May 1, 2007

SYLVESTER BLACK
VICE PRESIDENT, WESTERN AREA OPERATIONS

SUBJECT: Transmittal of Audit Report – Address Management System Information –
            Western Area (Report Number DR-AR-07-008)

This report presents the results of our self-initiated audit of the Address Management
System (AMS) information in the Western Area (Project Number 06XG024DR000).
This is one in a series of reports on AMS information. The information in this report will
be included in a nationwide capping report assessing the management of AMS
information. Our objective was to assess the U.S. Postal Service's management of
delivery AMS quality street review results to ensure address information is correct and
complete for effective processing and delivery of mail in the Western Area.

Postal Service officials in the Western Area's Arizona, Colorado/Wyoming, Nevada-
Sierra, Northland, Seattle, and Spokane Districts effectively managed delivery AMS
quality review results for approximately 7 percent (1,317 of 19,104) of their routes
according to Postal Service guidelines. However, opportunities exist for area officials to
implement best management practices similar to the New York Metro Area's New York
District. By reviewing additional routes, officials can improve the quality of AMS data
used to process and deliver the mail. Approximately 234,197 AMS data errors may
exist in these districts on the 17,787 routes for which street reviews were not conducted.
If these districts implemented best management practices similar to the New York
District's, they could reduce errors by 31.84 percent, saving the Postal Service
$4,454,816 over the next 10 years. We will report $4,454,816 of funds put to better use
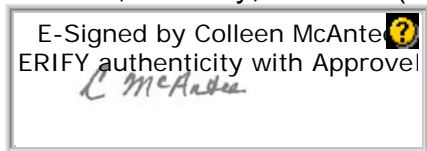in our *Semiannual Report to Congress.*

For fiscal years 2005 and 2006, the Western Area districts improved their Delivery Point
Sequence (DPS) mail volume percentages. According to the *Transformation Plan*, the
Postal Service's goal is to sort 95 percent of letters by DPS by 2010. A decrease in
AMS data errors will help Western Area officials achieve the DPS goal of 95 percent
and will reduce operating costs.

We recommended the Vice President, Western Area Operations, implement an AMS quality review program similar to the New York District's that provides training to delivery supervisors or their designees to conduct AMS quality street reviews and establishes an annual district schedule of AMS quality street reviews. We also recommended implementing a program that directs delivery supervisors or their designees to review delivery routes annually and establishes a tracking system for completed street reviews.

Management acknowledged opportunities for cost reductions can be realized in the reduction of AMS database errors by implementing best management practices. Management further acknowledged cost savings associated with the reduction of AMS errors. We have included management's comments and our evaluation of these comments in the report.

The OIG considers recommendations 1, 2, 3, and 4 significant, and therefore requires OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. These recommendations should not be closed in the follow-up tracking system until the OIG provides written confirmation the recommendations can be closed.

We appreciate the cooperation and courtesies provided by your staff during the audit. If you have any questions, or need additional information, please contact Rita Oliver, Director, Delivery, or me at (703) 248-2100.

E-Signed by Colleen McAntee
ERIFY authenticity with Approve
C. McAntee

Colleen A. McAntee
Deputy Assistant Inspector General
 for Mission Operations

Attachments

cc: Patrick R. Donahoe
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INTRODUCTION

Background

Address management is the foundation for how the U.S. Postal Service moves mail. Over the years, the Postal Service has been striving to obtain the highest quality address information possible for internal use and for its customers. In March 1993, the Postal Service implemented Delivery Point Sequence (DPS).[1] DPS is the process of putting barcoded mail into the carrier's line of travel (LOT) to eliminate manual mail sorting, improve efficiency, and reduce costs.

In 1994, the Postal Service established the Address Management System (AMS) to capture, correct, and complete address information to enhance the efficiency of mail processing and delivery through automation. The AMS captures address information in sort programs used to process mail in DPS. A developer creates sort programs as part of the Sort Program System, which is part of the National Directory Support System (NDSS). DPS sort programs are transferred to either a Mail Processing Barcode Sorter or a Delivery Barcode Sorter[2] for sorting mail into DPS.

Mail that cannot be processed on automated equipment requires manual processing, which is less efficient and is costly to the Postal Service. As illustrated in Table 1, during fiscal year (FY) 2005, the Postal Service processed 94 billion pieces of letter mail, of which 72 billion pieces (76.8 percent) were processed on automated equipment and the remaining 22 billion pieces (23.2 percent) manually. During FY 2006, the Postal Service processed 93.3 billion pieces of letter mail; 74.4 billion pieces (79.7 percent) were processed on automated equipment and the remaining 18.9 billion pieces (20.3 percent) manually.

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[1] DPS resulted from an agreement in 1992 with the National Association of Letter Carriers to change the automation environment.
[2] DPS mail is also sorted on Carrier Sequence Barcode Sorters, a type of mail processing equipment used by smaller Postal Service facilities.

Table 1. Postal Service Letter Mail Processed in Pieces
FYs 2005 and 2006

Fiscal Year	DPS Letters (Pieces)	Cased Letters (Pieces)	Total Letters (Pieces)	DPS Percentage	Cased Letter Percentage
2005	72,270,819,511	21,846,660,416	94,117,479,927	76.8	23.2
2006	74,404,492,341	18,929,268,976	93,333,761,317	79.7	20.3

Source: Postal Service Web-Enabled Enterprise Information System (WebEIS)

In 2003, the Postal Service outlined a strategy to enhance address quality in its Intelligent Mail Corporate Plan. The strategy includes improving the address database, filling change of address orders, and using Address Change Service. To improve the address database, the Postal Service established a delivery AMS quality review program to evaluate the quality of AMS data and meet the goal of 100 percent accurate AMS data nationwide.

As part of the quality review program, the National Customer Support Center (NCSC) teams conduct annual street reviews of 40 routes at each Postal Service district nationwide. The NCSC teams select 40 city or rural delivery routes based on Postal Service guidelines. For every route the teams select within a ZIP Code, they also select two alternate routes.[3]

The street reviews:

- Identify all possible delivery addresses included in Address Information System products and the NDSS files.

- Validate the number of possible delivery addresses assigned to each carrier route.

- Validate the correct LOT or delivery sequence for each carrier route.

- Assign ZIP+4® Codes to maximize compatibility with automated equipment.

- Verify the standardization of addresses according to

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[3] The *Delivery/AMS Quality Street Review Guidelines,* FY 2005 Revision 1*,* states that NCSC will review 40 routes annually.

- Publication 28, *Postal Addressing Standards,* dated July 2006.

- Review AMS database products to meet the needs and expectations of Postal Service customers.

When a district scores below 98 percent on the street review, the NCSC team will review it every 6 months and the districts that score from 98 to 100 percent receive an annual review. Districts scoring 99 percent or higher may receive abbreviated reviews.

In addition to the NCSC street reviews, AMS district officials conduct street reviews of routes to maintain the accuracy of AMS data. Carriers also identify AMS data changes based on their street deliveries. The carriers note address changes in their AMS edit books and submit the information to the AMS district officials using Web Electronic Edit Sheets for review and correction in the AMS database.

As the Postal Service continues to process mail on automated equipment, the quality of address information takes on increased importance. Use of correct and complete address information can reduce the Postal Service's costs.

Objective, Scope, and Methodology	Our objective was to assess the Postal Service's management of delivery AMS quality review results to ensure address information is correct and complete for effective processing and delivery of mail in the Western Area. We obtained data on FY 2005 delivery AMS quality reviews from the NCSC to analyze routes reviewed, AMS data errors identified, and performance scores. We selected the Western Area's Arizona, Colorado/Wyoming, Nevada-Sierra, Northland, Seattle, and Spokane Districts and the New York Metro Area's New York District to perform our reviews, based on the NCSC performance scores identified by delivery AMS quality review results.[4]

We obtained and reviewed results of prior AMS review results for the New York District, which showed street review |

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[4] We selected the Western Area's Arizona, Colorado/Wyoming, Nevada-Sierra, Northland, Seattle, and Spokane Districts based on their historically low performance scores and their FY 2005 AMS quality review results. We selected the New York District based on its historically high performance scores and improvements to the AMS process.

performance scores consistently above 99 percent. As a best management practice, we evaluated whether the New York District's AMS data maintenance program is feasible for other Postal Service districts. Our review of performance scores in the Western Area showed that the Arizona, Colorado/Wyoming, Nevada-Sierra, Northland, Seattle, and Spokane Districts scored consistently below 98 percent on street reviews. (See Appendix A.) We evaluated these districts' AMS data maintenance process to determine whether they could improve their programs. We also reviewed these districts' FYs 2005 and 2006 DPS information to compare their DPS volumes to the Postal Service goal.

We conducted this audit from April 2006 through May 2007 in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. We discussed our observations and conclusions with management officials and included their comments where appropriate. We relied on computer-processed information from the Postal Service AMS. We did not audit the system, but performed a limited data integrity review to determine whether our data were reliable.

Prior Audit Coverage   The OIG issued seven reports directly related to our objectives. We have included a complete listing of the reports in Appendix E.
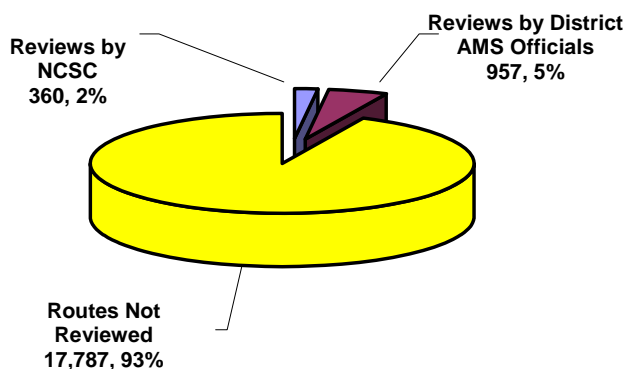
AUDIT RESULTS

Address Management System Information – Western Area

Postal Service officials in the Western Area's Arizona, Colorado/Wyoming, Nevada-Sierra, Northland, Seattle, and Spokane Districts effectively managed delivery AMS quality review results for approximately 7 percent of their routes.[5] However, opportunities exist for area officials to implement best management practices from the New York Metro Area's New York District to improve the quality of AMS data to process and deliver the mail.

In FY 2005, the Arizona, Colorado/Wyoming, Nevada-Sierra, Northland, Seattle, and Spokane Districts had 19,104 total routes, as illustrated in Chart 1. The NCSC team reviewed 2 percent (360) of these routes according to Postal Service guidelines. The team identified 4,728 errors, or approximately 13 errors per route. The districts did not achieve the 98 percent AMS target goal. (See Appendix A.) The NCSC teams did not review the remaining 98 percent (18,744) of the routes. During this period, the districts' AMS officials reviewed another 5 percent (957) of the routes, but not the remaining 93 percent (17,787). (See Appendix B.)

Chart 1. Number and Percentage of Routes Reviewed in the Arizona, Colorado/Wyoming, Nevada-Sierra, Northland, Seattle, and Spokane Districts

Reviews by NCSC
360, 2%

Reviews by District AMS Officials
957, 5%

Routes Not Reviewed
17,787, 93%

Source: Postal Service NCSC and Western Area Officials

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[5] The 7 percent represents 1,317 routes (out of 19,104 total routes) reviewed by the NCSC and the six districts (Arizona – 247, Colorado/Wyoming – 358, Nevada-Sierra – 40, Northland – 206, Seattle – 300, and Spokane – 166).

Based on FY 2005 NCSC team reviews and the error rate for each route, approximately 234,197[6] AMS data errors may exist in these districts on the 17,787 routes for which street reviews were not conducted.

Currently, the Arizona, Colorado/Wyoming, Nevada-Sierra, Northland, Seattle, and Spokane Districts' programs are administered by local AMS officials. As illustrated in Table 2, at the time of our review, AMS officials performed quality street reviews for 957 routes using local AMS staff. However, district AMS officials did not use available district resources, such as delivery unit supervisors or their designees, to conduct additional street reviews for the remaining 17,787 routes. District officials stated that the remaining routes were not reviewed due to limited AMS staff resources and priority placed on delivering the mail.

Table 2. Western Area Route Reviews Conducted in the Arizona, Colorado/Wyoming, Nevada-Sierra, Northland, Seattle, and Spokane Districts

Selected Districts	Total Routes	NCSC Route Reviews Conducted	District Route Reviews Conducted	Total Routes Reviewed	Total Routes Not Reviewed
Arizona	4,083	40	207	247	3,836
Colorado/ Wyoming	4,122	80	278	358	3,764
Nevada-Sierra	1,609	40	0	40	1,569
Northland	4,334	80	126	206	4,128
Seattle	3,524	40	260	300	3,224
Spokane	1,432	80	86	166	1,266
	19,104	**360**	**957**	**1,317**	**17,787**

Source: Postal Service NCSC and Western Area Officials

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[6] Our projection of the possible number of errors that may exist in routes not reviewed is based on the formula NCSC uses in its street reviews. The error projection for each district is determined by using the number of errors identified in NCSC street reviews to calculate an error rate for each route. The error rate is then applied to the number of routes not reviewed. The 234,197 projected errors include:
- Arizona – 46,032 (481 errors ÷ 40 routes reviewed = 12 errors per route × 3,836 routes not reviewed).
- Colorado/Wyoming – 60,224 (1,291 errors ÷ 80 routes reviewed = 16 errors per route × 3,764 routes not reviewed).
- Nevada-Sierra – 20,397 (539 errors ÷ 40 routes reviewed = 13 errors per route × 1,569 routes not reviewed).
- Northland – 53,664 (1,010 errors ÷ 80 routes reviewed = 13 errors per route × 4,128 routes not reviewed).
- Seattle – 38,688 (469 errors ÷ 40 routes reviewed = 12 errors per route × 3,224 routes not reviewed).
- Spokane – 15,192 (938 errors ÷ 80 routes reviewed = 12 errors per route × 1,266 routes not reviewed).

In addition, the AMS review module in the associate supervisors' training course for district delivery supervisors did not include information on AMS quality street reviews. The module provides information only on edit book updates and how to enter the changes into the automated system for submission to district officials.

The Postal Service established the AMS to capture, correct, and complete address information to enhance the efficiency of mail processing and delivery through automation. AMS address information is captured in sort programs used to process mail in DPS. The Postal Service created DPS to eliminate manual mail sorting, improve efficiency, and reduce costs.

As illustrated in Table 3, the selected Western Area districts improved their DPS mail volume percentages from FY 2005 to FY 2006. According to the Transformation Plan,[7] the Postal Service's goal is to sort 95 percent of letter mail by DPS by 2010. A decrease in AMS data errors will assist the Western Area officials in achieving the DPS goal and reduce operating costs.[8]

Table 3. Western Area Districts' DPS Percentages

District	FY 2005 Percentage	FY 2006 Percentage
Colorado/Wyoming	78.50	83.95
Portland	82.67	86.35
Seattle	84.10	86.71
Central Plains	82.05	84.34
Dakotas	85.38	87.56
Alaska	82.68	84.85
Mid-America	80.55	82.55
Northland	83.88	85.83
Hawkeye	84.01	85.90
Nevada-Sierra	81.43	83.27
Big Sky	83.76	85.54
Salt Lake City	81.36	82.93
Spokane	80.46	81.96
Arizona	82.68	82.70
Western Area Average	82.39	84.60
National Average	76.79	79.72

Source: WebEIS

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[7] United States Postal Service *Strategic Transformation Plan, 2006 – 2010*, dated September 2005.
[8] We plan to conduct a future review that will incorporate DPS percentages to identify opportunities to generate revenue, reduce costs and improve customer service.

If the Western Area's Arizona, Colorado/Wyoming, Nevada-Sierra, Northland, Seattle, and Spokane Districts implemented best management practices similar to the New York District's, they could reduce errors by 31.84 percent,[9] saving the Postal Service $4,454,816 over the next 10 years. We will report $4,454,816 of funds put to better use in our *Semiannual Report to Congress.* (See Appendix C.)

New York City District

The New York District has a total of 2,202 routes. In FY 2005, the NCSC team reviewed 2 percent (40) of these routes according to Postal Service guidelines. The team identified 195 AMS errors (approximately five errors per route), and the district received a 99.21 percent AMS performance score from the street review. The NCSC team did not review the remaining 98 percent (2,162) of these routes.

In 1998, the New York District began an extensive AMS quality review program, administered by local AMS officials, which requires delivery units to complete AMS street reviews using existing staff. As part of the program, New York District officials added an AMS review module to the associate supervisors' training course for New York delivery supervisors. In addition, the New York AMS office established AMS review schedules for all delivery units' existing staff, and an accountability system that monitors the completion of AMS street reviews conducted by delivery supervisors or their designees. As a result, the New York District used existing staff to significantly increase its review coverage.

In FY 2005, using the AMS review program, New York District officials established a goal of reviewing all routes annually, including routes reviewed by district and the NCSC. The existing staff reviewed and implemented corrective actions for the AMS errors identified. AMS reviews conducted by delivery unit staff are implemented by all districts in the New York Metro Area, and the program has been very successful. Since its inception, all districts have achieved significant increases in AMS performance scores. The average performance score for the New York District is 99.03 percent.

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[9] The New York Metro Area's error reduction rate is 71.05 percent, and the control group's error reduction rate is 29.74 percent. The New York Metro Area's error reduction rate is divided by the control group's error reduction rate (1.7105 ÷ 1.2974 which equals 31.84 percent). The expectation is that the districts will reduce their error rate by 31.84 percent by implementing a program similar to the New York District.

The Deputy Postmaster General and Chief Operating Officer issued a memorandum dated August 23, 2006, on AMS national street reviews. The memorandum stated that trained field personnel would conduct all delivery AMS street reviews in FY 2007. The AMS national street review team will not conduct on-site street reviews in FY 2007 and will not have funding to assist the field with travel costs. The FY 2007 schedule of delivery AMS street reviews will be coordinated through area and headquarters address management officials, and the NCSC will provide street review materials.

Recommendation	We recommend the Vice President, Western Area Operations, implement an Address Management System quality review program similar to the New York District's that: 1. Provides training in address management national street reviews to delivery supervisors or their designees.
Management's Comments	Management acknowledged opportunities for cost reductions can be realized in the reduction of AMS database errors by implementing best management practices. Management stated they use the Western Area Certified Team Leader and Examiner Training to reinforce efficiencies through AMS maintenance, and emphasize edit book training which is available through intranet access. Management also stated they provide instruction on proper completion of Postal Service (PS) Form 3999 to supervisors and customer service representatives at the district level. We included management's comments, in their entirety, in Appendix D.
Recommendation	2. Establishes a district schedule of annual Address Management System quality street reviews.
Management's Comments	Management stated improved address quality has been the target of several programs implemented in the Western Area over the past few years. Management stated they currently track the annual completion of PS Form 3999 in the Delivery Operations Information System (DOIS). They also stated that this will be emphasized in the national initiative for annual completion of PS Form 3999 and pivot plan management.
Recommendation	3. Directs delivery supervisors or their designees to review delivery routes annually.
Management's Comments	Management stated that, like the New York District's quality review program, the Western Area emphasizes processes

delivery supervisors use to identify delivery data discrepancies. They stated that delivery data discrepancies are observed during the annual completion of PS Form 3999, and/or during routine street supervision.

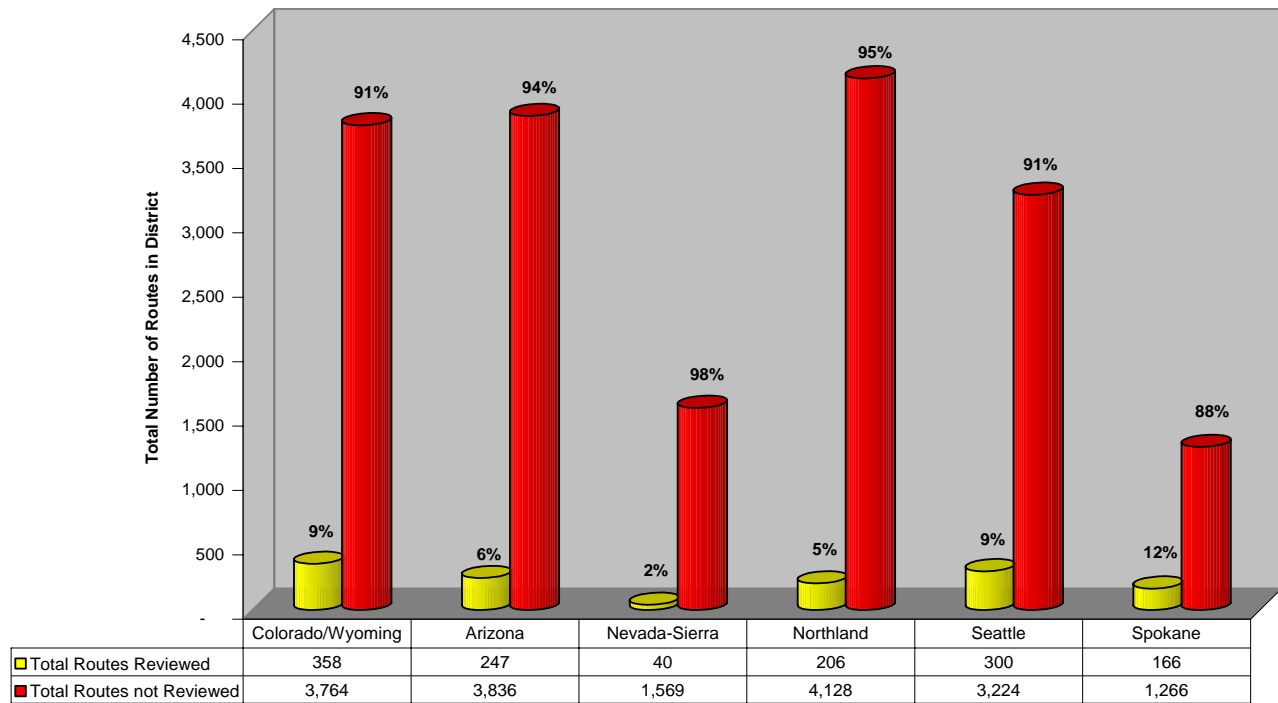| **Recommendation**	4. Establishes a tracking system to monitor completed street reviews.
Management's Comments	Management stated they currently track annual completion of PS Form 3999 in the DOIS.
Evaluation of Management's Comments	Management's comments are responsive to recommendations 1, 2, 3, and 4. Management's actions taken should correct the issues identified in the findings. While management did not specifically state agreement with the $4,454,816 in funds put to better use, they did acknowledge cost savings associated with the reduction of AMS errors.

APPENDIX A

NCSC REVIEW RESULTS FOR THE WESTERN AREA

No.	Western Area District Locations	FY 2005 Score %	FY 2005 Score Date	Achieved 98% Score In FY 2005		Average Score as of FY 2005	Achieved 98% Score		FY 2006 Score %	FY 2006 Score Date	Achieved 98% Score In FY 2006
1	Arizona	97.76	4/4/05	No		97.18	No		96.77	1/24/06	No
2	Colorado/Wyoming	95.88	7/11/05	No		96.21	No		96.51	11/1/05	No
3	Nevada-Sierra	97.50	1/3/05	No		96.56	No		97.29	4/24/06	No
4	Northland	96.90	10/12/05	No		96.70	No		96.32	6/13/06	No
5	Seattle	97.77	6/21/05	No		97.04	No		97.63	12/6/05	No
6	Spokane	97.75	6/6/05	No		96.71	No		97.72	11/15/05	No
7	Hawkeye	97.63	9/6/05	No		97.37	No		98.59	3/21/06	Yes
8	Central Plains	99.02	5/23/05	Yes		98.44	Yes		98.49	6/6/06	Yes
9	Dakotas	98.66	7/25/05	Yes		97.91	No		98.27	3/28/06	Yes
10	Mid-America	97.70	6/14/05	No		96.38	No		98.53	1/31/06	Yes
11	Alaska	97.67	5/9/05	No		96.56	No		98.05	5/2/06	Yes
12	Portland	96.18	4/11/05	No		96.72	No		98.35	11/28/05	Yes
13	Big Sky	97.44	8/22/05	No		96.68	No		98.13	2/14/06	Yes
14	Salt Lake City	98.05	8/8/05	Yes		96.09	No		98.40	2/7/06	Yes

Source: Postal Service NCSC officials

APPENDIX B

FYS 2005 AND 2006 ROUTE REVIEWS FOR THE ARIZONA, COLORADO/WYOMING, NEVADA-SIERRA, NORTHLAND, SEATTLE, AND SPOKANE DISTRICTS[10]

	Colorado/Wyoming	Arizona	Nevada-Sierra	Northland	Seattle	Spokane
Total Routes Reviewed	358	247	40	206	300	166
Total Routes not Reviewed	3,764	3,836	1,569	4,128	3,224	1,266

Y-axis: Total Number of Routes in District. Reviewed percentages: Colorado/Wyoming 9%, Arizona 6%, Nevada-Sierra 2%, Northland 5%, Seattle 9%, Spokane 12%. Not Reviewed percentages: Colorado/Wyoming 91%, Arizona 94%, Nevada-Sierra 98%, Northland 95%, Seattle 91%, Spokane 88%.

Source: Postal Service NCSC and Western Area officials

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[10] A total of 1,317 routes were reviewed by NCSC and local officials, and 17,787 routes were not reviewed.

APPENDIX C

CALCULATION OF FUNDS PUT TO BETTER USE

The OIG identified $4,454,816 in funds put to better use over the next 10 years for Arizona, Colorado/Wyoming, Nevada-Sierra, Northland, Seattle, and Spokane Districts.

Western Area Districts	Fiscal Year	Funds Put to Better Use
Arizona	2005	$680,333
Colorado-Wyoming	2005	1,739,795
Nevada-Sierra	2005	305,534
Northland	2005	877,907
Seattle	2005	551,127
Spokane	2005	300,120
Total for a 10-Year Period		**$4,454,816**

The following assumptions were used to calculate the $4,454,816.

1.   We used the New York Metro Area as our standard for predicting the cost savings possible for the Arizona, Colorado/Wyoming, Nevada-Sierra, Northland, Seattle, and Spokane Districts.

2.   We assumed all Postal Service areas other than New York Metro had not implemented an error reduction program over the time period of the AMS street reviews. These areas were our control group for estimating the net benefit of the New York Metro Area's program.

3.   We used the AMS national street review model to calculate cost savings. We assumed that it realistically represented costs that the Postal Service could save by implementing a program to reduce AMS errors. However, in our opinion, any costs saved would have to be related to a reduction in overtime or casual hours, and therefore, labor rates used should be hourly overtime rates (which was not the case).

4.   We used the AMS national street review model unchanged, with one exception: the model had FY 1999 labor rates imbedded. We updated these rates to reflect FY 2007 rates by escalating by 2.4 percent annually to arrive at a projection.

5.   We assumed the cost of implementing an error reduction program would be negligible.

6.   We assumed the average cost per error for the Arizona, Colorado/Wyoming, Nevada-Sierra, Northland, Seattle, and Spokane Districts, would remain constant before and after program implementation.

7.   If the Arizona, Colorado/Wyoming, Nevada-Sierra, Northland, Seattle, and Spokane Districts began implementing a program immediately, FY 2007 would be devoted to setup and training. We assumed cost savings would not begin until FY 2008. Our calculation of savings (funds put to better use) is a discounted cash flow analysis over a 10-year period. The amount we will report in our *Semiannual Report to Congress* is the present value of the estimated savings over the 10 years.

8.   AMS errors can never be reduced to zero. We assumed the practical lower limit to be a 1 percent error rate. However, this constraint did not affect the calculation for the Arizona, Colorado/Wyoming, Nevada-Sierra, Northland, Seattle, and Spokane Districts.

9.   We assumed error rates on rural routes would respond to an error reduction program in the same way as city routes.

10.   In our analysis of the New York Metro Area, we excluded the Caribbean District due to uncertainties regarding implementation of an error reduction program.

11.   Not all categories of AMS errors have associated costs. We assumed costly and non-costly errors would respond to an error reduction program in the same manner. That is, if the overall reduction rate for all AMS errors was 20 percent, the reduction rate for costly errors was also 20 percent.

APPENDIX D

MANAGEMENT'S COMMENTS

SYLVESTER BLACK
VICE PRESIDENT, WESTERN AREA OPERATIONS

**UNITED STATES
POSTAL SERVICE**

April 13, 2007

Kim H. Stroud
Director Audit Reporting
1735 North Lynn Street
Arlington, VA 22209-2020

SUBJECT: Response to Draft Audit Report – Address Management System Information
                Western Area (Report Number DR-AR-07-Draft)

As response to Draft Audit Report – Address Management System – Western Area (Report Number DR-AR-07-Draft), the Western Area acknowledges cost savings associated with the reduction of AMS errors. Improved address quality has been the target of several programs implemented over the past few years. The identification and correction of addressing deficiencies through these programs has resulted in improved AMS data.

The Western Area has implemented the Critical Standard Operating Instructions (CSOI), which is a part of its "Foundation Systems." Within the Foundation Systems, specific CSOIs focus on improving AMS database quality and increasing DPS percentages. It should be noted and acknowledged that the Western Area continues to lead the nation in DPS percentage.

Similar to the New York District's quality review program, the Western Area places emphasis on processes performed by delivery supervisors to identify delivery data discrepancies. Delivery data discrepancies are observed during the annual completion of Form 3999, and/or during routine street supervision. Identified delivery data discrepancies are annotated and reported to AMS for updated information in the AMS database.

The Western Area CSOI – Address Management Systems (AMS) – 2007, provides in applicable part:

m. *Address these Fatal Five Errors as identified during street supervision, annual completion of Form 3999, and during route inspections:*
    i. *Omitted Delivery Points*
    ii. *No Such Deliver Addresses*
    iii. *Wrong Address Sort Information – Vacant and PO Box Information*
    iv. *Out of Sequence*
    v. *Wrong Delivery Address*
n. *Ensure AMS is provided any changes to delivery point information as identified during street supervision, annual completion of Form 3999, and during route inspections.*

Instruction on proper completion of Form 3999 is provided to Supervisors, Customer Services, at the District level, and we utilize Western Area Certified Team Leader and Examiner Training to re-enforce efficiencies through AMS maintenance. Edit Book Training is also emphasized and, as a resource, is available through intranet access. The annual completion of Form 3999 is tracked in the Delivery Operations Information System (DOIS) and, more recently, will be emphasized in the national initiative for annual completion of Form 3999 and pivot plan management.

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Opportunities for cost reduction can be realized in the reduction of AMS database errors by implementing best management practices. The Western Area strives to implement best practices to ensure AMS database integrity. Increased AMS database integrity will assist the Western Area in achieving the DPS goal of 95% by 2010, while reducing operating costs.

I would like to acknowledge the level of communication and professionalism extended by your staff in the performance of this audit.

Sylvester Black

Attachment: CSOI – Address Management Systems (AMS) - 2007

cc: District Manager, Arizona
           District Manager, Colorado/Wyoming
           District Manager, Nevada-Sierra
           District Manager, Northland
           District Manager, Seattle
           District Manager, Spokane
           Western Area Manager, Delivery Programs Support

APPENDIX E

PRIOR AUDIT COVERAGE

Audit	Report Number	Issued Date	Funds Put to Better Use Over the Next 10 years
Address Management System Information – Southwest Area	DR-AR-07-006	May 1, 2007	$5,201,116
Address Management System Information – Pacific Area	DR-AR-07-005	May 1, 2007	$7,881,288
Address Management System Information – Capital Metro Area	DR-AR-07-004	May 1, 2007	$455,197
Address Management System Information – Southeast Area	DR-AR-07-002	March 30, 2007	$862,134
Address Management System Information – Northeast Area	DR-AR-07-001	March 15, 2007	$4,590,875
Address Management System Information – Great Lakes Area	DR-AR-06-008	September 30, 2006	$2,078,506
Address Management Systems – Southwest Area – Rio Grande District	DR-AR-06-001	January 25, 2006	$988,945