogs, and by phone easier for both buyers and sellers. Revenue is generated from user fees and postage.</td>
<td>Online merchants</td>
<td>Implemented 11/99.</td>
</tr>
<tr>
<td>Dinero Seguro™</td>
<td>Allows electronic fund transfers from the U.S. to Mexico. Dinero Seguro™, which means “Sure Money,” is a money-by-wire service that can be used to transfer money from designated U.S. postal locations to more than 1,300 Bancomer Bank branches in Mexico. This initiative uses telephone lines instead of the Internet and is to become part of a planned Sure Money® service. Revenue is generated by Dinero Seguro™ through money-wire transfer fees.</td>
<td>Americans of Mexican origin, most recently immigrants</td>
<td>Implemented 6/96.</td>
</tr>
<tr>
<td>PC Postage</td>
<td>Allows customers of private companies to purchase and print stamps onto labels and envelopes using their computers and the Internet. Private companies sell PC Postage products after USPS certifies that these products meet USPS standards. USPS receives revenue from the face value of postage stamps.</td>
<td>SOHO market</td>
<td>Implemented 8/99.</td>
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</table>

*USPS has identified additional target countries, which it plans to include in an expansion effort to this initiative, referred to as Sure Money®.

Source: USPS documents.
USPS does not consider products and services to be e-commerce initiatives if they involve use of the Internet but either do not generate revenues, or the revenues generated are related to existing core products and services. USPS considers these products and services to be value-added services or enhancements to existing services. For example, customers can use the Internet to access information about USPS products and services, look up ZIP codes and post office locations, download labels for mailing packages, and check the status of certain items mailed without paying any fees. Customers can also use the Internet as an alternative channel to access existing core products and services, such as Priority and Express Mail; to confirm delivery; or to arrange for package return. The revenues from these enhancements are to be reported with the existing core products and services.

USPS is also developing other initiatives, which it refers to as infrastructure initiatives, to support its e-commerce initiatives. For example, USPS has identified an electronic mailbox, which is a concept in the early development stage that could link electronic and physical addresses, as an infrastructure initiative.

USPS Goals and Strategies for the E-Commerce Area

USPS outlined the purpose and direction for its eBusiness and e-commerce areas and stated that its overall goal is to use the best technology, including the Internet, to provide customers with expanded universal access and choices on how they do business with USPS. USPS also explained that the criteria for these initiatives are that they be universally available, designed to fulfill customer and marketplace needs, offer customers voluntary choices, be secure and private, provide financial benefits to customers and USPS, and be consistent with USPS’ mission. USPS identified eight strategies for accomplishing its eBusiness goal and its related e-commerce goal. Examples of these strategies were using the Internet as a cost-effective channel, providing security and privacy for customers, minimizing USPS investments and risks, and pursuing partnerships and alliances with industry.

To carry out these goals and strategies, USPS has established an eBusiness Integration team that is responsible for eBusiness implementation planning and for developing an eBusiness strategic plan. In addition, USPS established the eBusiness Opportunity Board (e-BOB) to provide operational oversight in the eBusiness area and to review the performance of e-commerce initiatives.
In May 2000, USPS established a management process for reviewing and approving e-commerce initiatives that is different from the review and approval process for other new products. The e-commerce review process was designed as an expedited 120-day process to result in quicker approval of initiatives than USPS’ review and approval process for new products. The e-commerce review process requires a business proposal and plan, a public affairs/communication plan, periodic monitoring, and approval by top management or USPS’ Board of Governors (BOG). Some e-commerce initiatives were launched before the new process was introduced and were therefore subject to USPS’ former approval process. In instances in which a project contains significant capital investments, the initiative is also to be subject to the headquarters review and approval process for capital projects.

The Deputy Postmaster General explained to us how resource allocation for e-commerce initiatives was unlike that for all other areas in the USPS budget. He said that all of the funding for USPS e-commerce activities was budgeted and kept in one overall fund. He said these funds were not allocated to specific managers until program managers justified the use of funds for specific projects.

USPS provided information on its performance targets and results achieved for e-commerce initiatives implemented to date. USPS also told us in July 2000 that the aggregate fiscal year 2001 planned revenue for e-commerce initiatives that was being submitted for BOG approval totaled $104.0 million, and projected expenses specific to e-commerce initiatives totaled $67.2 million. These totals do not include infrastructure and other costs associated with e-commerce, which also are to be calculated.

Evaluation of the results of USPS’ e-commerce initiatives, according to USPS, is generally based on the service performance provided to consumers and businesses and on the revenue, cost, and contribution to financial performance. A BOG resolution adopted in June 2000 specifies that “significant new types of e-commerce initiatives, which have not been previously presented to the Board [of Governors] for review, shall be presented to the Board before being launched.” Initiative reviews by e-BOB are to be conducted on at least a quarterly basis, and quarterly status reports are to be sent to BOG.
During our review, we identified a number of inconsistencies and other problems in the information provided by USPS that indicated areas in which it can improve implementation of its e-commerce initiatives. These management deficiencies indicate that more effective management and oversight is needed in this area. We made recommendations to USPS that address these issues.

During the course of our review, USPS inconsistently applied its definition of e-commerce in identifying its initiatives and provided inconsistent information on the status of its initiatives. These inconsistencies made it difficult to ensure we had a complete and accurate picture of USPS’ e-commerce activities. USPS was able to reconcile some of the inconsistencies, but consistency across the organization will be necessary for USPS to provide accurate and complete information on the status of its e-commerce initiatives. As previously mentioned, BOG is to receive quarterly status reports on USPS’ e-commerce initiatives.

USPS has struggled to properly classify its e-commerce and other initiatives that relate to its broader eBusiness environment. The initial list of e-commerce and related initiatives that USPS provided to us in April 2000 included 28 initiatives. As of July 2000, the list had been reduced to seven e-commerce initiatives. USPS dropped some of the initiatives on the initial list because they were identified as infrastructure or enhancements to core products and services, and called others gray area initiatives because they did not fit the definition of e-commerce initiatives. In addition, some initiatives are in various stages of development, and their classification may change as their product features evolve. As we discussed the rationale for the classification of specific initiatives with USPS officials, we noted several apparent inconsistencies where initiatives that seemed to have similar characteristics were not treated similarly.

In some cases, it was difficult to understand the rationale for the identification of the initiatives without more clarification from USPS on how it intended to treat the revenue from these initiatives. Also, some initiatives were provided in conjunction with other products and services, and it was not clear how the revenues would relate to e-commerce versus other core products or services. Finally, some initiatives were not currently generating revenues, such as eBillPay, but USPS planned to generate revenues from these initiatives in the future. USPS’ consistent application of its e-commerce definitions is important so that it can maintain complete and accurate information about its e-commerce and related activities.
USPS also provided conflicting information related to the status of certain e-commerce activities that made it difficult for us to determine when some of the e-commerce initiatives had been implemented. We recognize that activities in this area continue to evolve. However, USPS has had difficulty providing complete and accurate information on initiatives that have been ongoing for some time.

**USPS Has Not Consistently Followed its Processes for Approving E-Commerce Initiatives**

USPS did not consistently adhere to its process requirements for the review and approval of its e-commerce initiatives. According to information provided by USPS, none of the five e-commerce initiatives fully or partially implemented to date have had all of the required documents, such as business plans, or formal approvals from appropriate officials. Consequently, it is not clear whether USPS management properly reviewed and approved e-commerce initiatives to ensure that they would support USPS’ overall mission and goals.

**Problems and Inconsistencies in USPS’ Reported Financial Results for the E-Commerce Area**

We identified deficiencies in the financial information provided for the e-commerce activities that raised concerns about the accuracy and completeness of USPS’ financial reporting for its e-commerce activities. We do not believe the financial data that USPS provided were sufficiently complete and reliable to be used to assess USPS’ progress toward meeting its overall financial performance expectation that revenues generated by e-commerce products and services in the aggregate are to cover USPS’ direct and indirect costs as well as make a contribution to overhead. Without accurate and complete information on the revenues and expenses associated with USPS’ e-commerce initiatives, USPS and other stakeholders will not be able to assess progress toward meeting USPS’ financial goal in the e-commerce area.

**USPS’ Views on Legal Matters Relating to its E-Commerce Activities**

In the legal area, USPS has provided legal information and analysis that should be a valuable reference to Congress and other stakeholders interested in how laws and regulations apply to USPS’ e-commerce activities. We did not evaluate USPS’ legal analysis or attempt to obtain others’ views for our report, although we summarized some of the concerns that have been raised regarding USPS’ e-commerce activities. We also summarized some of our reports that may relate to the application of laws and regulations to USPS e-commerce activities, although, due to time constraints, we did not update this past work for the purposes of our review of specific USPS e-commerce activities.
### USPS' Views of Its Authority in the E-Commerce Area

USPS believes that it has broad statutory authority to offer e-commerce products and services in ways that it finds appropriate to its assigned functions and in the public interest. USPS told us this authority is grounded in several provisions of the Postal Reorganization Act of 1970, not just the provision relating to its specific power to offer nonpostal services. USPS said that the law provides discretion to its Board of Governors to determine whether particular new services are appropriate and in the public interest.

### Our Reports That Discussed USPS Legal Authority

We have issued reports that may relate to the application of laws and regulations to USPS e-commerce activities:

- We reported in 1998 that statutory and regulatory authorities governing USPS provide it broad latitude to develop and market a wide variety of new products, including both postal and nonpostal products.

- We reported in 1996 and 1999 that we and USPS had differing interpretations of federal privacy protections that relate to change-of-address information reported by USPS customers.

### USPS' Views on the Application of Laws, Regulations, and Policies to its E-Commerce Activities

According to USPS, numerous federal laws and regulations apply to its e-commerce products and services, but it has a different legal status from its private sector competitors in some respects. For example, USPS reported that federal privacy laws afford USPS e-commerce customers greater protection than is provided for customers of private sector providers. Further, USPS told us that the public interest, universal service, antidiscrimination, and other policy provisions of the Postal Reorganization Act of 1970 provide consumer protections in connection

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4 P.L. 91-375.

5 Our analysis showed that USPS is subject to at least three constraints in developing and marketing new products: (1) explaining how any new product will further USPS' mission to provide postal services to bind the nation together; (2) requesting a recommended decision from the Postal Rate Commission (PRC) in the case of domestic postal products; and (3) addressing constraints or influences that may arise from congressional oversight, restrictions imposed during the appropriations process, or other legislative actions. See U.S. Postal Service: Development and Inventory of New Products (GAO/GGD-99-15, Nov. 24, 1998).

6 We reported that in our view, use of information linked to the National Change of Address (NCOA) program to create or maintain new-movers lists by USPS licensees, who are viewed under the Privacy Act as if they were USPS employees, would be inconsistent with the Privacy Act. USPS disagreed, stating that the NCOA program does not violate the Privacy Act because NCOA information provided to licensees, and by licensees to their customers, is limited to the new addresses of persons whose names and addresses are already on the licensees' or the customer's list. See U.S. Postal Service: Improved Oversight Needed to Protect Privacy of Address Changes (GAO/GGD-96-119, Aug. 13, 1996); and U.S. Postal Service: Status of Efforts to Protect Privacy of Address Changes (GAO/GGD-99-102, July 30, 1999).
with its e-commerce products and services, but many other federal consumer protection laws are inapplicable to USPS. However, USPS stated that some federal consumer protection laws may apply to USPS in certain circumstances, and others may apply to USPS contractors or financial institutions that help USPS offer e-commerce products and services.

Concerning law enforcement and e-commerce, USPS reported that the Postal Inspection Service, a part of USPS that is responsible for enforcing postal laws, has authority and responsibility to investigate violations of law that involve USPS e-commerce products and services. The authority of the Inspection Service was enhanced in 1998 by a delegation of authority from the U.S. Attorney General. This delegation gave the Inspection Service limited jurisdiction to investigate violations of certain crimes that may relate to USPS' e-commerce products, such as the Electronic Postmark. However, USPS told us that the Inspection Service has no authority to investigate electronic communications that do not “have a postal nexus.”

In the competition area, USPS told us that the antitrust laws and general competition-related statutes do not apply to USPS, with the exception of the advertising and competition provisions of the Lanham Act. However, USPS stated that federal law prescribes competition-related factors that must be considered with regard to USPS e-commerce activities.

USPS also said that in some cases, major federal regulations apply to its e-commerce products, including regulations adopted by USPS and other federal agencies, such as Department of the Treasury and Federal Reserve regulations related to USPS' eBillPay initiative. However, it also noted that the ability to make generalizations about how the regulations apply to USPS is somewhat limited. USPS reported that it has authority to issue regulations pertaining to its own e-commerce products and services, but USPS also said it has “no authority to act as a regulator over economic activity in general or over the Internet in particular.”

Finally, USPS reported that its activities in the e-commerce area are generally not subject to administration policies that apply to other executive branch agencies. According to USPS, executive orders and Office of Management and Budget (OMB) instructions, unless grounded in separate statutory authorization covering USPS or by national security laws, do not apply as a matter of law, although USPS may voluntarily be guided by certain of them.

Concerns Have Been Raised About USPS E-Commerce Activities

USPS, some competitors, and other stakeholders have conflicting views on the extent of USPS’ legal authority to offer e-commerce products and services and under what circumstances it should offer such services. Some USPS competitors and others have recently raised concerns that USPS has an unfair competitive advantage in the e-commerce area because it is subject to legal and regulatory requirements that are different from those its competitors are subject to. On the other hand, the Postmaster General and some other stakeholders have said that current laws put USPS at a competitive disadvantage and have called for changes to give USPS increased flexibility to compete. The appropriate role of USPS has been debated for many years and continues to be debated in the context of proposals for comprehensive legislation to reform the nation’s postal laws. In addition, some specific concerns have been raised about USPS e-commerce activities that also relate to emerging e-commerce issues, such as the privacy of consumer information and what new e-commerce products are subject to PRC review.

Recommendations

Our report recommended that the Postmaster General take the following actions to help ensure more effective management and oversight of USPS’ e-commerce activities:

- take appropriate actions to help ensure that e-commerce and related initiatives are appropriately identified and maintain accurate and complete information related to the status of these initiatives,
- follow processes and controls that have been established for developing and approving e-commerce initiatives, and
- provide complete and accurate information on costs and revenues for the financial data on e-commerce initiatives.

In commenting on our draft report, USPS generally agreed with the facts in our report and endorsed the report's recommendations. However, USPS noted differences in perspectives related to some of the concerns we discussed. Specifically, USPS stated that its senior management had reviewed and approved all of its e-commerce initiatives before implementation. If so, such approvals were not fully documented. USPS also stated that it is already taking the necessary actions to implement the recommendations in our report within a management structure that will provide long-term as well as day-to-day oversight of its e-commerce program. PRC generally agreed with the report’s analysis of the issues and further commented on USPS’ pricing policy for its e-commerce initiatives.
Mr. Chairman, this concludes my statement. I would be pleased to respond to any questions you or the Members of the Subcommittee may have.

**Contact and Acknowledgments**

For further information regarding this testimony, please contact Bernard L. Ungar at (202) 512-8387. Individuals making key contributions to this testimony included Teresa L. Anderson, Kenneth E. John, Angela S. Davis, Casey L. Brown, Hazel J. Bailey, Alan N. Belkin, and Victor B. Goddard.
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