May 7, 2007

MEGAN BRENNAN
VICE PRESIDENT, EASTERN AREA OPERATIONS

SUBJECT: Audit Report – Address Management System Information – Eastern Area (Report Number DR-AR-07-009)

This report presents the results of our self-initiated audit of Address Management System (AMS) information in the Eastern Area (Project Number 06XG052DR000). This is one in a series of reports on AMS information. We will include the results of this audit 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 review results to ensure address information is correct and complete to effectively process and deliver the mail in the Eastern Area.

Postal Service officials in the Eastern Area's Pittsburgh and South Jersey Districts effectively managed Delivery AMS quality review results for approximately 6 percent (260 of 4,382) of their routes according to Postal Service guidelines. 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. Approximately 50,664 AMS data errors may exist in these districts on the 4,222 routes for which we did not conduct street reviews. If these districts implemented a program similar to the New York District's, they could reduce errors by 31.84 percent, saving the Postal Service $779,013 over the next 10 years. We will report $779,013 of funds put to better use in our *Semiannual Report to Congress*.

For fiscal years 2005 and 2006, Eastern 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 Eastern Area officials achieve the DPS goal of 95 percent and will reduce operating costs.

We recommended the Vice President, Eastern Area Operations, implement an AMS quality review program similar to the New York District's that provides training in AMS quality street reviews to delivery supervisors or appropriate designees. We also recommended establishing an annual district schedule of AMS quality street reviews and directing delivery supervisors or appropriate designees to review delivery routes annually. Finally, we recommended the AMS office establish a tracking system to monitor completed street reviews.

Management agreed in principle with our findings and recommendations and has alternative initiatives planned addressing the issues in this report. However, management did not agree with the monetary impact of $779,013 in funds put to better use. Management's comments and our evaluation of these comments are included in the report.

The U.S. Postal Service Office of Inspector General (OIG) considers all the recommendations 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 McAnte
ERIFY authenticity with Approve

Colleen A. McAntee
Deputy Assistant Inspector General
for Mission Operations

Attachments

cc: Patrick R. Donahoe
Kathleen Ainsworth
Charles E. Bravo
Steve M. Dearing
Elizabeth A. Schaefer
Natale V. Mastriano
Keith J. Beppler
Joanna B. Korker
Deborah A. Kendall

INTRODUCTION

Background

Address management has become 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 barcode 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. Address information in the AMS is captured 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.

[1] DPS resulted from an agreement in 1992 with the National Association of Letter Carriers that changed 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, National Customer Support Center (NCSC) teams annually conduct 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 selected within a ZIP Code, two alternate routes are selected.[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.

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

- Verify the standardization of addresses according to 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 will receive an annual review. Districts scoring 99 percent or higher may receive abbreviated route 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 their 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 new importance. Use of correct and complete address information can reduce costs to the Postal Service.

Objective, Scope, and Methodology

Our objective was to assess the Postal Service's management of the Delivery AMS quality review results to ensure address information is correct and complete to effectively process and deliver the mail in the Eastern Area. We obtained data on FYs 2005 and 2006 Delivery AMS quality reviews from the NCSC to analyze routes reviewed, AMS data errors identified, and performance scores. We selected the Eastern Area's Pittsburgh and South Jersey Districts and the New York Metro Area's New York District for review, based on the NCSC performance scores shown by delivery AMS quality reviews.[4]

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

[4] We selected the Pittsburgh and South Jersey Districts based on their historically low performance scores and their FY 2005 quality review results. We selected the New York District based on its historically high performance scores and improvements to the AMS process.

scores consistently above 99 percent. As a best management practice, we evaluated the feasibility and applicability of the New York AMS data maintenance program in other Postal Service districts. Our review of performance scores in the Eastern Area showed the Pittsburgh and South Jersey Districts were consistently below 98 percent. (See Appendix A.) We evaluated the districts' AMS data maintenance process to determine whether they could improve their programs. We also reviewed the districts' FYs 2005 and 2006 DPS information to compare their DPS volumes to the Postal Service goal.[5]

We conducted this audit from August 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 Postal Service AMS. We did not directly audit the system, but performed a limited data integrity review to support our data reliance.

Prior Audit Coverage

The OIG issued eight reports directly related to our objectives. We have included a complete listing of the reports in Appendix D.

[5] We are planning a future review that will incorporate DPS percentages, to identify opportunities to generate revenue, reduce costs, and improve customer service.

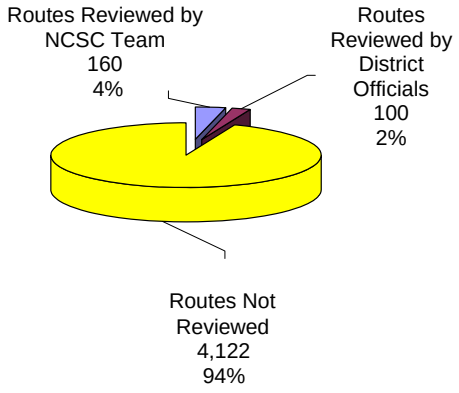
AUDIT RESULTS

Address Management System Information – Eastern Area

Postal Service officials in the Eastern Area's Pittsburgh and South Jersey Districts effectively managed Delivery AMS quality review results for approximately 6 percent of their routes.[6] 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 Eastern Area's Pittsburgh and South Jersey Districts had 4,382 total routes, as illustrated in Chart 1. The NCSC team reviewed approximately 4 percent (160 of 4,382) of these routes according to Postal Service guidelines. The team identified 1,921 errors, approximately 12 errors per route. The districts did not achieve the 98 percent AMS target goal. (See Appendix A.) During the same period, the Pittsburgh and South Jersey Districts' AMS officials reviewed approximately 2 percent (100 of 4,382) of the routes. The remaining 94 percent (4,122 of 4,382) of the routes were not reviewed. (See Appendix B.)

Chart 1. Number and Percentage of Routes Reviewed in Pittsburgh and South Jersey Districts



Source: Postal Service NCSC and Eastern Area Officials

[6] The 5.93 percent represents the 260 routes reviewed out of the 4,382 total routes for the two districts (2,127 for Pittsburgh and 2,255 for South Jersey).

Based on FY 2005 NCSC team reviews and the related error rate per route, approximately 50,664[7] AMS data errors may exist in these two districts on the 4,222 routes for which street reviews were not conducted by NCSC.

Currently, the Pittsburgh and South Jersey Districts' programs are administered by local AMS officials. As illustrated in Table 2, at the time of our review, local AMS specialists and coordinators performed quality street reviews for 260 routes.[8] However, local AMS officials did not use available district resources, such as delivery supervisors or appropriate designees, to conduct additional street reviews for the remaining 4,122 routes. District officials stated staffing constraints hindered the completion of additional reviews.

Table 2. Eastern Area Route Reviews Conducted in the Pittsburgh and South Jersey Districts

Selected Districts	Total Routes	NCSC Route Reviews Conducted	District Route Reviews Conducted	Total Routes Reviewed	Total Routes Not Reviewed
Pittsburgh	2,127	80	63	143	1,984
South Jersey	2,255	80	37	117	2,138
Total	**4,382**	**160**	**100**	**260**	**4,122**

Source: Postal Service NCSC and Eastern Area Officials

In addition, the AMS review module in the associate supervisors' training course given to these districts' delivery supervisors does not include specific 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.

During our audit, the Pittsburgh District was selected to participate in the NCSC Address Quality Improvement Training, which provides guidance on quality street reviews.

[7] 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 using the number of errors identified in NCSC street reviews, determining an error rate per route, and applying the rate to the number of routes not reviewed. The 50,664 projected errors were calculated by adding the following: Pittsburgh – 24,564 (973 errors ÷ 80 routes reviewed = 12.16 [rounded down to 12 errors per route] × 2,047 routes not reviewed) and South Jersey – 26,100 (948 errors ÷ 80 routes reviewed = 11.85 [rounded up to 12 errors per route] × 2,175 routes not reviewed).

[8] The 260 routes reviewed by the districts consist of the Pittsburgh District with 143 and the South Jersey District with 117 routes.

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

As illustrated in Table 3, from FYs 2005 to 2006, the Eastern Area Districts improved their DPS mail volume percentages. According to the Transformation Plan,[9] the Postal Service's goal is to sort 95 percent of letter mail volume by DPS by 2010. A decrease in AMS data errors will help Eastern Area officials achieve the DPS goal and will reduce operating costs.

Table 3. Eastern Area Districts' DPS Percentages

Eastern Area Districts	FY 2005	FY 2006
Appalachian	78.54	81.90
Central Pennsylvania	76.44	78.89
Cincinnati	73.77	78.16
Columbus	72.06	82.52
Erie	72.39	78.37
Kentuckiana	77.24	81.05
Philadelphia	76.37	78.36
Pittsburgh	72.67	74.16
Northern Ohio	72.60	75.36
South Jersey	74.92	80.31
Eastern Area Average	74.53	78.31
National Average	76.79	79.72

Source: Postal Service WebEIS

If the Pittsburgh and South Jersey Districts implemented a program similar to the New York District's, they could reduce errors by 31.84 percent,[10] saving the Postal Service

[9] *United States Postal Service Strategic Transformation Plan, 2006 – 2010*, dated September 2005.
[10] The error reduction rate factor for the New York Metro Area is 71.05 percent, and the error reduction rate factor for the control group is 29.74 percent. The factor for the New York Metro is divided by the control group factor (1.7105 ÷ 1.2974 = 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's.

$779,013 over the next 10 years. We will report $779,013 of funds put to better use in our *Semiannual Report to Congress*. (See Appendix C.)

New York City District

The New York District has 2,202 city routes. In FY 2005, the NCSC team reviewed 2 percent (40 of 2,202) 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 of the routes (2,162 of 2,202).

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 given to New York District 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, New York District officials set a goal of reviewing all routes annually, including routes reviewed by the district and the NCSC. The existing staff reviewed routes 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 historical average performance score for the New York District is 99.03 percent.

During our audit, the Deputy Postmaster General and Chief Operating Officer issued a memorandum dated August 23, 2006, on AMS national street reviews. The memorandum stated that for FY 2007, trained field personnel would conduct all delivery AMS street reviews. 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 delivery AMS street review schedule will continue to be coordinated through the area and headquarters address management officials. The NCSC will continue to provide street review materials.

Recommendation	We recommend the Vice President, Eastern Area Operations, implement an AMS quality review program similar to the New York District that: 1. Provides training in Address Management System quality street reviews to delivery supervisors or their designees.
Management's Comments	Management did not agree to establish an AMS quality review program similar to the New York District as they estimated it would cost $8 million per year to implement. Instead, they stated they would use the National Address Quality Reporting Tool (AQRT). Further, management did not agree with the monetary impact of $779,013 in funds put to better use. However, management agreed with recommendation 1 and stated they will train the appropriate personnel in each district by the end of FY 2007 on the AQRT. Officials also stated that by providing training on the AQRT, they will identify performance issues that prevent the AMS database from improving operational efficiency. Management stated the AQRT will enable district personnel to monitor, identify, and correct delivery database information. Management's comments, in their entirety, are included in Appendix E.
Recommendation	2. Establishes a district schedule of annual Address Management System quality street reviews.
Management's Comments	Management agreed to establish an annual schedule for quality street revises based on the key indicators within the AQRT. Management stated that this process will enable them to target their high opportunity routes while improving operational performance. Management also stated that continually using the AQRT process will identify the greatest improvement and have the best return on invested costs.

Recommendation	3. Directs delivery supervisors or their designees to review delivery routes annually.
Management's Comments	Management agreed with the recommendation to direct delivery supervisors or their designees to review delivery routes annually. Management stated the AQRT will enable district personnel to monitor, identify, and correct delivery database information. Management also stated that the newly established annual schedule for quality street reviews will be conducted based on the key indicators within the AQRT, which will enable them to target their high opportunity routes while improving operational performance.
Recommendation	4. Establishes a tracking system to monitor completed street reviews.
Management's Comments	Management agreed with the recommendation to establish a tracking system to monitor completed street reviews and stated they had already implemented a tracking system for each district.
Evaluation of Management's Comments	Management's comments are responsive to recommendations 1, 2, 3, and 4. Management's alternative actions taken and planned should correct the issues identified in the findings. We believe the model used to calculate savings (Appendix C) provides a reasonable estimate of costs that could be saved by implementing an AMS error reduction program. The model applied the principles used by the New York District's error reduction program. Under this program, AMS street reviews were absorbed into the workload of existing staff, without any additional cost. Since management agreed to implement alternative actions to address the issues identified in this report, we do not plan to pursue the unresolved monetary impact issues through the formal audit resolution process.

APPENDIX A

NCSC REVIEW RESULTS FOR THE EASTERN AREA

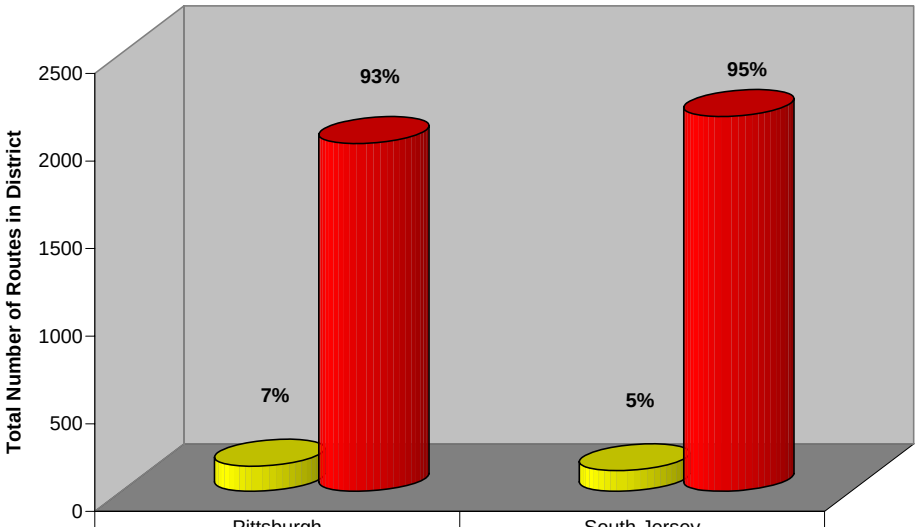
No.	Eastern Area District Locations	FY 2005 Score %	FY 2005 Score Date	Achieved 98% Score FY 2005		Historical Average Score as of FY 2005	Achieved 98% Score History		FY 2006 Score %	FY 2006 Score Date	Achieved 98% Score FY 2006
1	Kentuckiana	97.18	9/27/05	No		96.35	No		98.22	3/20/06	Yes
2	Central PA*	98.30	9/20/05	Yes		97.23	No				
3	Pittsburgh	97.16	5/23/05	No		96.39	No		96.21	6/06/06	No
4	South Jersey	97.90	9/26/05	No		96.48	No		96.19	5/04/06	No
5	Appalachian	98.30	9/20/05	Yes		96.44	No		99.17	9/12/06	Yes
6	Cincinnati	98.00	6/14/05	Yes		97.18	No		98.03	6/06/06	Yes
7	Erie	98.32	5/10/05	Yes		96.01	No		98.77	4/24/06	Yes
8	Northern Ohio	98.69	3/29/05	Yes		97.84	No		99.05	3/14/06	Yes
9	Philadelphia Metro	98.04	6/06/05	Yes		96.46	No		98.37	9/18/06	Yes
10	Columbus	98.01	11/2/04	Yes		97.99	No		98.60	11/01/05	Yes

Source: Postal Service NCSC officials

***The September 20, 2005, review is the last audit completed for this district.**

APPENDIX B

FYS 2005 AND 2006 ROUTE REVIEWS FOR THE PITTSBURGH AND SOUTH JERSEY DISTRICTS[11]



	Pittsburgh	South Jersey
Total Routes Reviewed	143	117
Total Routes Not Reviewed	1,984	2,138

Source: Postal Service NCSC and Eastern Area Officials

[11] A total of 260 routes were reviewed by NCSC and local AMS officials. A total of 4,122 routes were not reviewed.

APPENDIX C

CALCULATION OF FUNDS PUT TO BETTER USE

The OIG identified $779,013 in funds put to better use over the next 10 years for the Pittsburgh and South Jersey Districts.

District	Fiscal Year	Funds Put to Better Use
Pittsburgh	2005	$482,259
South Jersey	2005	296,754
Total for 10-Year Period		**$779,013**

The following assumptions were used in the calculation of the $779,013.

1. We used the New York Metro Area as our standard for predicting the cost savings possible for the Pittsburgh and South Jersey Districts.

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

3. The AMS national street review model is used to calculate cost savings. Therefore, we assumed that it realistically represented costs that the Postal Service could save if it implemented a program that would reduce the incidence of AMS errors. However, in our opinion, any costs saved would have to be related to a reduction in overtime or casual hours; 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 per year to arrive at a projection.

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

6. We assumed that the average cost per error for the Pittsburgh and South Jersey Districts would remain constant before and after program implementation.

7. If the Pittsburgh and South Jersey Districts began implementing a program immediately, FY 2007 would be devoted to setup and training. We assumed that

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-year period.

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 Pittsburgh and South Jersey Districts in this instance.

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

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

11. Not all categories of AMS errors have associated costs. We assumed that 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

PRIOR AUDIT COVERAGE

Audit	Report Number	Issued Date	Funds Put to Better Use Over the Next 10 Years
Address Management System Information – Western Area	DR-AR-07-008	May 1, 2007	$4,454,816
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

APPENDIX E. MANAGEMENT'S COMMENTS

MEGAN J. BRENNAN
VICE PRESIDENT, AREA OPERATIONS
EASTERN AREA

UNITED STATES POSTAL SERVICE

April 10, 2007

MEMORANDUM FOR KIM STROUD – DIRECTOR, AUDIT REPORTING

SUBJECT: Address Management System Information – Eastern Area
Project Number 06XG052DR000

The Eastern Area recognizes the importance of maintaining an accurate AMS database. We also agree that address quality is the key to automation compatibility along with barcode, presort, and postage payment accuracy. Our concern is that while reducing costs is imperative, the cost for implementing the recommendations far outweighs the identified savings.

Recommendation 1:
We recommend the Vice President, Eastern Area; implement an AMS quality review program similar to the New York District's.

EA Response:
The estimated cost to implement the NY District quality review program in one year would be $1,272,330 which does not include training costs. The costs are attributable to 9,111 carrier hours and 24,761 reviewer hours and were based on current average hours used for a review including travel by the reviewer. This cost analysis only includes the Pittsburgh and South Jersey Districts. The costs extrapolated over the ten year savings timeframe would be -$11,944,287 for Pittsburgh and South Jersey. The savings identified by the audit identified savings over ten years of $779,013. Implementing the New York process and conducting annual reviews throughout the Eastern Area would cost $8,386,533 per year. To control costs and improve our AMS database, we intend to utilize the new tool recently made available by National AMS. Specifically, we agree to utilize the Address Quality Reporting Tool (AQRT) to improve our AMS database quality.

5315 CAMPBELLS RUN RD
PITTSBURGH PA 15277-7010
PHONE: 412-494-2510
FAX: 412-494-2582

Recommendation 2:
Provide training in AMS quality street reviews to delivery supervisors or appropriate designees.

EA Response:
By providing training with the Address Quality Improvement Tool, we will address identification of performance issues that negatively impact's the ability of the AMS database to improve operational efficiency. The AQRT will enable district personnel to monitor, identify, and correct delivery database information. We agree to train the appropriate personnel in each district by the end of FY2007.

Recommendation 3:
Establish an annual district schedule of AMS quality street reviews and direct delivery supervisors or appropriate designees to review delivery routes annually.

EA Response:
We agree to schedule annual AMS street quality reviews based on the key indicators within the AQRT. This will enable us to target our high opportunity routes while improving our operational performance. By continually using the AQRT process, we will identify the greatest improvement and have the best return on our invested costs.

Recommendation 4:
Recommend the AMS office establish a tracking system to monitor completed street reviews.

EA Response:
We agree to establish a tracking system to monitor completed street reviews. In fact, we have already implemented a tracking system for each district.

We can not agree to the monetary impact of $779,013 because the cost model is not a statistical evaluation that includes costs represented for each site to annually review the routes. Additionally, the model extrapolates the savings found on previous reviews and may not reflect the current status within the AMS system for the identified districts.

Please direct any additional questions or comments to Elizabeth A. Schaefer, Manager, Delivery Programs Support, at 412-494-2530.

Megan J. Brennan

5315 Campbells Run Rd
Pittsburgh PA 15277-7010
Phone: 412-494-2510
Fax: 412-494-2582