

March 12, 2003

CHARLES E. BRAVO  
SENIOR VICE PRESIDENT, INTELLIGENT MAIL AND ADDRESS QUALITY

HENRY A. PANKEY  
VICE PRESIDENT, DELIVERY AND RETAIL

SUBJECT: Audit Report - Address Change Service  
(Report Number TD-AR-03-004)

This report presents the results of our self-initiated audit of Address Change Service (Project Number 01NA001DE000). The audit objective was to determine if the Postal Service was managing the Address Change Service in an efficient and cost-effective manner.

Our audit disclosed that the Postal Service processed approximately 300 million pieces of Address Change Service mail from September 2000 to July 2002. Although 80 percent of that volume was properly processed, we estimated that 20 percent was mishandled which resulted in unnecessary processing costs of over \$20 million. This occurred because of outdated policies and guidelines, lack of training, and no centralized customer satisfaction measurement. The audit also disclosed that the Postal Service could save an estimated \$14 million over the next 2 years by eliminating unnecessary manual Address Change Service mail handling. We recommended management develop necessary training materials, ensure managers analyze Address Change Service performance data and provide feedback to local post offices; and update Handbook PO-602, Computerized Forwarding System Management Guidelines, to contain guidance on Address Change Service procedures. We also recommended management update Publication 8, Address Change Service, to provide guidance concerning keyline procedures; and establish a dedicated customer concern unit to act upon Address Change Service mailer concerns.

Management agreed with all of the recommendations. The actions management has taken or planned should correct the issues identified in the report. Management disagreed with certain aspects of our report. We addressed all disagreements, in detail, in our evaluation of management's comments. Management's comments and our evaluation of these comments are included in this report.

The Office of Inspector General (OIG) considers recommendations 1 through 5 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 that 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 Joe Oliva, director, Transportation and Delivery, at 703-248-2100, or me at (703) 248-2300.

B. Wayne Goleski  
Assistant Inspector General  
for Core Operations

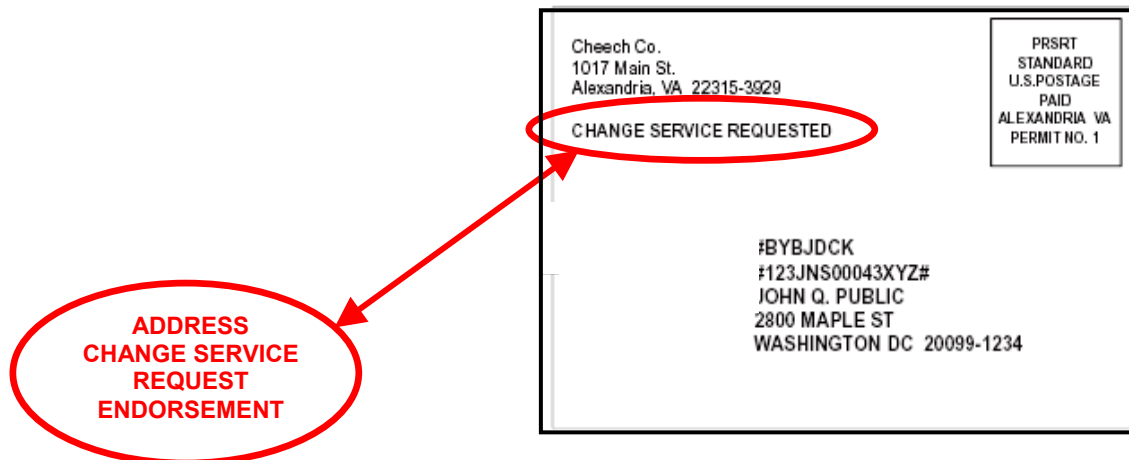
Attachment

cc: Richard J. Strasser, Jr.  
Patrick R. Donahoe  
John A. Rapp  
Frederick J. Hintenach  
Karen E. Schenck  
Jim Wilson  
Janice E. Caldwell  
Susan M. Duchek

## INTRODUCTION

### Background

Postal Service customers, who request Address Change Service, receive notification when items they mail cannot be delivered. The notification allows mailers to update their mailing lists.



Mail that cannot be delivered generally falls into two categories, items that can be forwarded to a new address, or items for which no forwarding address is known. When Address Change Service mail is forwarded, participating mailers are notified electronically. When Address Change Service mail cannot be forwarded, mailers are notified either electronically or manually. Manual notification consists of returning mail to the sender. Manually returning mail to the sender is significantly more costly than electronic notification.

In 1985, the Postal Service established electronic Address Change Service. The Postal Service also established 220 computerized forwarding system units nationwide to process address change notifications. When a local post office identifies Address Change Service mail that is not deliverable as addressed, the post office directs that mail to a computerized unit. The unit then transmits the information to the National Customer Support Center (center), the center notifies the mailer electronically, and the mail is processed as appropriate.

---

**Objective, Scope,  
and Methodology**

The objective of our audit was to determine if the Postal Service was managing the Address Change Service in an efficient and cost-effective manner.

To accomplish our objective, we interviewed Postal Service officials at headquarters and in the field and analyzed Address Change Service data for all 220 Computerized Forwarding System units. In addition, we conducted a statistical sampling from over 30,000 mailpiece manual returns for a participating mailer of the service. The stratified sample of over 13,000 mailpieces allowed statistical projection of the number of mailpieces returned for specific causes. The mailpieces were mailed between September 3 and September 29, 2001, and were returned between September 9 and October 5, 2001. None of the mailpieces should have been returned and therefore provided evidence of mishandling in some way in the mail forwarding process.

Because of the extremely large sample examined and the uniformity of the reasons for mishandling, the projections reported are within a very tight confidence interval (less than +/- 1 percent at the 99 percent confidence level). Based on the results of the sample, we then visited five Computerized Forwarding System units and 13 post offices to analyze the processing of Address Change Service mailpieces.

Our audit was conducted from June 2001 through March 2003 in accordance with generally accepted government auditing standards and included such tests of internal controls as were considered necessary under the circumstances. We discussed our conclusions and observations with appropriate management officials, and included their comments, where appropriate.

---

**Prior Audit Coverage**

We did not identify any prior audits or reviews related to the objectives of this audit.

## AUDIT RESULTS

### Manual Return to Sender Mail

Our audit revealed that from September 2000 to July 2002, the Postal Service unnecessarily spent over \$20 million by manually handling Address Change Service mail, instead of notifying mailers electronically. Our audit also revealed that the Postal Service could save \$14 million over the next 2 years by eliminating unnecessary manual Address Change Service mail handling. Postal Service procedures require that when Address Change Service mail cannot be delivered as addressed, mailers are to be notified electronically. However, Postal Service records revealed that 20 percent of undeliverable Address Change Service mail was unnecessarily manually returned to the sender. Consequently, the Postal Service incurred substantial unnecessary cost as detailed in the chart below:

#### ADDRESS CHANGE SERVICE COSTS

FISCAL YEAR	TOTAL VOLUME UNDELIVERABLE MAIL WHICH COULD NOT BE FORWARDED <sup>1</sup>	ESTIMATED VOLUME MAIL UNNECESSARILY RETURNED TO SENDER WHEN ELECTRONIC NOTIFICATION WAS APPROPRIATE (TOTAL VOLUME x 20% <sup>2</sup> )	UNNECESSARY COST (VOLUME x \$.36 <sup>3</sup> )
2000	86,596,086	17,319,217	\$6,234,918
2001	111,709,191	22,341,838	8,043,062
2002*	90,677,378	18,135,476	6,528,771
<b>TOTAL</b>	<b>288,982,655</b>	<b>57,796,531</b>	<b>\$20,806,751</b>

\* Fiscal year 2002 is through accounting period 11

The estimated savings were calculated as shown below.

- Number of accounting periods analyzed = 37
- Unnecessary cost - accounting period average = \$562,345 (\$20,806,751 divided by 37)
- Estimated savings over 2 years (26 accounting periods) = \$14,620,960 (\$562,345 x 26)

<sup>1</sup> Postal Service reported volume as part of the Computerized Forwarding Systems performance data.

<sup>2</sup> The memorandum, Address Change Service Nixie Mail Processing, June 2001, noted that 20 percent of Address Change Service nixie notifications are returned improperly as manual notification.

<sup>3</sup> Postal Rate Commission Report, USPS-LR-J-69, 2001 included cost figures for manually and electronically processing Address Change Service mail. The additional cost to the Postal Service to manually process and physically return a mailpiece to the sender is \$.36.

---

Reasons for Manual Return	<p>To evaluate why Address Change Service mail was unnecessarily returned to sender, we analyzed more than 13,000 pieces of mail from a population of over 30,000 pieces returned to one mailer during the 6-day period from September 29 to October 5, 2001. Our statistical analysis projected:</p> <ul style="list-style-type: none"><li>• About 96 percent of the returned mail was mishandled because local post offices returned it to the sender rather than directing it to a Computerized Forwarding System unit for processing.</li><li>• About 2 percent was mishandled because Computerized Forwarding System unit data entry personnel did not properly enter electronic data, and as a result, the item was manually returned.</li></ul>
---------------------------	--

---

Local Post Offices	<p>Address Change Service mail processing at local post offices could be improved if Postal Service managers analyzed and provided feedback on Address Change Service performance data. For example, Postal Service Form 3925, Daily Address Information Operation Analysis, documents daily operations and identifies indicators of mishandled mail by specific local post offices. The daily data is then compiled and used as part of national performance indicators. However, our audit revealed that Postal Service managers did not use this information to provide feedback to local units.</p> <p>Address Change Service mail processing at local post offices could also be improved if local managers supervised and trained employees more effectively. For example, our site visits to 13 post offices, and our interviews with employees, revealed that:</p> <ul style="list-style-type: none"><li>• None of the post offices had employees view a Postal Service training video on Address Change Service mail.</li><li>• Only two post offices reported that they had conducted Address Change Service training other than the video.</li></ul>
--------------------	---

- Only two post offices received Address Change Service guidance.
- No employees had received Address Change Service guidance from their supervisors.



**Delivery clerk in a local post office preparing to send Address Change Service mail to a Computerized Forwarding System unit.**

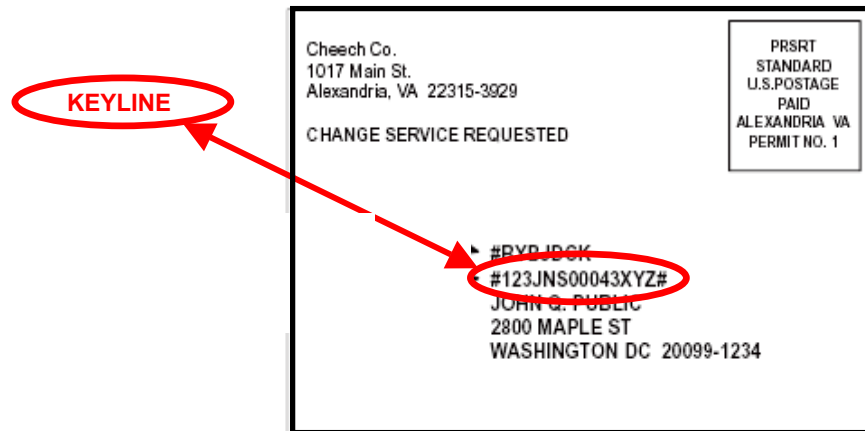
---

Computerized Forwarding Systems Units

Address Change Service mail processing at Computerized Forwarding System units could be improved if Postal Service management updated Address Change Service mail processing policies and procedures. For example:

Postal Service Handbook PO-602, Computerized Forwarding System Management Guidelines, dated November 1986, contains procedures for managing Computerized Forwarding System units, but does not provide any guidance on Address Change Service. Consequently, individual units have developed their own procedures and suffer from lack of standardization, conflicting terminology, and inadequate quality control.

Postal Service Publication 8, Address Change Service, dated September 1998, contains technical information and instructions for Address Change Service mailers. However, it does not contain current or updated instructions on “keylines.”



Keylines are required for electronic notification because they are used by data entry clerks at Computerized Forwarding System units to “key-in” electronic notification information. A Postal Service memorandum to Address Change Service mailers, dated December 2000, encouraged mailers to separate keylines between each four numbers in the line to improve the speed and accuracy of production keying efforts. However, Publication 8 does not require that procedure. Consequently, our analysis of the 13,000 pieces of mail, returned over the 6-day period from September 29, 2001, through October 5, 2001, revealed that 104 of the Computerized Forwarding System units manually returned mail because of keying errors.

---

#### Customer Service

Our audit also revealed Postal Service management could improve Address Change Service customer satisfaction by establishing a dedicated centralized customer service unit to collect and act upon mailer concerns. Various Postal Service memoranda we reviewed indicated that mailers:

- Felt the quality of their address files were negatively impacted by manual returns.
- Wanted refunds when manual returns occurred.
- Thought the overall system did not work well.



Since the Postal Service has no dedicated Address Change Service customer concern activity, the Postal Service limits its opportunities to improve mailer satisfaction and to address customer concerns.

---

**Recommendation**

We recommend the vice president, Delivery and Retail:

1. Require all delivery unit personnel to view the Postal Service training video on Address Change Service mail and develop necessary training materials for supervisors and employees to ensure that Address Change Service mail is properly handled.

---

**Management's Comments**

Management agreed with our recommendation. They stated they would produce and reissue a new video as a more effective training vehicle for everyone involved in the Address Change Service process. They explained the new video would make everyone involved in the process more aware of how to recognize Address Change Service mail and of proper handling procedures. They also stated the new video was scheduled for completion by September 2003, and would be distributed to the field shortly thereafter. Management's comments, in their entirety, are included in the appendix of this report.

---

**Evaluation of Management's Comments**

Management's comments were responsive to our recommendation. We believe management's plan to develop and issue a new video will improve the training and effectiveness of delivery unit personnel who process Address Change Service mail. Management comments, in their entirety, are included in the appendix to this report. Management's actions taken or planned should correct the issues identified in the report.

---

**Recommendation**

2. Ensure that Postal Service managers at all levels routinely analyze available Address Change Service performance data like the data compiled on Postal Service Form 3925, Daily Address Information Operation Analysis, and use that information to provide feedback to local post offices on Address Change Service performance.

---

**Management's  
Comments**

Management agreed with our recommendation. They stated that they had established a small working group to determine the best way to monitor, provide feedback, and improve performance. Management also stated that they expected working group recommendations to be completed not later than June 2003.

Management also provided detailed remarks concerning the deficiencies of Postal Service Form 3925 as a tool for providing information on delivery units. Management took exception to our mention of the form as an example of many data sources available to analyze performance and provide feedback. They stated Postal Service Form 3925 does not document daily operations, does not identify indicators of mishandled mail at local post offices, and does not provide indications that mail has been mishandled.

---

**Evaluation of  
Management's  
Comments**

We were advised that Postal Service Form 3925 is intended to document daily operations, identify indicators of mishandled mail, and provide a basis for feedback. During our audit we discussed Postal Service Form 3925 with Postal Service officials responsible for the Computerized Forwarding System. Those officials explained that Postal Service Form 3925 provided important data on Address Change Service mail handling at delivery units. For example, they gave us substantial data compiled from the forms and explained the data indicated potential failure of delivery units to identify properly and direct Address Change Service mail.

Our intent was not to focus on the form, but to recommend that Postal Service management use data from various sources, including the form, to routinely analyze Address Change Service mail—and then take whatever action might be indicated to improve performance. Consequently we believe management's promise to determine, by June 2003, the best way to monitor Address Change Service mail handling, provide feedback, and improve performance, is responsive and should correct the issues identified in the report.

---

<b>Recommendation</b>	We recommend the vice president, Delivery and Retail:  3. Update Postal Service Handbook PO-602, <u>Computerized Forwarding System Management Guidelines</u> , dated November 1986, to contain guidance on Address Change Service procedures, including provisions to require local Postal Service managers to track performance data and properly train and supervise personnel.
<b>Management's Comments</b>	Management agreed with our recommendation but disagreed that Handbook PO-602, dated November 1986, lacked Address Change Service guidance. They explained the handbook was updated in November 2002.  However, management acknowledged the update was not yet approved or distributed, and that in any case, did not include the provisions we recommended. Management stated that the effort to develop better guidelines to track and monitor Address Change Service mail was part of their working group effort, and that they expected the guidelines to be distributed and implemented in late 2003 or early 2004.
<b>Evaluation of Management's Comments</b>	We believe management's promise to develop guidelines to better track and monitor Address Change Service mail, and to distribute and implement those guidelines by late 2003 or early 2004, is responsive and should correct the issues identified in the report.
<b>Recommendation</b>	We recommend the senior vice president, Intelligent Mail and Address Quality  4. Update Postal Service Publication 8, <u>Address Change Service</u> , dated September 1998, to contain guidance concerning keyline procedures.
<b>Management's Comments</b>	Management disagreed that Publication 8 required updated keyline instructions. However, management explained that the National Customer Service Center was currently updating Publication 8, and that the keyline

spacing issue we identified would be included when the update was distributed. Management also stated that they needed more specific information to incorporate properly our recommendation.

---

**Evaluation of Management's Comments**

During our audit, we examined Publication 8. We also examined a Postal Service memorandum, dated December 2000, that encouraged mailers to follow an additional suggested procedure intended to improve the speed and accuracy of production keying. The memorandum explained that the suggestion significantly reduced keying errors, indicated the suggestion was not yet a requirement, and stated the Postal Service intended to make it a requirement. Nonetheless, officials at the National Customer Support Center explained the December 2000 memorandum did not formally update Publication 8 and only encouraged the suggested procedures. We believe the keying suggestion encouraged by the December 2000 memorandum should be a formal requirement because it will reduce keying errors, increase system efficiency, increase customer satisfaction, and save money. Consequently, we recommended that Publication 8 be updated. In their response, Postal Service management acknowledged that Publication 8 had not yet been updated, but stated that the keyline issue we identified was already included in the anticipated update. This update, when published, should correct the issues identified in the report.

---

**Recommendation**

We recommend the vice president, Delivery and Retail:

5. Establish a dedicated Address Change Service customer concern unit to collect, analyze, and act upon Address Change Service mailer concerns.

---

**Management's Comments**

Management disagreed that the Postal Service could improve Address Change Service customer satisfaction by establishing a dedicated centralized customer service unit to collect and act upon customer concerns. They explained that there was already an Address Change Service unit at the National Customer Support Center to handle customer issues. Management stated that they were currently enhancing the customer service unit so it would collect information, research concerns, and contact individual mailers to resolve problems. Management stated that the

enhanced unit was projected for implementation on February 28, 2003.

---

**Evaluation of  
Management's  
Comments**

During our audit, we identified the National Customer Support Center Address Change Service unit which management said already handled customer concerns. Officials at the center told us that the unit was responsible for program management but that the customer concern function was limited. They explained the existing group did not track, collect, categorize, or analyze customer issues. We concur that the existing unit needs enhancement. Consequently, we believe management's promise to enhance the unit with capacity to collect information, research concerns, and work with mailers should correct the issues identified in the report.

---

<b>Additional Management Comments</b>	Management alleged that some individual statements contained in the introduction of our draft report were inaccurate. We will address management’s allegations individually.
<b>Management’s Comment</b>	<p>Management quoted our draft report as follows:</p> <p style="padding-left: 40px;"><b>“When Address Change Service mail is forwarded, participating mailers are notified electronically . . . and manual notification consists of returning mail to sender.”</b></p> <p>Management alleged that the statement was inaccurate because it implied there should be no manual address corrections. They explained that in some cases manual corrections were appropriate and provided examples.</p>
<b>Evaluation of Management’s Comments</b>	<p>Management thought the statement they quoted was inaccurate because they misquoted the statement. The full text of the extract to which management referred is properly quoted as follows:</p> <p style="padding-left: 40px;"><b>“When Address Change Service mail is forwarded, participating mailers are notified electronically. When Address Change Service mail cannot be forwarded, mailers are notified <u>either</u> electronically or manually. Manual notification consists of returning mail to sender.”</b></p> <p>The correct quote clearly acknowledges circumstances when manual notification is appropriate. It was not our intent to suggest otherwise—and we did not imply there should be no manual address correction.</p>
<b>Management’s Comment</b>	<p>Management took exception to the introductory background paragraph in our draft report which summarized the flow of an electronic customer notification. Our background paragraph stated:</p> <p style="padding-left: 40px;"><b>“When a local post office identifies Address Change Service mail that is not deliverable as addressed, the post office directs that mail to a computerized unit. The unit then notifies the mailer electronically and forwards the mail as appropriate—or alternatively, notifies the mailer that the item is undeliverable.”</b></p> <p>Management pointed out that the computerized unit did not notify the mailer directly, but forwarded the information to</p>

the National Customer Support Center, which in turn, processed the information and notified the mailer.

---

**Evaluation of Management's Comments**

Our introductory background paragraph was intended to provide readers unfamiliar with Address Change Service, with a broad general framework to consider differences between electronic and manual notification. Typically, in summarized documents, levels of detail are necessarily omitted. We believe the summary to which management objected to was sufficient for its intended purpose of providing readers with a broad general description of Address Change Service mail. We also believe the omitted detail had no impact on our work or conclusions. Nonetheless, we will modify our report to read as follows:

**“When a local post office identifies Address Change Service mail that is not deliverable as addressed, the post office directs that mail to a computerized unit. The unit then transmits the information to the National Customer Support Center, the center notifies the mailer electronically, and the mail is processed as appropriate.”**

---

**Management's Comments**

Management described our statistical sample of Address Change Service mail, as a sample of mail that was “returned manually to participating mailers.” Management alleged that the description was inaccurate. They stated that the mail “was not manually returned mailpieces from participating ACS mailers,” but rather, manually returned mail from a National Customer Support Center mailing.

Notwithstanding their “disagreement” concerning the source of the mailing, management acknowledged:

- The mail was in fact, Address Change Service mail.
- Since the mail was Postal Service generated, it should have had a high level of accuracy.
- The mail should not have been manually returned.

---

**Evaluation of Management's Comments**

Management thought their description of our sample was inaccurate because they did not properly describe what we said. We did not state, suggest, or imply our sample was taken from multiple participating mailers. Properly quoted, our draft audit report read as follows:

**“ . . . we conducted a statically sampling from over 30,000 mailpiece manual returns for a participating mailer of the service.”**

Our report referred to a single mailer, not multiple “participating mailers” as incorrectly suggested in management’s response. The single mailer to which we referred was the National Customer Support Center. During the early stages of our audit, Postal Service officials from the center explained that they had principal responsibility for the Address Change Service program, and that interestingly, they were one of their own mailers. Based on problems center officials identified during an internal survey of Address Change Service mail, the officials proposed we conduct a statistical sample. However, the officials suggested we limit our sample to a mailing they would generate, and assured us that the sample would provide a valid reflection of all Address Change Service mail. Then, in conjunction with our statisticians, and in accordance with valid statistical sampling techniques, center officials helped us design the sample. Finally, in support of the sample they helped to design center officials:

- Mailed more than 2.7 million pieces of mail.
- Collected and sorted by reason code, more than 30,000 pieces of manually returned mail.
- Identified, by reason code, why mail had been returned.

The audit team subsequently analyzed sample results and discussed conclusions with appropriate National Customer Support Center officials. Those officials concurred with our methodology, execution, analysis, and conclusions. Consequently we are puzzled why Postal Service Headquarters officials would object.

---

**Management’s  
Comments**

Management suggested that the “inaccuracies” they alleged in our draft report brought into question the accuracy of our monetary findings. However, management did not provide any information to explain or elaborate on how the alleged “inaccuracies” might have impacted those findings, and management did not challenge the magnitude of the findings.



---

**Evaluation of Management's Comments**

Our monetary findings were based on reported Postal Service performance data, error rates identified in official Postal Service documents, and cost factors published by the Postal Rate Commission. In addition, we considered and addressed, in detail, all alleged "inaccuracies" raised in management's response to our draft report—and we identified no issues raised by management that could impact our monetary findings. Consequently, we consider our findings valid.

---

**Overall Evaluation of Management's Comment**

In general, Postal Service Headquarters' formal response to our draft audit report challenged many aspects of our work. However, throughout our audit we routinely met with senior managers and officials to update them on our progress and preliminary indications. During those meetings, we routinely sought input and differing perspectives, and we considered that input in our continuing effort. The results we presented in our draft report were consistent with information we continually exchanged with management throughout our audit. Consequently we were surprised and disappointed by the tone of management's formal response. After we issued our draft report, we offered, on various occasions, to meet with headquarters officials to discuss any issues they had. We explained that draft reports provided an opportunity for management to comment formally, but that reports could also be modified on the basis of informal dialog about minor discrepancies. We further explained that such cooperative dialog helped unburden the formal process. In reply to our offers, management indicated they disagreed with our work in certain respects; but were unable to meet and declined to discuss specifics. They stated that they preferred to get their objections on the record. We found management's position unfortunate. We normally find issues like draft language in introductory background paragraphs easily resolved. Consequently, we think management missed an opportunity to engage with us, and as a result, misinterpreted, misquoted, or mischaracterized draft language—and as a result, unnecessarily burdened the formal response process. Nonetheless, despite the tone of their formal response, and frequently stated disagreement, management agreed in substance with all of our recommendations.

## APPENDIX. MANAGEMENT'S COMMENTS



February 4, 2003

B. WAYNE GOLESKI  
ASSISTANT INSPECTOR GENERAL  
FOR CORE OPERATIONS

SUBJECT: Draft Audit Report—Address Change Service (Report Number TD-AR-03-DRAFT)

This letter responds to your December 16, 2002, Draft Audit Report on Address Change Service (ACS). We agree that when ACS mailpieces are processed properly, both mailers and the Postal Service realize a reduction in Undeliverable As Addressed (UAA) mailpieces. In addition, ACS improves the value of postal products and reduces operational costs for both the Postal Service and mailers. However, we believe the report does not accurately reflect how the ACS program works and as such brings into question the accuracy of the estimated \$20 million spent in unnecessary processing costs. The following is an itemization of a number of inaccuracies found in the report.

On page 1, under the section "Introduction," this section states: "When Address Change Service mail is forwarded, participating mailers are notified electronically....and manual notification consists of returning mail to the sender." We disagree because this statement is not accurate and seems to imply that when a mailer uses ACS, there should be no manual address corrections. The fact is there are some situations where an ACS participant will correctly receive manual address corrections rather than electronic corrections. An example of this would be when an ACS mailpiece is refused by the customer and the endorsement requires the mailpiece be returned to sender. Another example would include the approximately 4,000 ZIP Codes that are not covered by a Computerized Forwarding Site (CFS) would process the redirection of the mail manually. In addition, there are occasions when a mailer has used an incorrect keyline or a Participant Code and/or keyline prior to the authorized activation date. This mail too, would correctly be manually returned to the sender.

Page 1, Paragraph 2, states: "the computerized unit notifies the mailer electronically and forwards the mail as appropriate, or alternatively, notifies the mailer that the item is undeliverable." We disagree because this description of the process is not correct. The change of address data is transmitted from the computerized unit to the National Customer Support Center (NCSC) who cleans up the data by eliminating duplications and errors, and then NCSC notifies the mailer electronically.

In addition to the above mentioned inaccuracies, the report refers to a statistical sampling from over 30,000 ACS mailpieces that were returned manually to participating mailers. We disagree with the following statement on page 2: "To accomplish our objective we conducted a statistical sampling from over 30,000 mailpiece manual returns for a participating mailer of the service." The survey that was conducted by the OIG was not manually returned mailpieces from participating ACS mailers. It was from mailpieces generated from the USPS Confirmation Notice Letters (CNLs) process that was manually returned to the National Customer Support Center annex located in Memphis, Tennessee. These pieces were all First-Class mail endorsed

475 L'ENFANT PLAZA SW, ROOM 5621  
WASHINGTON DC 20260-5621

Fax: 202-268-5102  
[www.usps.com](http://www.usps.com)

- 2 -

"Change Service Requested" and do have a very official look. It is important to note that this does not represent a typical mailers address file. All of these pieces sampled were move related and have a high level of accuracy. It is true however, that due to the handling instructions used, these pieces should not have been manually returned and should have been sent to a CFS unit for ACS processing and then properly disposed of. It is also important to note that, to our knowledge, there was no electronic capture of the UAA reason codes noted on each mailpiece. Therefore, it is not possible to quantify by any specific reason code or by the number of pieces included in the sample that was not covered by a CFS unit and should have been manually returned.

We disagree with the section on Page 4, Local Post Offices section which incorrectly states: "For example, Postal Service Form 3925, Daily Address Information Operation Analysis, documents daily operations and identifies indicators of mishandled mail by specific local post offices." The fact is that Form 3925 tracks how many ACS mailpieces were processed on the computer terminals. It does not provide any indication on mail that may have been mishandled. Therefore, this report would not be useful in providing feedback to local units.

We disagree with the statement on Page 5, regarding updating Postal Service Handbook, PO-602, Computerized Forwarding System Management Guidelines, dated November 1986. This handbook was updated via Transmittal Letter #2, dated November 2002. A copy of the draft was provided to the OIG review team. The report should have reflected that this Handbook was updated and is awaiting final approval from the various cross-functional operations group. In addition, the updated Handbook does include guidance on Address Change Service.

We disagree with the statement on Page 6, Customer Service that suggests the "Postal Service management could improve Address Change Service customer satisfaction by establishing a dedicated centralized customer service unit to collect and act upon mailer concerns." There is an ACS group at the National Customer Support Center that serves this purpose.

Recommendation #1

Require all delivery unit personnel to view the Postal Service training video on Address Change Service mail and develop necessary training materials for supervisors and employees to ensure that Address Change Service mail is properly handled.

Response

We agree that we should reissue the training video as a follow up to remind everyone involved in the ACS process to be more aware of how to recognize ACS mailpieces and of the proper handling procedures. We will also redo the video to make it a more effective training vehicle. However, there are many employees in the Delivery unit that would not have any involvement with this process and providing them training would not be cost effective. We will therefore modify this recommendation to issue the updated video to all employees involved in the ACS process. The video is targeted for completion in quarter 4, FY2003, with distribution to the field shortly thereafter.

Recommendation #2

Ensure that the Postal Service managers at all levels routinely analyze available Address Change Service performance data like the data compiled on Postal Service Form 3925, Daily Address Information Operation Analysis, and use that information to provide feedback to local post offices on Address Change Service performance.

- 3 -

Response

Form 3925 only calculates how many pieces of mail were processed through the CFS system. This report does not indicate how many ACS pieces were provided electronically to the mailer nor does it indicate how many should have been processed. In addition, when several pieces of mail for the same addressee are processed within a twenty-four hour period, only one electronic notification is provided to the mailer via NCSC. As such, Form 3925 could show a higher number in pieces processed as compared to the number of electronic notifications. To better manage this process, we have put together a small working group to determine the best way to monitor, provide feedback and improve performance. We expect recommendations from the group during quarter 3, FY2003, and will determine appropriate action based upon that feedback.

Recommendation #3

Update Postal Service Handbook PO-602, Computerized Forwarding System Management Guidelines, dated November 1986, to contain guidance on Address Change Service procedures, including provisions to require local Postal Service managers to track performance data and properly train and supervise personnel.

Response

A full revision of Handbook PO-602 was completed November 2002. We were not able to include tracking and monitoring ACS mail as our work group is in the process of developing and validating a process to better monitor ACS mail processing performance. Once this is completed, we will implement performance measurement process and guidelines. This effort is impacted by the fast changing environment of PARS implementation. We expect an improved process to be implemented in late 2003 or early 2004 based upon our learning from the PARS implementation.

Recommendation #4

Update Postal Service Publication 8, Address Change Service, dated September 1998, to contain guidance concerning keyline procedures.

Response

We disagree with your comment in regards to updating Publication 8 information on keyline procedures. Publication 8 already contains information on keyline procedures. Specifically, Section 3, page 11, outlines keyline procedures in detail for mailers. National Customer Service Center is in the process of updating Publication 8 to include some recent enhancements in the program and would need specific information on what is missing in Publication 8, in order to incorporate this recommendation. If this recommendation is referencing the spacing in the keyline, it has already been included in the Publication 8 update.

Recommendation #5

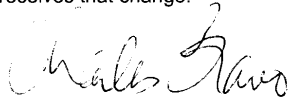
Establish a dedicated Address Change Service customer concern unit to collect, analyze, and act upon Address Change Service mailer concerns.

Response

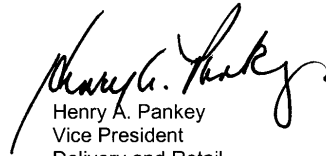
We disagree with this recommendation. There is an ACS group at the National Customer Support Center that serves this purpose. In addition, as a result of the Mailing Industry Task Force group, an enhanced process is currently being set up where field CFS units will contact and furnish copies of mailers deficient ACS mailpieces. The NCSC ACS group will research each issue and contact the mailer to resolve the deficiency. The target date to implement this new process is February 28, 2003.

- 4 -

Thank you for the opportunity to review the draft; our staffs are available for further discussion, if needed. While ACS seems rather basic, it has a number of nuances that impact how the mailer receives that change.



Charles E. Bravo  
Senior Vice President  
Intelligent Mail and Address Quality



Henry A. Pankey  
Vice President  
Delivery and Retail