

DOCKET SECTION

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 1997

Docket No. R97-1

RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF
THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-1)

The United States Postal Service hereby provides responses to the following interrogatories of the Office of the Consumer Advocate: OCA/USPS-1, filed on July 16, 1997. A partial objection to interrogatories OCA/USPS-1(c) and (d), and interrogatory OCA/USPS-2 was filed on July 28, 1997.

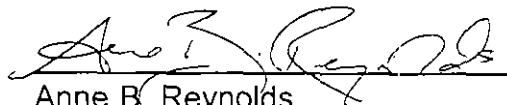
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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July 31, 1997

OCA/USPS-1. Please refer to pages 10-11 of the transcript of the June 3, 1997, Board of Governors meeting. The following discussion between Governor Dyhrkopp and Chief Inspector Kenneth Hunter concerns a review of volume measurement systems presented in the semi-annual report of the Inspector General.

MR. DYHRKOPP: -- at the very top -- the very top paragraph, it's mail volume measurement and reporting systems. The thing that bothers me about it, and I'd like you to discuss it briefly, is, you were talking about how the data is collected. And it says, causes were inherent in the system errors, human errors, and deliberate fabrication of data.

Now, that bothers me, because we depend on the data that we get. And if we're getting fictitious data, we really can't make sound decisions. What -- would you explain that?

MR. HUNTER: We agree. We looked at some of the major measurement systems that provide numbers that you use for a number of your decisions, such as investments. And we do have concerns for the reasons outlined there.

Now, the Audit Committee, which you chair, has asked for a full report on that at the next meeting. The written report has been issued. We can provide a copy for you through the secretary of the Board. And it will be discussed at that Committee meeting.

- a. Please provide a copy of the written report referred to by Mr. Hunter, above.
- b. Please provide a copy of the semi-annual report of the Inspector General (including back-up papers) referred to at page 9 of the June 3, 1997, transcript.
- c. Please provide copies of all Postal Inspection Service reports relating to data measurement and reporting systems (whether draft or final) prepared since October 1, 1991.
- d. Do problems involving system errors, human errors, deliberate fabrication of data, or fictitious data occur in data systems other than the volume measurement and reporting systems? Please explain and quantify the extent of each type of data measurement and reporting problem for each data system affected. Provide copies of all reports (whether draft or final) relating to such data problems prepared by or for any subdivision of the Postal Service since October 1, 1991.
- e. Please list the "major measurement systems" that Mr. Hunter referred to in his response to Governor Dyhrkopp, above.
- f. If any of the other major measurement systems have not been recently evaluated by the Inspection Service, please describe any plans (and time tables) for evaluating those systems.
- g. Please describe the auditing or quality control steps routinely taken to identify fabricated or fictitious data, to measure data fabrication rates, to discourage the practice of falsifying data, or to correct any data identified as fabricated or fictitious for the major measurement systems.
- h. What proportion of fabricated data is actually detected as fabricated data?
- i. Does the Postal Inspection Service have, or has it had at any time since October 1, 1991, an ongoing role in auditing the data collection process to ensure that

- procedures are followed and that data is not falsified for the major statistical measurement systems? If so, please explain. If the Inspection Service routinely monitors or audits these systems, please describe any periodic reports issued and provide copies of all reports prepared since October 1, 1991. Please include in your response a description of the role of the Inspector General in auditing the data collection process.
- j. Please provide all transcripts, notes, or reports relating to the "full report" provided to the Audit Committee. Please list the dates since October 1, 1991, of all meetings of the Audit Committee at which data measurement and reporting problems were addressed.
 - k. Please describe the auditing or quality control steps routinely taken to identify *systematic and system errors for the measurement and reporting systems*, to measure those error rates, to discourage those types of errors, and to correct any data affected by systematic or system errors.
 - l. What proportion of data subject to systematic or system errors is identified as *erroneous*?
 - m. Please describe the auditing or quality control steps routinely taken to identify human errors (innocent mistakes) in the data collection process, to measure those error rates, to discourage those errors, and to correct any data affected by human errors.
 - n. What proportion of data subject to human errors in the measurement and reporting systems is identified as erroneous?
 - o. For each type of ongoing audit or quality control test performed to ensure validity of data collected for the measurement and reporting systems, please identify the Postal Service department or office that performs the audit or quality control test. Are these audits or tests performed by entities independent of the data collection staff? If a test or audit is performed by the data collection staff or directed by the managers of the data collection staff, please confirm that there could be an incentive to underestimate the extent of falsified or erroneous data. If you do not confirm, please explain.
 - p. Does an independent organization audit data collection and editing (e.g., CODES) software for system errors? Please describe the audit process and provide any summaries or reports produced by software audits.

RESPONSE:

- a. The written report to which the excerpt from the Board of Governors' Meeting minutes refers is provided in Library Reference H-220, filed today.
- b. The Office of the Inspector General's Semiannual Report to Congress is provided in Library Reference H-220, filed today.

c. A partial objection to this sub-part was filed on July 28, 1997. Material responsive to this discovery request is available through Postal Service counsel.

d., h., l., n. A partial objection to sub-part (d) was filed on July 28, 1997. As with all surveys, non-sampling errors may occur in any of the Postal Service's statistical data systems. Non-sampling errors encompass all sources of error other than those associated with sampling variation, and include system errors, human errors and the misstatement of data. The Postal Service has not quantified the extent of each type of non-sampling error, nor does it have estimates of the proportion of each type of erroneous data which is identified as erroneous. The Postal Service does not collect the data or information necessary to quantify the extent of each type of non-sampling error, nor to compute the proportion of each type of error identified as erroneous.

e. Please see the response to subpart a., above.

f. The Performance Audit Group is currently in the process of constructing its workload for the coming year. The Financial Audit Group is, at the present time, working with the Office of the Inspector General to determine which audit responsibilities will be assumed by each office in the future.

g., k., m. The Postal Service routinely employs several quality control steps designed to ensure the quality of its statistical data. These steps are targeted at non-sampling errors generally. None are designed to deal with one specific category of error. The categories of our quality control are as follows:

Data Collection. Most data collection for the Postal Service's statistical information systems is performed with laptop computers. In general, the computer software directs the data collector through a statistical test and in the process, ensures

both that (a) data elements that logically must be provided within the context of a particular test, are in fact provided by the data collector; and, (b) no two data elements are logically inconsistent. Thus the use of computerized data collection provides a first step in quality control of statistical data.

Training. All data collectors who perform statistical programs tests are trained on how to properly conduct such tests. Methods of training include both classroom and on-the-job training. The training could involve a class conducted by district, area or headquarters staff. Some training involves the use of videotaped instruction while other training makes use of PSTN (Postal Satellite Training Network) to broadcast a training session from a single location targeted to multiple district sites. The use of training represents a second quality control step for statistical data.

Review of Data. All data from statistical programs tests are subject to review at multiple levels. In addition to the data collector's review at the point of data collection, district staff perform a review function at the district level of tests conducted within that district. Nationally, headquarters staff perform reviews on national test data sets, assisted by mainframe computer edits which scan all data files and identify data elements or tests which warrant further review. This multiple-stage data review function represents a sequence of statistical data quality control steps.

Auditing. Audits provide a fourth means of quality control. Typically, the focus of audits is the processes associated with data collection, as opposed to the data itself. They examine the processes and procedures that are in place, assess whether those steps are being followed, and judge whether those processes and procedures are likely to yield reliable data. They identify procedural weaknesses and recommend changes in

those procedures that would tend to enhance the ability of the programs to yield reliable data.

- i. Please see responses to subparts (c) and (f), above.
- j. Please see response to subpart (a), above. The meetings of the Audit Committee of the Postal Service's Board of Governors are closed to the public; transcripts relating to reports tendered to the Audit Committee and minutes of their meetings are not available.
- o. Quality control testing is done by independent auditors, the Postal Inspection Service, and by data collection personnel. The Postal Service does not estimate "the extent of falsified or erroneous data" produced; it does not confirm your statement that "there could be an incentive to underestimate" such data.
- p. The Postal Service contracts with the firm of Ernst & Young LLP to perform a review of the systems that go into the Postal Service's Cost and Revenue Analysis process. To the extent that this process includes data collection and editing software, this component of the process is also reviewed. However, there are no reviews or reports that focus specifically and exclusively on software.

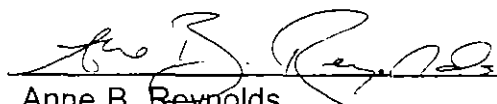
OCA/USPS-2. Please describe all steps taken to comply with the requests referred to in OCA/USPS-1. Your response should include, but not be limited to, answers to the following questions:

- a. What person or persons were assigned responsibility for gathering information pertinent to the requests? Provide the position description of each such person and what responsibility each such person was given.
- b. What instructions were given to the persons identified in part "a" of this interrogatory? If the instructions were given in writing, supply any such document.
- c. What instructions did anyone else responsible for complying with the request give or receive? If the instructions were given in writing, supply any such document.
- d. Whose offices were searched for documents responsive to the request? Please provide the person's name and his or her position description.

RESPONSE: An objection to this interrogatory was filed on July 28, 1997.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.


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July 31, 1997