May 1, 2007

ELLIS A. BURGOYNE
VICE PRESIDENT, SOUTHWEST AREA OPERATIONS

SUBJECT: Audit Report – Address Management System Information – Southwest Area
(Report Number DR-AR-07-006)

This report presents the results of our self-initiated audit of Address Management System (AMS) information in the Southwest Area (Project Number 06XG042DR000). 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 review results to ensure address information is correct and complete to effectively process and deliver the mail in the Southwest Area.

Postal Service officials in the Southwest Area's Albuquerque, Arkansas, Fort Worth, Dallas, Houston, Louisiana, and Oklahoma Districts effectively managed delivery AMS quality review results for approximately 5 percent (822 of 18,019) 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 to improve the quality of AMS data to process and deliver the mail. Approximately 322,418 AMS data errors may exist in these seven Southwest Area districts on 17,197 routes for which we did not conduct street reviews. If Southwest Area officials implemented a program similar to the New York District's, they could reduce errors by 31.84 percent, which would save the Postal Service $5,201,116 over the next 10 years. We will report $5,201,116 of funds put to better use in our *Semiannual Report to Congress*.

For fiscal years 2005 and 2006, Southwest Area districts, with the exception of the Louisiana District, 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 Southwest Area officials achieve the DPS goal of 95 percent and will reduce operating costs.

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

Management agreed in principle with our findings and recommendations and has initiatives planned addressing the issues in this report. However, officials stated they could not validate the actual savings amount of $5,201,116 in funds put to better use. We have included management's comments and our evaluation of these comments in the report.

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 Approvel
C. McAntee

Colleen A. McAntee
Deputy Assistant Inspector General
  for Mission Operations

Attachments

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INTRODUCTION

Background   Address management is the foundation for how the Postal
Service moves mail. Over the years, the Postal Service has
worked 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 arranging barcoded mail according to 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. AMS uses automation to enhance the efficiency of
mail processing and delivery. Address information in 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 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 Letter (Pieces)	DPS Percentage	Cased Letter Percentage

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 team selects 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 make addresses compatible with automated equipment.

- Verify the standardization of addresses according to Publication 28, *Postal Addressing Standards*, dated July 2006.

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

- 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 districts that score from 98 to 100 percent 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 AMS district officials 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 for effective processing and delivery of mail in the Southwest 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 Southwest Area's Albuquerque, Arkansas, Fort Worth, Dallas, Houston, Louisiana, and Oklahoma Districts and the New York Metro Area's New York District for our reviews, based on the NCSC performance scores identified by delivery AMS quality review results.[4]

We obtained and reviewed prior AMS review results for the New York District, which showed street review performance scores consistently above 99 percent. As a best management practice, we evaluated whether the New York District's AMS data maintenance program was feasible for other Postal Service districts. Our review of performance scores showed that Southwest Area 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'

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[4] We selected Southwest Area districts based on their historically low performance scores, and we selected the New York District based on its historically high performance scores and improvements to the AMS process.

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FY 2005 and 2006 DPS information to compare their DPS volumes to the Postal Service's goal.[5]

We conducted this audit from July 2006 to 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 directly audit the system, but performed a limited data integrity review to determine whether our data were reliable.

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

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[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 – Southwest Area

Postal Service officials in the Southwest Area's Albuquerque, Arkansas, Fort Worth, Dallas, Houston, Louisiana, and Oklahoma Districts effectively managed delivery AMS quality review results for approximately 5 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 used to process and deliver mail.

In FY 2005, the Southwest Area's Albuquerque, Arkansas, Fort Worth, Dallas, Houston, Louisiana, and Oklahoma Districts had 18,019 total routes, as illustrated in Chart 1. The NCSC teams reviewed 2 percent (280 of 18,019) of these routes according to Postal Service guidelines. The teams identified 5,595 AMS errors, approximately 20 errors for each 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 of the routes (17,739 of 18,019). During this period, Southwest Area's Arkansas, Fort Worth, Louisiana, and Oklahoma Districts reviewed another 3 percent (542 of 18,019) of the routes. The remaining 95 percent (17,197 of 18,019) of the routes were not reviewed. (See Appendix B.)

Chart 1. Number and Percentage of Routes Reviewed in Southwest Area Districts: Albuquerque, Arkansas, Fort Worth, Dallas, Houston, Louisiana, and Oklahoma
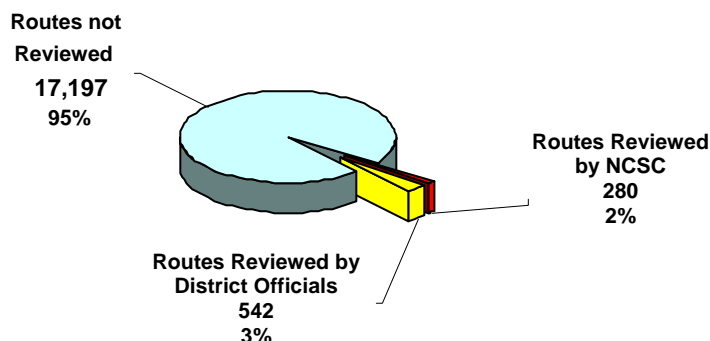
Source: NCSC and Southwest Area Officials

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[6] The 5 percent represents 822 routes reviewed out of 18,019 total routes for the seven districts (1,068 for Albuquerque; 1,707 for Arkansas; 3,500 for Dallas; 2,466 for Fort Worth; 4,300 for Houston; 2,792 for Louisiana; and 2,186 for Oklahoma).

Based on these FY 2005 NCSC team reviews, and the related error rate for each route, approximately 322,418[7] AMS data errors may exist in these seven districts on the 17,197 routes for which street reviews were not conducted.

Local AMS officials currently administer AMS review programs in these seven districts in the Southwest Area. As illustrated in Table 2, at the time of our review, AMS officials performed quality street reviews for 542 routes using local AMS staff. However, AMS officials did not use available district resources, such as delivery supervisors or their designees, to conduct additional street reviews for the remaining 17,197 routes. District officials stated that the remaining routes were not reviewed because AMS staff resources were limited.

**Table 2. Southwest Area Route Reviews Conducted in the Albuquerque,
Arkansas, Fort Worth, Dallas, Houston, Louisiana,
and Oklahoma Districts**

Selected Districts	Total Routes	NCSC Route Reviews Conducted	District Route Reviews Conducted	Total Routes Reviewed	Total Routes Not Reviewed
Albuquerque	1,068	40	0	40	1,028
Arkansas	1,707	40	73	113	1,594
Dallas	3,500	40	0	40	3,460
Fort Worth	2,466	40	216	256	2,210
Houston	4,300	40	0	40	4,260
Louisiana	2,792	40	167	207	2,585
Oklahoma	2,186	40	86	126	2,060
Total	**18,019**	**280**	**542**	**822**	**17,197**

Source: Postal Service NCSC and Southwest Area Officials

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[7] We based our projection of the possible number of errors in routes not reviewed on the formula NCSC uses in its street reviews. To project the error rate for each district, we used the number of errors identified in NCSC street reviews, determined an error rate per route, and applied the rate to the number of routes not reviewed. The 322,418 projected errors includes:

- Albuquerque – 31,868 (1,232 errors ÷ 40 routes reviewed = 31 errors per route × 1,028 routes not reviewed)
- Arkansas – 33,474 (850 errors ÷ 40 routes reviewed = 21 errors per route × 1,594 routes not reviewed)
- Dallas – 51,900 (585 errors ÷ 40 routes reviewed = 15 errors per route × 3,460 routes not reviewed)
- Fort Worth – 35,456 (624 errors ÷ 40 routes reviewed = 16 errors per route × 2,210 routes not reviewed)
- Houston – 80,940 (742 errors ÷ 40 routes reviewed = 19 errors per route × 4,260 routes not reviewed)
- Louisiana – 51,700 (819 errors÷ 40 routes reviewed = 20 errors per route × 2,585 routes not reviewed)
- Oklahoma – 37,080 (734 errors ÷ 40 routes reviewed = 18 errors per route × 2,060 routes not reviewed)

In addition, the AMS review module in the associate supervisors' training course for district delivery supervisors did not include specific information on AMS quality street reviews. The module provided information only on edit book updates and how to enter the changes into the automated system for submission to district officials. Arkansas District officials stated that they trained delivery personnel in conducting AMS street reviews. However, the AMS staff did not maintain records detailing the team's street review activities.

The Postal Service established AMS to capture, correct, and complete address information. AMS uses automation to enhance the efficiency of mail processing and delivery. AMS 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, for FY 2005, the Southwest Area districts, with the exception of the Louisiana District, improved their DPS mail volume percentages. According to the Transformation Plan,[8] Postal Service officials are working to achieve 95 percent of letters sorted to DPS by 2010. A decrease in AMS data errors will assist Southwest Area officials in achieving the DPS goal and will reduce operating costs. [9]

Table 3. Southwest Area Districts' DPS Mail Volume Percentages

Districts	Percentage FY 2005	Percentage FY 2006
Albuquerque	78.6	81.6
Arkansas	80.1	80.5
Dallas	78.3	82.5
Fort Worth	81.0	81.5
Houston	76.7	77.0
Louisiana	78.6	77.9
Oklahoma	80.3	81.1
Southwest Area Average	79.5	80.6
National Average	76.8	79.8

Source: WebEIS

If the Albuquerque, Arkansas, Fort Worth, Dallas, Houston, Louisiana, and Oklahoma Districts implemented a program similar to the New York District's, they could reduce errors by 31.84 percent,[10] which

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[8] *United States Postal Service Strategic Transformation Plan, 2006 – 2010*, dated September 2005.
[9] We plan to conduct a future review to identify opportunities to generate revenue, reduce costs, and improve customer service. The review will incorporate DPS percentages,
[10] 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

would save the Postal Service $5,201,116 over the next 10 years. We will report $5,201,116 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.

In 1998, the New York District began an extensive AMS quality review program, administered by local AMS officials, which required 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 delivery supervisors in the New York District. 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 the 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 historical average performance score for the New York District is 99.03 percent.

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 onsite 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 be coordinated through area and headquarters address management offices. The NCSC will provide street review materials.

(1.7105 ÷ 1.2974) to arrive at 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.

Recommendation	We recommend the Vice President, Southwest Area Operations, implement an Address Management System quality review program similar to the New York City District's that:
	1. Provides training in Address Management System quality street reviews to delivery supervisors or their designees.

Management's Comments	Management disagreed with the recommendation to implement a quality review program similar to the New York City District's. However, they stated they will begin using the new Address Quality Improvement process. Management stated that the Address Quality Reporting Tool (AQRT), which NCSC recently introduced to the field, is better suited to meet Southwest Area requirements and they will implement it in their area by the end of FY 2007. Management agreed with the recommendation for training and stated they will train delivery supervisors or appropriate designees on the AQRT by the end of FY 2007. We have 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 agreed with the recommendation to schedule annual AMS street reviews and stated they will implement and use AQRT by the end of FY 2007. Management stated they would use a key indicators base for their reviews to target high impact routes for each district on a continual basis.

Recommendation	3. Directs delivery supervisors or appropriate designees to review delivery routes annually.

Management's Comments	Management agreed with the recommendation. Management stated they would train delivery supervisors or appropriate designees on AQRT by the end of FY 2007 and require them to review targeted routes annually.

Recommendation	4. Establishes a tracking system to monitor completed street reviews.

Management's Comments	Management agreed with the recommendation. Management stated they would establish a tracking system to monitor completed street reviews by April 30, 2007.

| **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 finding. Although management stated they could not validate the actual savings that we estimated, we believe the model used to calculate savings (Appendix C) provides a reasonable estimate of costs the Postal Service could save by implementing a program to reduce AMS errors. Since management plans to implement the AQRT, we believe the potential savings are applicable, and we will report $5,201,116 of funds put to better use in our *Semiannual Report to Congress*. |

APPENDIX A

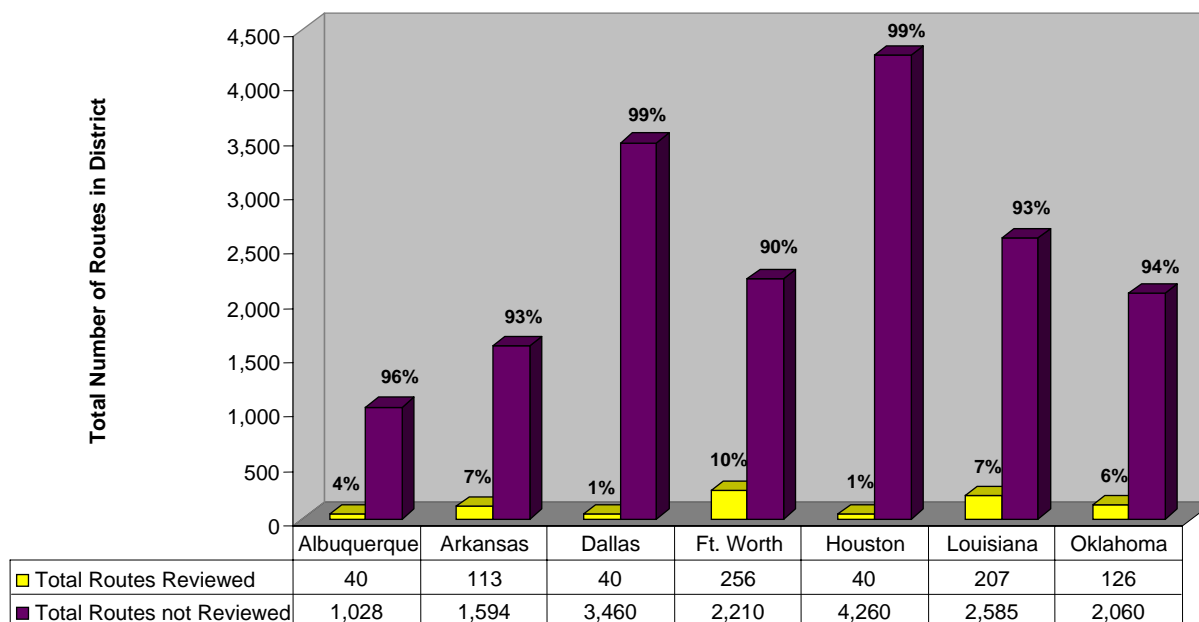## NCSC REVIEW RESULTS FOR THE SOUTHWEST AREA

No.	Southwest Area District Locations	FY 2005 Score %	FY 2005 Score Date	Achieved 98% Score in FY 2005		Historical Average Score as of FY 2005	Achieved 98% Score		FY 2006 % Score	Date of FY 2006 Score	Achieved 98% Score in FY 2006
1	Albuquerque	94.67	2/1/05	No		95.51	No		97.15	7/11/06	No
2	Arkansas	96.29	7/5/05	No		97.12	No		96.80	3/21/06	No
3	Dallas	97.27	6/20/05	No		97.44	No		97.52	2/14/06	No
4	Fort Worth	97.13	8/23/05	No		96.75	No		95.83	5/23/06	No
5	Houston	96.59	1/10/05	No		96.51	No		93.75	12/13/05	No
6	Louisiana	96.58	7/26/05	No		97.06	No		97.18	9/25/06	No
7	Oklahoma	96.83	4/4/05	No		97.17	No		96.05	4/24/06	No
8	Rio Grande	96.12	8/29/05	No		96.00	No		*	*	*

Source: Postal Service NCSC officials

* OIG previously reviewed the Rio Grande District Address Management Information.

APPENDIX B

FY 2005[11] ROUTE REVIEWS FOR THE ALBUQUERQUE, ARKANSAS, DALLAS, FORT WORTH, HOUSTON, LOUISIANA, AND OKLAHOMA DISTRICTS[12]

	Albuquerque	Arkansas	Dallas	Ft. Worth	Houston	Louisiana	Oklahoma
☐ Total Routes Reviewed	40	113	40	256	40	207	126
■ Total Routes not Reviewed	1,028	1,594	3,460	2,210	4,260	2,585	2,060

Source: Postal Service NCSC and Southwest Area Officials

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[11] Since our audit began during FY 2006, we used 2005 AMS street review data to establish an audit baseline. We monitored the selected districts' AMS street review performance throughout FY 2006 to determine whether there was improvement. If there was no improvement in AMS street review performance, we did not adjust our baseline to include FY 2006 AMS street review performance or district level street review coverage. None of the Southwest Area districts achieved a passing AMS street review performance score in FY 2006.

[12] A total of 822 routes were reviewed by NCSC and local AMS officials, while 17,197 routes were not reviewed.

APPENDIX C

OIG CALCULATION OF FUNDS PUT TO BETTER USE

The OIG identified $5,201,116 in funds put to better use over the next 10 years for the Southwest Area's Albuquerque, Arkansas, Dallas, Fort Worth, Houston, Louisiana, and Oklahoma Districts. We used the following assumptions in the calculation of the $5,201, 116.

Southwest Area District	Fiscal Year	Funds Put to Better Use
Albuquerque	2005	$926,551
Arkansas	2005	485,829
Dallas	2005	561,654
Fort Worth	2005	482,160
Houston	2005	1,238,971
Louisiana	2005	1,025,536
Oklahoma	2005	480,415
Total for a 10-Year Period		**$5,201,116**

1. We used the New York Metro Area as our standard for predicting cost savings possible for the Albuquerque, Arkansas, Dallas, Fort Worth, Houston, Louisiana, and Oklahoma Districts.

2. We assumed no Postal Service areas other than New York Metro had implemented an error reduction program during the period we conducted the AMS street reviews. These areas were our control group for estimating the net benefit of the New York Metro program.

3. The AMS National Street Review Model is used to calculate cost savings. Therefore, we assumed that it realistically represented costs the Postal Service could save by implementing 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 3.0 percent per year from 1999 to FY 2006 and by escalating 2.4 percent per year from FY 2006 to FY 2007.

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

6. We assumed the average cost per error for the Albuquerque, Arkansas, Dallas, Fort Worth, Houston, Louisiana, and Oklahoma Districts would remain constant before and after program implementation.

7. If the Albuquerque, Arkansas, Dallas, Fort Worth, Houston, Louisiana, and Oklahoma 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 Albuquerque, Arkansas, Dallas, Fort Worth, Houston, Louisiana, and Oklahoma 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 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. MANAGEMENT'S COMMENTS

ELLIS A. BURGOYNE
VICE PRESIDENT, SOUTHWEST AREA OPERATIONS

UNITED STATES
POSTAL SERVICE
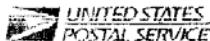
April 3, 2007

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

SUBJECT: Address Management System Information – Southwest Area
            (Report Number DR-AR-07-Draft)

The Southwest Area agrees with the importance of the integrity of the Delivery/AMS
efforts toward overall Address Quality. Specifically, the AMS database should be accurate
and the correction of addressing deficiencies resulting in improved AMS data. As
discussed during our meeting, our concern is the overall cost to maintain the accuracy
during this period of time.

Recommendation:
We recommend the Vice President, Southwest Area, implement an AMS quality review
program similar to the NYC District that:

Response:
We disagree, we will begin using the new Address Quality Improvement process.
The Address Quality Reporting Tool (AQRT), which has been recently introduced to
the field from NCSC in Memphis, TN, is better suited to meet the Southwest Area
requirements. We will implement AQRT in the SWA by the end of FY 2007.

Recommendation # 1:
Provides training In Address Management System Quality Street reviews to delivery
supervisors or their designees.

Response:
We agree with the recommendation that training is needed and will provide training on the
Address Quality Reporting Tool to delivery supervisors or appropriate designees by the
end of FY 2007.

Recommendation #2:
Establishes a district schedule of annual Address Management System Quality Street
reviews.

Response:
We agree with the recommendation to schedule annual Address Management System
Quality street reviews. The Address Quality Reporting Tool will be utilized and based on
key indicators that target high impact routes for each District on a continual basis.

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- 2 -

Recommendation #3:
Directs delivery supervisors or appropriate designees to review delivery routes annually.

Response:
We agree with the recommendation to review delivery routes annually, based on key indicators. AQRT will enable district personnel to accurately review, identify, and correct delivery information, thus improving operational performance. Use of AQRT will help districts to continually target specific areas of opportunity until desired operational efficiency is achieved. AQRT will be implemented by the end of FY 2007.

Recommendation #4:
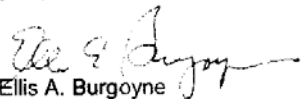Establishes a tracking system to monitor completed street reviews.

Response:
We agree with the recommendation to establish a tracking system to monitor completed street reviews. The use of Address Quality Error reports will be used to analyze and correct AMS errors that impact DPS performance, and reduce costs. The tracking system will be established by April 30, 2007.

We disagree with the monetary impact of $5,201,116 because the cost model does not necessarily provide a statistical representation regarding the dollar impact related to the overall Address Quality in a district. We are unable to reconcile the estimated cost savings of $5,201,116 at this time because we do not have our own data to validate it.

Information contained in this report was reviewed for exemptions to the Freedom of Information Act (FOIA) policy; no exemptions were noted.

Please contact Steve Moreland, Manager Delivery Programs Support, at (214) 819-8680 for any questions concerning the test.

Ellis A. Burgoyne

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      Victor Benavides
      Carl T. January
      Linda J. Welch
      Deborah A. Kendall

APPENDIX E

PRIOR AUDIT COVERAGE

Audit	Report Number	Issued Date	Funds Put to Better Use Over the Next 10 Years
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