



March 15, 2007

TIMOTHY C. HANEY  
ACTING VICE PRESIDENT, NORTHEAST AREA

SUBJECT: Audit Report – Address Management System Information – Northeast Area  
(Report Number DR-AR-07-001)

This report presents the results of our self-initiated audit of the Address Management System (AMS) information in the Northeast Area (Project Number 06XG053DR000). 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 management of AMS information. Our objective was to assess the U.S. Postal Service's management of delivery AMS quality street review results to ensure address information is correct and complete for effective processing and delivery of mail in the Northeast Area.

Postal Service officials in the Northeast Area's Boston, Connecticut, Maine, Massachusetts, New Hampshire/Vermont, and Western New York Districts effectively managed delivery AMS quality review results for approximately 4 percent (549 of 12,557) 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 used in processing and delivering mail. Approximately 179,059 AMS data errors may exist in the selected Northeast Area Districts on the 12,008 routes for which street reviews were not conducted. If the area officials implemented a program similar to the New York District, they could reduce errors by 31.84 percent, saving the Postal Service \$4,590,875 over the next 10 years. We will report \$4,590,875 of funds put to better use in our *Semiannual Report to Congress*.

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



We recommended the Acting Vice President, Northeast Area, implement an AMS quality review program similar to the New York District's that includes training delivery supervisors or their designees in AMS quality street reviews. 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 with our findings and recommendations, including the \$4,590,875 of funds put to better use, and has initiatives planned addressing the issues in this report. Management provided comments based on our discussion draft, and in subsequent discussions with the U.S. Postal Service Office of Inspector General (OIG), management stated that by the end of FY 2007, the Northeast Area will develop a standardized street review training program for district AMS offices to administer to delivery unit employees. Beginning in FY 2008, delivery units will perform street reviews of all routes, along with the annual route inspections. District AMS officials will provide weekly feedback to the delivery units on the status of completed street reviews. Further, the Northeast Area will continue to conduct random AMS quality street reviews in each district and track the results. Management's comments and our evaluation of these comments are included in the report.

The OIG considers recommendations 1, 2, and 3 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 and Retail, or me at (703) 248-2100.

E-Signed by Colleen McAntee   
VERIFY authenticity with ApproveIt  


Colleen A. McAntee  
Deputy Assistant Inspector General  
for Core Operations

#### Attachments

cc: Patrick R. Donahoe  
Charles E. Bravo  
Kathy A. Ainsworth  
Steve M. Dearing  
James H. Adams  
Julius E. Locklear  
Charles K. Lynch  
Edward F. Phelan, Jr.  
John W. Mike Powers III  
Kimberly J. Peters  
Deborah A. Kendall

## INTRODUCTION

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### 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). 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 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 (SPS), which is part of the National Directory Support System (NDSS). DPS sort programs are transferred to a Mail Processing Barcode Sorter (MPBCS) or a Delivery Barcode Sorter (DBCS).<sup>1</sup>

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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<sup>1</sup> 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  
Fiscal Years 2005 and 2006**

Fiscal Year	DPS Letters (Pieces)	Cased Letters (Pieces)	Total Letter (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 in 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.<sup>2</sup>

The street reviews include:

- Identifying all possible delivery addresses included in Address Information System products and the NDSS files.
- Validating the number of possible delivery addresses assigned to each carrier route.
- Validating the correct LOT or delivery sequence for each carrier route.
- Assigning ZIP+4 Codes to so addresses will be compatible with automated equipment.

<sup>2</sup> The *Deliver/AMS Quality Street Review Guidelines*, FY 2005 Revision 1, state that the NCSC will review 40 routes annually. Northeast Area officials informed the OIG that in FY 2006, because of a shortage of resources, the NCSC reduced the number of street reviews they performed annually.

- Verifying the standardization of addresses according to Publication 28, *Postal Addressing Standards*, dated July 2006.
- Reviewing AMS database products to meet the needs and expectations of Postal Service customers.

The NCSC team reviews districts with street review scores below 98 percent every 6 months. Districts scoring from 98 to 100 percent receive annual reviews. 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 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.

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**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 Northeast Area. We obtained data on FYs 2005 and 2006 delivery AMS quality reviews from the NCSC to analyze the routes reviewed, AMS data errors identified, and performance scores. We selected the Northeast Area's Boston, Connecticut, Maine, Massachusetts, New Hampshire/Vermont, and Western New York Districts, and the

New York Metro Area's New York District to perform our reviews, based on the NCSC performance scores identified by delivery AMS quality review results.<sup>3</sup>

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 FY 2005 performance scores showed that the Boston, Connecticut, Maine, Massachusetts, New Hampshire/Vermont, and Western New York Districts were consistently below 98 percent. In addition, the New Hampshire/Vermont and Western New York Districts' FY 2006 scores were below 98 percent. (See Appendix A.) We evaluated these districts' AMS data maintenance process to determine whether they could improve their programs. We also reviewed these districts' FYs 2005 and 2006 DPS information to compare their DPS volumes to the Postal Service's goal.<sup>4</sup>

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

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<sup>3</sup> We selected the Boston, Connecticut, Maine, and Massachusetts Districts based on their historically low performance scores and their FY 2005 AMS quality street review results. We selected the New Hampshire/Vermont and Western New York Districts based on their FY 2006 AMS quality street review results. We selected the New York District based on its historically high performance scores and improvements to the AMS process.

<sup>4</sup> We plan to conduct a review to identify opportunities to generate revenue, reduce costs, and improve customer service. That review will incorporate DPS percentages,

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**Prior Audit Coverage** The OIG has issued two audit reports that are directly related to our audit objective.

*Address Management Systems – Southwest Area – Rio Grande District* (Report Number DR-AR-06-001, January 25, 2006). The report outlined opportunities to improve the quality of AMS data and put \$988,945 to better use, representing processing and delivery costs over the next 10 years. Management agreed with our findings and recommendations and the monetary impact of \$988,945 in funds put to better use.

*Address Management Systems – Great Lakes Area* (Report Number DR-AR-06-008, September 30, 2006). The report outlined opportunities to improve the quality of AMS data and put \$2,678,506 to better use, representing processing and delivery costs over the next 10 years. Management agreed with our findings and recommendations and the monetary impact of \$2,678,506 in funds put to better use.

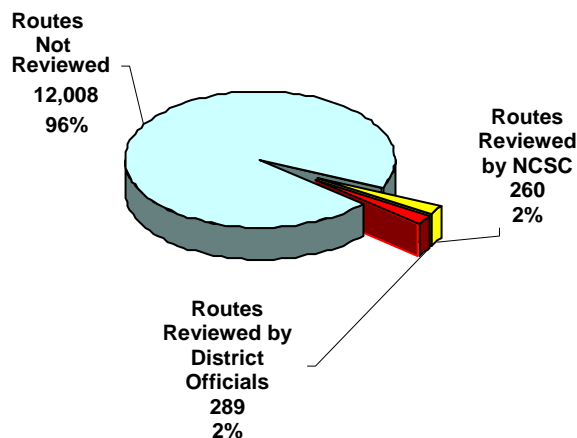
## AUDIT RESULTS

### Address Management System Information Northeast Area

Postal Service officials in the Northeast Area's Boston, Connecticut, Maine, Massachusetts, New Hampshire/Vermont, and Western New York Districts effectively managed delivery AMS quality review results for approximately 4 percent of their routes. However, opportunities exist for area officials to implement best management practices from the New York Metro Area's New York City District. By reviewing additional routes, officials can improve the quality of AMS data used to process and deliver mail.

In FYs 2005 and 2006, the Boston, Connecticut, Maine, Massachusetts, New Hampshire/Vermont, and Western New York Districts had 12,557 total routes, as illustrated in Chart 1. The NCSC team reviewed 2 percent (260 of 12,557) of these routes according to Postal Service guidelines. The team identified 3,835 of errors, approximately 15 errors per route. The districts did not achieve the 98 percent AMS target goal. (See Appendix A.) The NCSC teams did not review the remaining 98 percent (12,297 of 12,557) of the routes. During the same period, the Connecticut, New Hampshire/Vermont, and Western New York Districts' AMS officials reviewed another 2 percent (289 of 12,297) of the routes. The remaining 96 percent (12,008 of 12,297) of the routes were not reviewed. (See Appendix B.)

**Chart 1. Boston, Connecticut, Maine, Massachusetts, New Hampshire/Vermont, and Western New York Districts:  
Number and Percentage of Routes Reviewed**



Source: Postal Service NCSC and Northeast Area Officials



Based on FYs 2005 and 2006 NCSC team reviews and the error rate for each route, approximately 179,059<sup>5</sup> AMS data errors may exist in these six districts on the 12,008 routes for which street reviews were not conducted.

Currently, the Boston, Connecticut, Maine, Massachusetts, New Hampshire/Vermont, and Western New York Districts' programs are administered by local AMS officials. As illustrated in Table 2, at the time of our review, AMS officials performed quality street reviews for 549 routes using local AMS staff. However, AMS officials did not use available district resources, such as delivery supervisors or appropriate designees, to conduct additional street reviews for the remaining 12,008 routes. District officials stated that the remaining routes were not reviewed because AMS staff was limited.

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<sup>5</sup> 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. To project the error rate for each district, we used the number of errors identified in NCSC street reviews, determined an error rate for each route, and applied the rate to the number of routes not reviewed. The 179,059 projected errors includes:

- Boston: 30,109 (625 errors ÷ 40 routes reviewed = 16 errors per route × 1,927 routes not reviewed).
- Connecticut: 51,868 (1,267 errors ÷ 80 routes reviewed = 16 errors per route × 3,275 routes not reviewed).
- Maine: 10,800 (627 errors ÷ 40 routes reviewed = 16 errors per route × 689 routes not reviewed).
- Massachusetts: 47,647 (665 errors ÷ 40 routes reviewed = 17 errors per route × 2,866 routes not reviewed).
- New Hampshire/Vermont: 10,997 (391 errors ÷ 40 routes reviewed = 10 errors per route × 1,125 routes not reviewed).
- Western New York: 27,638 (260 errors ÷ 20 routes reviewed = 13 errors per route × 2,126 routes not reviewed).

**Table 2. Route Reviews Conducted in the Boston, Connecticut, Maine, Massachusetts, New Hampshire/Vermont, and Western New York Districts**

Selected Districts	Total Routes	NCSC Route Reviews Conducted	District Route Reviews Conducted	Total Routes Reviewed	Total Routes Not Reviewed
Boston	1,967	40	0	40	1,927
Connecticut	3,382 <sup>6</sup>	80	27	107	3,275
Maine	729	40	0	40	689
Massachusetts	2,906	40	0	40	2,866
New Hampshire/VT	1232	40	67	107	1125
Western NY	2,341	20	195	215	2,126
<b>Total</b>	<b>12,557</b>	<b>260</b>	<b>289</b>	<b>549</b>	<b>12,008</b>

**Source: Postal Service NCSC and Northeast Area Officials**

During FY 2006, Northeast Area officials directed district AMS staff to complete a minimum of 40 route reviews if the district did not receive a NCSC review. Since NCSC will not perform reviews in FY 2007, Area officials plan to review 20 routes in each district by the end of the fiscal year.

In addition, the AMS review module in the associate supervisors' training course attended by districts' delivery supervisors did not include 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.<sup>7</sup> Although not included in our review, we did note the Southeast New England District established an AMS model office program, which included training local delivery unit supervisors or their designees to perform route reviews at post offices with five or more routes. The Southeast New England District established the program to improve AMS data quality and performance scores.

<sup>6</sup> The Connecticut District received two street reviews in FY 2005, one from NCSC and one from the Northeast Area. Each review consisted of 40 routes. The number of routes in this table represents the average number of routes from both reviews as reported in the street reviews.

<sup>7</sup> During the audit, Northeast Area officials expressed concerns that the current postal policy regarding edit books does not provide specific guidelines on the timing of edit books submissions.. We plan to address this issue in our capping report to Postal Service Headquarters.

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 FY 2005 to FY 2006, the Northeast Area districts improved their DPS mail volume percentages. According to the Transformation Plan,<sup>8</sup> Postal Service officials are working towards a DPS goal of 95 percent by 2010. A decrease in AMS data errors will assist the Northeast Area officials in achieving the DPS goal and will reduce operating costs.<sup>9</sup>

**Table 3. Northeast Area Districts' DPS Percentages**

Northeast Area District Locations	FY 2005 Percentage	FY 2006 Percentage
Albany	86.5	86.5
Boston	84.9	86.3
Connecticut	78.2	81.7
Maine	78.1	81.9
Massachusetts	79.6	82.1
New Hampshire/ Vermont	75.4	81.2
Southeast New England	81.6	85.8
Western New York	84.1	86.5
Northeast Area Average	81.1	84.1
National Average	76.7	79.7

Source: WebEIS

If the Boston, Connecticut, Maine, Massachusetts, New Hampshire/Vermont, and Western New York Districts implemented a program similar to the New York City District's, they could reduce errors by 31.84 percent,<sup>10</sup> which would save the Postal Service \$4,590,875 over the next 10 years. We will report \$4,590,875 of funds put to better use in our *Semiannual Report to Congress*. (See Appendix C.)

<sup>8</sup> *United States Postal Service Strategic Transformation Plan, 2006 – 2010*, dated September 2005.

<sup>9</sup> We plan to conduct a review to identify opportunities to generate revenue, reduce costs, and improve customer service. That review will incorporate DPS percentages.

<sup>10</sup> The New York Metro Area's error reduction rate was 71.05 percent, and the control group's error reduction rate was 29.74 percent. The New York Metro Area's error reduction rate was divided by the control group's error reduction rate for a proposed error reduction rate of 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.

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**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 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 New York delivery supervisors. In addition, the New York AMS office established AMS review schedules for all delivery units' existing staff, and an accountability system that monitors the completion of AMS street reviews conducted by delivery supervisors or their designees. As a result, the New York District used existing staff to significantly increase its review coverage.

In FY 2005, using their 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 address management national street reviews. The memorandum stated that for FY 2007, trained field personnel would conduct all delivery AMS street reviews. The address management 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 be coordinated through the area and headquarters, and the NCSC will provide AMS street review materials.

<b>Recommendation</b>	<p>We recommend the Acting Vice President, Northeast Area, implement an Address Management System quality street review program similar to the New York City District's that:</p> <ol style="list-style-type: none"><li>1. Provides training in Address Management System quality street reviews.</li></ol>
<b>Management's Comments</b>	<p>Management agreed with our findings, recommendations and the \$4,590,875<sup>11</sup> in funds put to better use. Management stated that by the end of FY 2007, the Northeast Area will develop a standardized street review training program for district AMS offices to administer to delivery unit employees. Management's comments, in their entirety, are included in Appendix D.</p>
<b>Recommendation</b>	<ol style="list-style-type: none"><li>2. Establishes a district schedule of annual Address Management System quality street reviews and directs delivery supervisors or their designees to review delivery routes annually.</li></ol>
<b>Management's Comments</b>	<p>Management stated that during FY 2008, districts will implement a program to perform street reviews of all routes in conjunction with annual route inspections. Management stated that delivery units will be responsible for conducting the reviews.</p>
<b>Recommendation</b>	<ol style="list-style-type: none"><li>3. Establishes a tracking system to monitor completed street reviews.</li></ol>
<b>Management's Comments</b>	<p>Management stated that the district AMS offices will provide the delivery unit supervisors with the number of reviews completed each week. Management also stated that the Northeast Area will continue to conduct random AMS quality street reviews in each district and track the score and number of errors detected.</p>

<sup>11</sup> Management agreed to this revised figure in subsequent discussions held on February 28, 2007.

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**Evaluation of  
Management's  
Comments**

Management's comments are responsive to recommendations 1, 2, and 3. Management's actions taken and planned should correct the issues identified in the findings.

## APPENDIX A NCSC REVIEW RESULTS FOR THE NORTHEAST AREA

No.	Northeast 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 History Years	FY 2006 % Score	Date of FY 2006 Score	Achieved 98% Score in FY 2006
1	Albany	98.07	10/05/04	Yes	97.31	No	**	**	**
2	Boston	95.92	5/02/05	No	96.75	No	97.40	4/20/06	No
3	Connecticut	96.52	6/13/05	No	95.51	No	94.60	11/15/05	No
4	Maine	96.86	6/01/05	No	97.17	No	**	**	**
5	Massachusetts	96.32	4/27/05	No	96.89	No	**	**	**
6	New Hampshire/Vermont	*	*	*	97.91	No	97.91	10/18/05	No
7	Southeast New England	97.1	5/16/05	No	96.95	No	98.09	4/18/06	Yes
8	Western New York	98.09	10/19/04	Yes	96.68	No	97.12	11/15/05	No

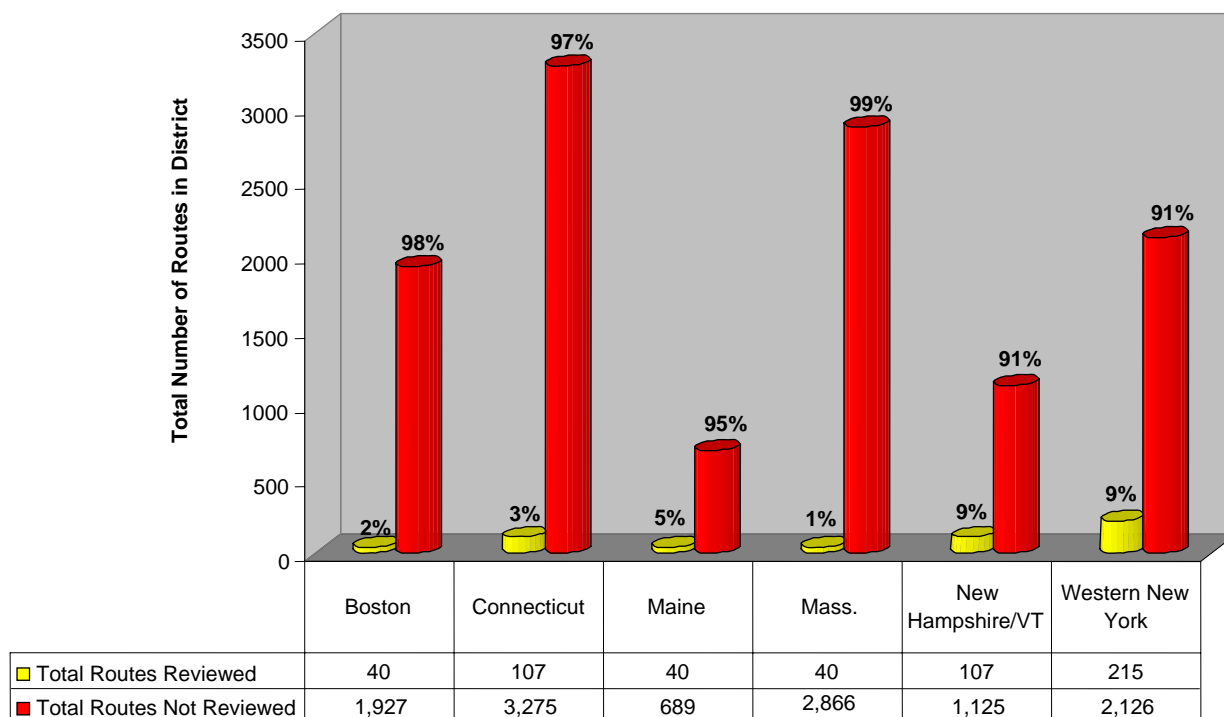
Source: Postal Service NCSC and Northeast Area Officials

\* The NCSC review was started in FY 2005, but was not completed until FY 2006 because of time constraints.

\*\* The NCSC review was not completed because of limited resources.

## APPENDIX B

### FYS 2005 AND 2006 ROUTE REVIEWS FOR THE BOSTON, CONNECTICUT, MAINE, MASSACHUSETTS, NEW HAMPSHIRE/VERMONT, AND WESTERN NEW YORK DISTRICTS<sup>12</sup>



**Source: Postal Service NCSC and Northeast Area Officials**

<sup>12</sup> A total of 549 routes were reviewed by NCSC and local AMS officials. A total of 12,008 routes were not reviewed.



## APPENDIX C

### CALCULATION OF FUNDS PUT TO BETTER USE

The OIG identified \$4,590,875 in funds put to better use over the next 10 years for the Boston, Connecticut, Maine, Massachusetts, New Hampshire/Vermont, and Western New York Districts. The following assumptions were used in the calculation of the \$4,590,875.

Northeast Area Districts	Fiscal Year	Funds Put to Better Use
Boston	2005	\$1,416,366
Connecticut	2005	1,156,716
Maine	2005	228,069
Massachusetts	2005	1,063,787
New Hampshire/Vermont	2006	138,303
Western New York	2006	587,634
<b>Total for a 10-Year Period</b>		<b>\$4,590,875</b>

#### Assumptions of the AMS cost savings model

1. We used the New York Metro Area as our standard for predicting the cost savings possible for the Boston, Connecticut, Maine, Massachusetts, New Hampshire/Vermont, and Western New York Districts.
2. We assumed that all Postal Service areas other than New York Metro had not implemented an error reduction program during the period of 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 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 Boston, Connecticut, Maine, Massachusetts, New Hampshire/Vermont, and Western New York Districts would remain constant before and after program implementation.
7. If the Boston, Connecticut, Maine, Massachusetts, New Hampshire/Vermont, and Western New York 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 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 Boston, Connecticut, Maine, Massachusetts, New Hampshire/Vermont, and Western New York Districts.
9. We assumed that 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

TIMOTHY C. HANEY  
ACTING VICE PRESIDENT, AREA OPERATIONS  
NORTHEAST AREA



February 16, 2007

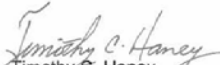
Kim H. Stroud  
Director, Audit Reporting  
1735 North Lynn St.  
Arlington, VA 22209-2020

SUBJECT: Exit Conference – OIG Review of the Address Management System  
Information – Northeast Area

The Northeast Area agrees with the findings put forth in the audit report for Boston, Connecticut, Maine, Massachusetts, New Hampshire/Vermont and Western NY Districts of \$4,753,815 over 10 years of funds put to better use. These funds will be used to perform additional AMS training in order to achieve quality street reviews as outlined below.

- The Northeast Area will develop a standardize AMS Street Review training to be given to all delivery units EAS employees by the District Address Management System offices. Training will be developed and conducted during the remainder of FY07.
- Effective FY08, districts will implement a program of reviewing all routes that will tie in with the annual 3999 process. Supervisors will be trained in the basic AMS error categories, and they will identify errors that need to be addressed by AMS. This process will minimize the costs to inspect routes while continuing to achieve the results that currently have the Northeast Area #1 in the nation in DPS percentage.
- Responsibility for conducting the reviews will be at the delivery unit level with coordination by the responsible Manager, Post Office Operation or PCES Postmaster. The Address Management Systems office will advise offices of the number of routes they have reviewed each week.
- The Northeast Area will develop and implement an AMS Street Review tracking system to record reviews completion.
- The Area will continue conducting random AMS quality street reviews in each district. The Area will track the overall score and a breakdown of the errors detected.

If you have any questions please contact Bill Doran, Manager Delivery Programs Support.

  
Timothy C. Haney  
(A) Area Vice President

6 GRIFFIN ROAD NORTH  
WINDSOR, CT 06095-7010  
860) 285-7040  
FAX (860) 285-1253