



Office of Inspector General | United States Postal Service

Audit Report

Management Operating Data System Errors and Adjustments

Report Number CP-AR-19-001 | April 3, 2019



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Highlights

Objective

The Management Operating Data System (MODS) is a web-enabled application that provides a systematic approach to gathering, storing, and reporting data on workload, workhours, and machine utilization by operation number and facility type. The U.S. Postal Service uses MODS data to plan workload, project workhours and mail volume, track mail processing activities, evaluate the efficiency of facilities, and estimate staffing requirements.

In addition to its operational uses, the Postal Service uses MODS mail volume and workhour data in costing and pricing activities. The Postal Service uses MODS workhour data to calculate totals for many of the cost pools within the Clerks and Mail Handlers Cost Segment. Cost pool totals are then attributed to competitive and market dominant mail products and services.

The objective of our audit was to assess the accuracy and reliability of MODS data for Postal Service costing.

What the OIG Found

Opportunities exist to improve the accuracy and reliability of MODS data for Postal Service costing. The Postal Service requires 226 (about 35 percent) of the total 652 MODS operation numbers to have workhours and mail volume recorded. However, we found that between fiscal year (FY) 2017, Quarter 1, and FY 2018, Quarter 3, those required operation numbers had workhour or volume reporting errors. Specifically, there were 10.3 million workhours recorded without associated mail volume (about 5 percent of total workhours recorded) and 24.4 billion total mailpieces recorded without associated workhours (about 2 percent of the total mailpieces processed).

During site visits to 19 mail processing facilities, we found MODS reporting errors occurred due to ineffective internal controls over the use and management of the system. Specifically, the Postal Service did not have sufficient:

- Clock ring discipline and technological capabilities to ensure employees clocked into the correct operations at the employee badge reader.

- Local level supervisory reviews of MODS data.
- Oversight of MODS and correction of errors by headquarters and area MODS coordinators.
- Training on MODS and its requirements for all levels of personnel involved with MODS.

Having ineffective controls over MODS increases data integrity risk and results in workhour data that does not reflect actual operational activities. Further, persistent MODS errors, if significant, would cause the Postal Service to incorrectly under- or over-estimate staffing requirements, incur unnecessary labor and operational costs, and improperly allocate costs to cost pools and postal products.

Opportunities also exist for the Postal Service to improve its timekeeping practices to more precisely capture workhour data at the activity level. The Postal Service relies on employees correctly clocking into and out of operations to capture workhour data in the proper activities. This manual input is prone to human error and data inaccuracies. Other mailing industry companies use barcode scan technology to track employee work activities, minimizing manual movements. Postal Service personnel have researched barcode scan technologies for improved tracking of employee work activities. The Postal Service began exploring the use of radio frequency identification (RFID) to capture workhours in FY 2017. The RFID technologies currently being tested include sensor tags that could be used to autonomously capture workhours used in an operational work zone. The Postal Service plans to complete this effort in late FY 2019.

We also found that adjustments to MODS workhour data to fix employees incorrectly clocking into and out of operations were made after the end of the fiscal year, impacting Postal Service cost estimates. Specifically, between October 2016 and November 2018, the Postal Service adjusted over 40,000 workhours for FY 2016. In addition, between October 2017 and September 2018, it adjusted over 53,000 workhours for FY 2017. This occurred because there is no official closeout period for Postal Service personnel to make all necessary corrections and adjustments in MODS after the end of the fiscal year. In addition,

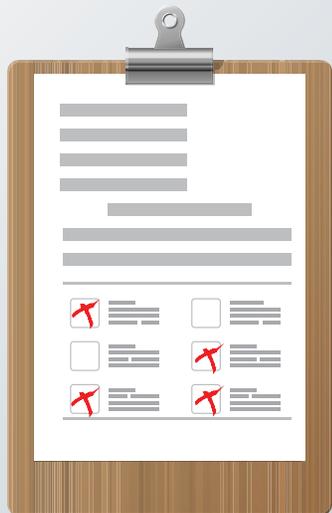
MODS does not have controls that prevent adjustments to prior fiscal year workhour data after a specific date. We determined over \$1.5 million in mail processing costs were misallocated among 72 cost categories, such as Manual Parcels and Mechanical Tray Sorter, in FYs 2016 and 2017, due to adjustments made after cost allocations were completed. This would have caused attributable costs within those cost categories to be distributed inaccurately to mail products and special services.

The misallocated amount was only about 0.003 percent and 0.016 percent of total mail processing costs for FYs 2016 and 2017, respectively. However, ineffective MODS controls pose an increased data integrity risk, including the risk of the Postal Service reporting inaccurate costs for products and services. Management and the Postal Regulatory Commission rely on accurate and precise product cost estimates to set postal prices and to reliably determine whether revenue for products and mail classes cover attributable costs.

What the OIG Recommended

We recommended management:

- Issue a memorandum to reiterate the importance of clocking into the correct operation numbers, providing proper oversight, reviewing electronic badge reader presets, and conducting MODS reviews.
- Establish controls in badge reader software to require entry of an operation number for each employee badge swipe and verify that all facilities have deactivated the base operation preset button on employee badge readers.
- Track and monitor completion of MODS reviews and update the policy to reflect management's expectation on the frequency of the reviews.
- Develop a mechanism for improved communication among headquarters, area, and local personnel on MODS requirements and updates, to include a centralized approach to information sharing; a mandatory orientation program for new MODS coordinators; and annual MODS training.
- Establish an official closing period and develop controls in MODS to prevent workhour adjustments after the closeout period without required approvals.



During our site visits to 19 mail processing facilities, we found MODS reporting errors occurred due to ineffective internal controls over the use and management of the system. Specifically, the Postal Service did not have sufficient:

- Clock ring discipline and technological capabilities that ensured employees clocked into the correct operations.
- Local level supervisory reviews of MODS data.
- Oversight of MODS and correction of errors by headquarters and area MODS coordinators.
- Training on MODS and its requirements for all levels of personnel involved with MODS.

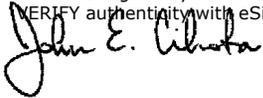
Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

April 3, 2019

MEMORANDUM FOR: ROBERT CINTRON, VICE PRESIDENT
NETWORK OPERATIONS

E-Signed by John Cihota
VERIFY authenticity with eSign Desktop 


FROM: John E. Cihota
Deputy Assistant Inspector General
for Finance and Pricing

SUBJECT: Audit Report – Management Operating Data System Errors
and Adjustments (Report Number CP-AR-19-001)

This report presents the results of our audit of Management Operating Data System Errors and Adjustments (Project Number 18BG015CP000).

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Sherry Fullwood, Director, Cost and Pricing, or me at 703-248-2100.

Attachment

cc: Corporate Audit Response Management

Results

Introduction/Objective

This report presents the results of our self-initiated audit of Management Operating Data System (MODS) Errors and Adjustments (Project Number 18BG015CP000). We performed this audit as part of our mandate under the Postal Accountability and Enhancement Act of 2006 (PAEA)¹ to regularly audit U.S. Postal Service data collection systems and procedures used to collect information and prepare reports.² Our objective was to assess the accuracy and reliability of MODS data for Postal Service costing.

In our analysis of MODS errors, we reviewed operation numbers³ with workhours having no associated mail volume as well as operation numbers with mail volume having no associated workhours, between fiscal year (FY) 2017, Quarter (Q) 1, and FY 2018, Q3. For our analysis of MODS adjustments, we reviewed MODS workhour data extracted on two separate dates after the end of FYs 2016 and 2017. We compared the adjusted workhour data to the MODS workhours used to develop mail processing costs for the FY 2016 and 2017 *Annual Compliance Reports* (ACR).⁴ See [Appendix A](#) for additional information on this audit.

Background

MODS is a web-enabled application that provides a systematic approach to gathering, storing, and reporting data on workload, workhours, and machine utilization by operation number and facility type. As of July 2018, there were 652 MODS operation numbers aligned to 90 labor distribution codes (LDC).⁵ The Postal Service uses MODS data for planning workload, projecting workhours and mail volume, tracking mail processing activities, evaluating the efficiency of facilities, and estimating staffing requirements.

In addition to its operational uses, the Postal Service uses MODS mail volume and workhour data in costing and pricing activities. More specifically, it uses MODS workhour data for key functions in the cost development process for the Clerks and Mail Handlers Cost Segment (Cost Segment 3). The Postal Service uses MODS workhour data to calculate totals for many of the cost pools⁶ within the cost segment. Cost pool totals are then attributed to competitive and market dominant mail products and services. For example, in FY 2017, the Postal Service used MODS workhours to attribute about \$2.3 billion (about 29 percent) of mail processing costs to competitive products and about \$5.7 billion (about 71 percent) to market dominant products. MODS productivity data is also used in Postal Service cost avoidance models to help set workshare discounts. Finally, management and the Postal Regulatory Commission (PRC) rely on this information to determine product cost coverage⁷ and to set postal rates.

MODS works by collecting data from the Time and Attendance Collection System (TACS) and the Web End-of-Run (WebEOR) system:

- TACS is an automated timekeeping system that collects employee workhour data. When employees work on an activity, they clock in to the MODS operation number associated with the activity using an employee badge reader (EBR).⁸ TACS records the workhours completed by the employee for that operation and the data flows into MODS.
- WebEOR is a web-based application that collects automated volume data from mail processing equipment. This data flows into MODS and is used to evaluate plant efficiencies.

¹ 39 U.S.C. §§101 et seq.

² 39 U.S.C. §3652(a).

³ An operation number is a three-digit number that designates a uniquely defined activity or operation performed in a postal facility.

⁴ The ACR analyzes cost, revenue, rates, and quality of service for all products and determines whether revenue for each mail class and service type covers its attributable costs.

⁵ An LDC is a two-digit number that describes the major work assignments at a postal facility. The first digit represents the functional area (for example, mail processing) and the second digit identifies the type of activity (for example, supervision).

⁶ A cost pool represents the cumulative costs incurred from related activities performed within an organization. Examples of Postal Service cost pools include Manual Priority, Dispatch, and Mail Processing Support.

⁷ Cost coverage is defined as revenue per piece as a percentage of attributable cost per piece (unit revenue divided by attributable cost). PAEA mandates that each competitive product and each market dominant mail class cover its attributable costs.

⁸ An EBR records employees' clock ring data and transmits that data to several Postal Service systems, including TACS and MODS.

Finding #1: MODS Internal Controls

Opportunities exist to improve the accuracy and reliability of MODS data for Postal Service costing. The Postal Service requires 226 (about 35 percent) of the total 652 MODS operation numbers to have workhours and mail volume recorded. However, between FY 2017, Q1, and FY 2018, Q3, those required MODS operation numbers had workhour or volume reporting errors. Specifically, there were 10.3 million total workhours recorded for those operation numbers without associated mail volume data (about 5 percent of the total workhours recorded). There were also 24.4 billion total mailpieces recorded that did not have any associated workhours (about 2 percent of total mailpieces processed).

During our site visits to 19 mail processing facilities, we found MODS reporting errors occurred due to ineffective internal controls over the use and management of the system. Specifically, the Postal Service did not have sufficient:

- Clock ring discipline and technological capabilities that ensured employees clocked into the correct operations.
- Local level supervisory reviews of MODS data.
- Oversight of MODS and correction of errors by headquarters and area MODS coordinators.
- Training on MODS and its requirements for all levels of personnel involved with MODS.

See [Appendix B](#) for specific factors that we found contributed to MODS errors during our site visits.

Clock Ring Execution

MODS errors were often caused by employees clocking into operations incorrectly. According to the Postal Service's MODS handbook,⁹ employees must use correct clock ring¹⁰ procedures to ensure that they record workhours in the operation and finance number where they performed the work. Employees use a badge or time card on an EBR, as shown in Figure 1, to clock in and out and

to move to different operations during their tour. Postal Service policy prescribes that when employees move from one operation to another, they must immediately clock into the new operation.

Figure 1. EBR Station in a Postal Service Facility



Source: U.S. Postal Service Office of Inspector General (OIG) photo taken during a site visit to a postal facility.

We found several types of clocking errors:

- Employees were generally only concerned with clocking the four basic clock rings required for them to get paid: begin tour, out to lunch, in from lunch, and end tour. However, the MODS handbook states that, if employees move from one operation to another during their work day, they must immediately clock into the new operation. During site visits, we found that employees regularly

⁹ Handbook M-32, *Management Operating Data System*, dated March 2009.

¹⁰ Employees swipe a badge or time card on an EBR to record their workhours in TACS; each swipe is referred to as a clock ring.

changed the activities they performed. However, MODS personnel¹¹ at 10 (about 53 percent) of the facilities we visited specifically stated that employees did not always clock their new operations on the EBR when changing work activities. While at the facilities, we asked a random selection of employees what activity they were performing. We later pulled the employees' clock ring data from TACS and found that 19 (about 19 percent) of the 102 sampled employees were not clocked into the correct operation numbers for the activities they were performing at the time of our visits.

- EBRs allowed employees to clock into invalid operations¹² for their facility. At nine (about 47 percent) of the facilities we visited, MODS personnel stated that employees had sometimes entered operation numbers that were no longer valid for the facility, which caused MODS to flag these errors. Two of the four area MODS coordinators¹³ we interviewed noted this was an issue for many facilities. MODS personnel also stated that employees were sometimes assigned an invalid default operation¹⁴ as their base operation.¹⁵ Unless corrected, these errors prevent workhours from being credited to the proper operation number in MODS.
- Employees did not always input an operation number when they clocked in at the EBR. At nine (about 47 percent) of the facilities we visited, MODS personnel stated that EBRs allowed employees to automatically clock into either the operation that the previous employee had clocked into or their base operation by swiping their badge without selecting an operation number or selecting a preset base operation button on the EBR. In both cases, employees' workhours may have been charged to an operation number that did not correspond to the activities they performed that day.

- Some EBRs had inaccurately configured presets and base operation preset buttons were not always disabled on EBRs. Most EBRs have preset buttons that allow employees to clock into operations, saving them the time of typing in the operation number and potentially mitigating incorrect operation number entries. However, at two facilities we visited, the operation number on the preset button did not match the operation number programmed to the preset button, causing workhours to be credited to the wrong operation.

In addition, Postal Service Headquarters issued a Processing Operations Management Order on September 29, 2017, instructing facility employees to disable the base operation preset button on all EBRs. The base operation preset button enables employees to automatically clock into their base operation, which may not be the operation they are physically working. With disabling the base preset button, employees would be required to select or type an operation number that corresponds to the work to be performed. The Postal Service expected this to reduce the number of workhours inappropriately charged to base operations. However, we documented during at least one site visit that personnel were still using the base preset button.

Improved clock ring discipline and technological capabilities would result in fewer clock ring errors and less reliance on supervisors and MODS personnel to identify and correct errors. This would reduce the number of unnoticed errors in the MODS, resulting in better data quality for Postal Service decision making.

Local Level Reviews

The Postal Service did not always identify and correct MODS errors because of insufficient governance by MODS personnel at the facilities. The MODS handbook states that field offices are responsible for timely recording of accurate workhour and volume data in the MODS. MODS personnel are responsible for

11 MODS personnel are individuals at local level facilities that are involved with the MODS program, including local MODS coordinators, in-plant support managers, supervisors of distribution operations, managers of distribution operations, and data collection technicians.

12 Invalid operation numbers are those that are not on a facility's active operations list in TACS. The active operations list identifies the operation numbers that employees can use at a facility based on the work that is performed there. Valid operation numbers can become invalid for a facility if, for example, machinery is removed, and the activities associated with the machinery are no longer performed at the facility.

13 Area MODS coordinators are individuals at the area level who are responsible for ensuring MODS compliance, providing program support to the field, ensuring accurate data reporting, maintaining data integrity, conducting MODS reviews, and managing related MODS activities between headquarters and the field offices.

14 Default operation numbers are generally used when an employee has not yet been assigned a base operation number. If an employee does not enter an operation number when they clock in and the employee does not have a base operation number assigned to them, TACS automatically assigns the employee's workhours to a default operation number. This ensures the employee gets paid for their time.

15 Each employee is assigned a base operation number. A base operation is the operation to which an employee's workhours are charged unless the employee enters another operation.

managing the overall operation of the local MODS program. They must review MODS reports daily, conduct MODS reviews annually, provide training to facility personnel as needed, and ensure data integrity. In addition, the Postal Service's time and attendance policy¹⁶ states that supervisors must ensure employees clock in and out according to their assigned schedules, approve all daily clock rings, examine time cards and workhour records, and make needed corrections in TACS.

During our site visits, we found that MODS personnel did not always monitor TACS clock rings and MODS data to identify errors and make corrections. Specifically:

- Facility supervisors did not always review employee clock rings for moves between operations. At eight (about 42 percent) of the facilities visited, MODS personnel stated reviews generally focused on ensuring employees had the clock rings required for payroll purposes and correcting missing clock rings or clock rings that were not in proper sequence. Supervisors prioritized these errors over those related to operation moves because the former could result in incorrect payment to employees and costly pay adjustments after the pay period closed. In addition, some supervisors stated they had a substantial number of employees to supervise on a given tour.¹⁷ This made it difficult for supervisors to identify the length of time each employee spent in an operation and limited their ability to ensure employee clock rings were accurate.
- MODS personnel at seven (about 37 percent) of the facilities visited stated that they were not fully aware of all their responsibilities for maintaining the integrity of MODS data. In addition, there was not a consistent understanding among the MODS personnel of how to execute their responsibilities. Specifically, they were not always familiar with many of the MODS data reports¹⁸ and did not always know how to assess if the data was complete and accurate. We found that MODS personnel used their discretion when

reviewing MODS data, which could result in inconsistent and ineffective methods for identifying errors.

- MODS personnel at seven (about 37 percent) of the facilities we visited stated they did not always review the base operation numbers assigned to employees. This sometimes resulted in MODS personnel not identifying when base operation numbers assigned to employees were actually default operations and/or invalid operations for the facility. When this is not corrected, the employees' workhours are charged to operation numbers that are not associated with a postal function or activity. Instead, the workhours are charged to operation numbers that the Postal Service uses solely to identify reporting errors.
- At all 19 facilities visited, local MODS coordinators had not performed the required annual MODS review. The MODS handbook requires facilities to complete annual MODS reviews that cover all phases and requirements of the MODS. Annual reviews help to determine the accuracy of MODS reporting procedures and enable MODS coordinators to identify deficiencies and recommend corrective actions to facility management. However, during site visits, we found:
 - Local MODS coordinators were sometimes unaware of the annual review requirement. This was generally because they did not have a working knowledge of the MODS handbook or their responsibilities under the policy.
 - MODS personnel did not complete the reviews because they were not asked to do so by higher level management.

All four area MODS coordinators we met with stated that they did not require facilities' MODS coordinators to complete and submit an annual MODS review because headquarters had not advised them to. Headquarters management stated that they did not enforce the annual MODS review requirement because

¹⁶ Handbook F-21, *Time and Attendance*, dated August 2009.

¹⁷ According to a prior OIG management advisory, *Supervisor Workhours and Span of Control* (Report Number [NOMA-13-005](#), dated April 4, 2014), the Postal Service has a span of control target of one supervisor for every 25 craft employees. However, the actual span of control ranges from 25 to 79 employees per supervisor.

¹⁸ During each site visit, the audit team brought the following reports to the facilities visited to explain the results of our analyses and discuss how MODS is used to prevent errors: Volume-Hours, Workhour Reassignment, Manual Entries, and TAC Unprocessed. Some local MODS personnel expressed an unfamiliarity with these MODS data reports.

the reviews are only a tool for facility personnel to use. In addition, they said they expected local personnel to perform review activities daily rather than just annually.

Daily reviews of employee clock ring moves and MODS data reports as well as full awareness of MODS responsibilities and requirements would enable facility personnel to identify and correct MODS errors. This would improve the accuracy and completeness of the data.

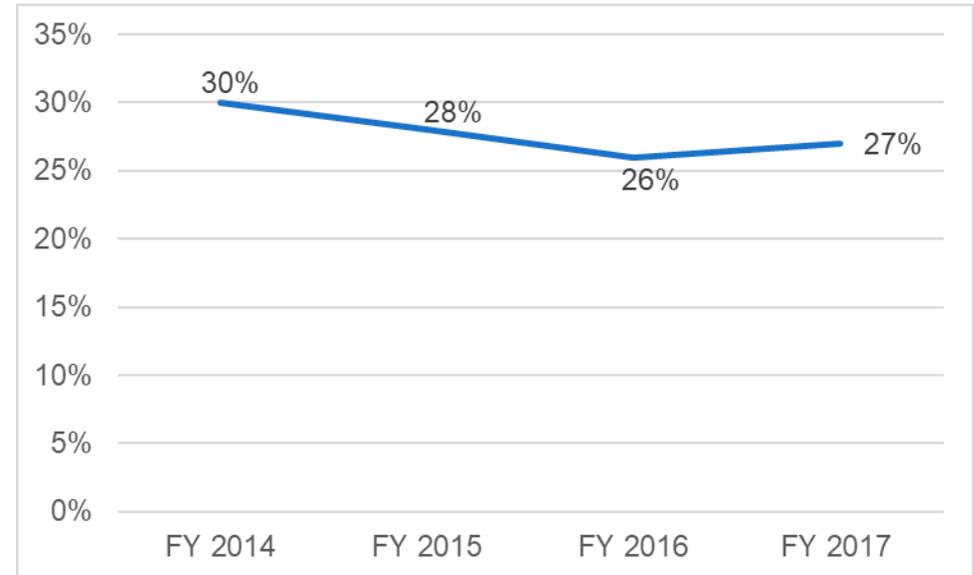
Headquarters and Area Oversight

MODS errors continue to occur without correction because of insufficient oversight by headquarters management and area MODS coordinators. The MODS handbook states that headquarters and area MODS coordinators must ensure MODS compliance, provide program support to the field, ensure accurate data reporting, maintain data integrity, ensure completion of MODS reviews, and manage MODS activities between headquarters and facilities.

Headquarters personnel generate and distribute weekly MODS exception reports that identify the top 10 facilities with the highest error rates. They stated that they also work with area and local personnel to address issues at these facilities. While this may help the facilities identified in the report improve their individual error rates, this does not ensure the improvement of MODS error rates nationwide. This is demonstrated by the consistent trend of MODS errors from FY 2014 to FY 2017, as shown in Figure 2. In addition, the practice of focusing on the top facilities may also encourage MODS personnel to only be concerned with MODS error rates if their facility is on the highest error rates list.

“ All four area MODS coordinators we met with stated that they did not require facilities’ MODS coordinators to complete and submit an annual MODS review because headquarters had not advised them to.”

Figure 2. FYs 2014-2017 Nationwide MODS Error Rates Trend



Source: Postal Service Headquarters MODS exception trend data.

At 11 (about 58 percent) of the facilities visited, MODS personnel stated there were insufficient communications from headquarters and area MODS coordinators on MODS requirements. MODS personnel stated that communications on MODS updates received from higher levels were infrequent, unclear, or did not apply to their facility. Headquarters management stated that they send out notification emails to area MODS coordinators, and it is the area coordinators’ responsibility to disseminate the information. Further, headquarters management stated that they have provided MODS personnel with the tools required to execute their responsibilities and that they depend on the area MODS coordinators to provide guidance to facility personnel. However, two of the four area MODS coordinators we interviewed indicated they did not provide detailed direction to facilities’ MODS coordinators on how to monitor MODS data and reduce errors because they do not want to dictate how MODS personnel accomplish assigned responsibilities.

More frequent and effective headquarters- and area-level oversight of facilities and personnel could reduce MODS errors and improve data integrity nationwide. Improved oversight would establish that proper management of local MODS programs is important and beneficial to the Postal Service and enable higher level management to quickly identify when additional training and guidance is needed to ensure that employees carry out MODS responsibilities at the local level.

Management Operating Data System Training

MODS errors persist due to insufficient training on MODS and why it is important. At 17 (about 89 percent) of the facilities visited, local MODS coordinators stated they had not received training or guidance on their MODS responsibilities. At 10 (about 53 percent) of the facilities, MODS coordinators stated that they learned how to identify and correct MODS errors through trial-and-error, from a predecessor, or from another employee. In addition, the coordinators did not deliver training on proper clock ring procedures as they were reluctant to provide training without direction from area management. One area MODS coordinator told us that they have requested training from Postal Service Headquarters but have not yet received it. Headquarters management stated that MODS online training was available on the Learning Management System (LMS),¹⁹ but the training has not yet migrated to the Postal Service's new training system, the Integrated Human Resources System.²⁰ Previously available online training was not mandatory for MODS personnel.

Further, at eight (about 42 percent) of the facilities visited, local MODS coordinators expressed that they were either unaware of the MODS handbook, were not provided a full copy of the handbook, or had not reviewed the handbook. The MODS handbook provides useful information about how to use the system and what is required to maintain the integrity of MODS data. Being unaware of the handbook has resulted in MODS personnel not always knowing their obligations, not identifying and correcting errors, and/or not ensuring that workhour data reflects completed work. In addition, insufficient training at the local MODS

coordinator level has caused poor clock ring discipline and a general absence of understanding of MODS and its importance to Postal Service operations and costing among supervisors and employees.

Headquarters management has developed new MODS training that they plan to brief to area MODS coordinators in FY 2019. This training includes:

- An overview of the MODS.
- Common errors in the MODS.
- How to run reports to identify errors.
- Steps for remedying errors.
- The need for employees to use MODS operation numbers appropriately and consistently.
- Facility management responsibilities for extracting and reviewing data reports and addressing issues.

“ MODS errors persist due to insufficient training on MODS and why it is important. ”

Having comprehensive, mandatory MODS training would ensure that key personnel responsible for MODS data are aware of their roles and requirements. Enhanced training would prepare MODS personnel to effectively carry out their responsibilities and develop a strong working knowledge of the system and methods for assessing and improving data quality. This would equip MODS personnel with the knowledge they need to effectively inform supervisors and employees on how to execute their MODS related responsibilities.

Ineffective controls over MODS, such as deficient procedures, minimal oversight, and insufficient training, increases the risk²¹ that workhour data does not reflect actual operational activities. The Postal Service relies on accurate MODS data to:

- Model optimal staffing levels needed to maximize resources while improving productivity and limiting overtime.

¹⁹ A system that incorporated eLearning, distance learning, and social networking and integrated them within the Human Capital Enterprise System. LMS combined the ability to request, approve, and engage in training electronically.

²⁰ The Integrated Human Resources System replaced LMS for Postal Service employee training as of September 30, 2018.

²¹ The risk that the authorization, completeness, and/or accuracy of transactions as they are entered into, processed, summarized, and reported by application systems are compromised due to inadequate recording structures.

- Measure annual mail processing operational performance and efficiency.
- Generate run plans that supervisors use to make decisions on employee staffing, scheduling, and machine use.
- Justify facility expansions, consolidations, and closures.
- Allocate mail processing labor costs to cost pools.

As a result, persistent errors in MODS data, if significant, would cause the Postal Service to incorrectly under- or over-estimate staffing requirements, incur unnecessary labor and operational costs, and improperly allocate costs to cost pools and postal products. For example, a previous OIG audit²² found that for FYs 2015 and 2016, the Northeast Area paid employees over \$830 million in overtime and penalty overtime annually. Inaccurate MODS data skews performance reports and may impact the Postal Service's ability to reliably assess facility productivity and efficiency as well as to make informed operational decisions.

These issues have also led the PRC to limit the Postal Service from using disaggregated MODS data more extensively in product costing because it does not believe the data is accurate enough to result in reliable cost estimates. In September 2016, the PRC denied the Postal Service's petition to change the methodology for splitting city carrier costs into the office and street costs components using TACS/MODS data rather than In-Office Cost System (IOCS)²³ data. The PRC denied the petition, in part, because "relying on TACS/MODS workhours to develop costs could potentially understate or misallocate time and associated costs to cost pools."²⁴ The PRC's preference to rely on cost estimates derived from IOCS sampling system data rather from TACS/MODS census data demonstrates that the regulatory agency does not have confidence in the TACS/MODS data.

Recommendation #1

We recommend **the Vice President, Network Operations**, issue a memorandum to area and local Management Operating Data System (MODS) coordinators to reiterate the importance of (1) employees clocking into the correct operation number, (2) MODS personnel providing proper oversight of invalid and base operation numbers, (3) MODS personnel reviewing electronic badge reader presets, and (4) MODS personnel conducting MODS reviews.

Recommendation #2

We recommend **the Vice President, Network Operations**, establish controls in electronic badge reader (EBR) software to require entry of an operation number for each employee badge swipe and direct area Management Operating Data System coordinators to verify that all facilities have deactivated the base operation preset button on EBRs.

Recommendation #3

We recommend **the Vice President, Network Operations**, direct area Management Operating Data System (MODS) coordinators to track and monitor completion of MODS reviews and update the policy to reflect management's expectation on the frequency of the reviews.

Recommendation #4

We recommend **the Vice President, Network Operations**, develop a mechanism for improved communications among headquarters, area, and local personnel on Management Operating Data System (MODS) requirements and updates, to include (1) a more centralized approach for information dissemination, (2) the development of a mandatory orientation program for new MODS coordinators, and (3) annual MODS training for all area and local coordinators as well as facility employees and supervisors.

²² *Management of Overtime in the Northeast Area* (Report Number [HR-AR-17-014](#), dated September 14, 2017).

²³ IOCS is a statistical sampling system that collects employee data and develops estimates of the proportion of workhours spent on various activities and handling or processing various categories of mail.

²⁴ PRC Docket Number RM2015-2, Order Number 3526, *Order Denying Changes in Analytical Principles Used in Periodic Reporting* (Proposal Nine).

Finding #2: Timekeeping Practices

Opportunities exist for the Postal Service to improve its timekeeping practices to more precisely capture workhour data at the activity level. Currently, the Postal Service relies on employees correctly clocking into and out of operations to capture workhour data in the proper activities. However, this reliance on manual input from employees is prone to human error, resulting in data inaccuracies that may impact business decisions.

During this audit, we met with mailing industry stakeholders and identified current practices for recording employee work activities. We found that companies used barcode scan technology to track employee work activities between processing equipment and other operational activities. In addition, once employees scanned their badges at a machine, the system would identify activity changes (for example, sort plan or scheme changes) and automatically move the corresponding work time to the appropriate activity. This eliminated the need for employees to rescan their badge to manually move their workhours to the new operation code when the activity changed, thereby reducing human errors.

Mailing industry representatives said employees generally scanned their work activities accurately because scan stations were conveniently located at the machines or activity staging areas and system automation capabilities minimized the number of manual movements. They used the data to track costs, measure performance, and make operational decisions. While they generally had a separate timekeeping system that tracked employee start and end times for payroll purposes, they used software to integrate that data with activity-level workhour data to have a seamless data source that provided greater visibility into daily employee and operational activities. We believe this enhanced automation of employee timekeeping could improve the quality of workhour data at the activity level.

We discussed these timekeeping practices with Postal Service management. We found that personnel have researched barcode scan technologies for improved tracking of employee work activities. They stated that the Engineering Systems group began exploring the viability of implementing radio frequency identification (RFID)²⁵ solutions within mail processing facilities in early FY 2017. The RFID technologies currently being tested include battery-assisted (active) and battery-less (passive) sensor tags that could be used to autonomously capture workhours used in an operational work zone and to locate misplaced high-value packages. Engineering Systems has recently implemented an active RFID solution at the Northern Virginia Processing and Distribution Center (P&DC) and is currently in the process of testing a passive RFID solution. Contingent upon favorable results and availability of funds, the Postal Service plans to expand the research and development effort to other facilities in FY 2019. Engineering Systems personnel stated they are currently testing this technology and plan to complete this effort in late FY 2019.

Since the Postal Service is currently assessing the viability of implementing improved solutions for capturing operation workhour data, we are not making a recommendation for further action at this time.

Finding #3: Management Operating Data System Adjustments

We found that adjustments to MODS workhour data were made after the end of the fiscal year, impacting Postal Service cost estimates. Specifically, between October 25, 2016,²⁶ and November 1, 2018,²⁷ the Postal Service adjusted 40,165 workhours in MODS operations for FY 2016 after the fiscal year closed, as shown in [Table 1](#). In addition, between October 24, 2017,²⁸ and September 25, 2018,²⁹ the Postal Service adjusted 53,366 workhours in MODS operations for FY 2017 after the fiscal year closed. Using the adjusted MODS data that we extracted, we found that over \$1.5 million in mail processing costs were misallocated among 72 cost pools, such as Manual Parcels and Mechanical Tray

²⁵ A RFID tracking system uses radio waves to transmit and track identifiable information about an object, which has a unique tag embedded with a microchip and an antenna. Electronic readers capture data on the tag and transmit it directly to a computer system.

²⁶ The date the Cost Attribution group extracted FY 2016 MODS workhour data to develop Cost Segment 3 cost estimates for submission in the FY 2016 ACR to the PRC.

²⁷ The date we extracted FY 2016 MODS workhour data.

²⁸ The date the Postal Service's Cost Attribution group extracted FY 2017 MODS workhour data to develop Cost Segment 3 cost estimates for submission in the FY 2017 ACR to the PRC.

²⁹ The date we extracted FY 2017 MODS workhour data.

Sorter, in FYs 2016 and 2017, because the adjustments occurred after the cost allocations were computed by Postal Service’s Cost Attribution team. This would have also impacted the amount of attributable costs within those cost pools that were attributed to competitive and market dominant mail products and services.

Table 1. MODS Adjustments and Impact on Mail Processing Cost Pools

Fiscal Year	No. of MODS Operation Records with Adjustments	Total MODS Hours Variance	No. of Cost Pools Affected	Misallocated Costs
FY 2016	79	40,165 ³⁰	36	265,659
FY 2017	78	53,366	36	1,265,356
TOTAL	157	93,531	72	\$1,531,015

Source: OIG analysis of FYs 2016 and 2017 MODS data adjustments and mail processing cost pool allocations.

The MODS handbook permits personnel to adjust MODS data at any time, with the appropriate approvals.³¹ However, we found that there is no official closeout period required for Postal Service personnel to make all necessary corrections and adjustments in MODS by a specified date after the end of the fiscal year. Current policy does not include procedures to prohibit changes to workhour data after a period of time or to record changes for tracking and verification purposes. In addition, the Postal Service does not have controls in MODS to prevent adjustments to prior fiscal year workhour data after a specific date. Further, MODS is a live system that captures current workhour and volume data and does not track a history of adjustments or approvals. Therefore, we could not verify how long after the close of the fiscal year the adjustments occurred, why they occurred, or if the appropriate approvals were obtained.

The Postal Service would benefit from the implementation of a MODS cutoff date that encourages personnel to make more timely adjustments and corrections to MODS data. Establishing a closeout period with a

“ The Postal Service would benefit from the implementation of a MODS cutoff date that encourages personnel to make more timely adjustments and corrections to MODS data.”

suggested cutoff date is a standard internal control that encourages the timely and accurate recording of data. A clear cutoff date ensures that a true and fair view of performance and position is given by a specific point in time, and provides assurances that data is consistent and accurate. The Postal Service can apply this accounting concept to operational data that it relies on for calculating and reporting financial information, such as product costs. Further, it adds more value to management in controlling operations, reporting information, and making decisions.

The ability to adjust prior fiscal year MODS data without appropriate controls impacts the integrity of Postal Service costing data. Cost estimates could vary depending on when MODS data is extracted for cost calculations. The misallocated amount was only about 0.003 percent and 0.016 percent of the total \$8.1 billion in mail processing costs for FYs 2016 and 2017, respectively. However, ineffective MODS controls pose an increased data integrity risk, including the risk of the Postal Service reporting inaccurate mail processing costs for products and services and relying on inaccurate data for operational planning. Specifically, cost misallocation across cost pools affects the amount of costs attributed to individual products. Management and the PRC rely on accurate and precise product cost estimates to set postal prices and to reliably determine whether revenue for products and mail classes cover attributable costs, as required by law. Headquarters and local management also need accurate historical MODS workhour data at the operational level to assist with workload planning and staffing at the start of each fiscal year.

³⁰ The Postal Service’s Cost Attribution team stated that about 26,000 of this variance was caused by a calculation error in their mail processing cost pool spreadsheet.

³¹ Facility supervisors may approve adjustments if they occur within three months. If more than three months has passed, area officials are required to approve the adjustments. If more than a year has passed, headquarters officials must approve the adjustments.

Recommendation #5

We recommend the **Vice President, Network Operations**, establish an official closing period for the Management Operating Data System (MODS) and develop controls in MODS to prevent workhour adjustments after the closeout period without required approvals

Finding #4: MODS Initiatives and Best Practices

During our audit, we found that Postal Service management developed the following initiatives to improve the quality of MODS data:

- In FY 2018, Postal Service Headquarters changed default operation numbers to a set of numbers not used for live processing operations. The Postal Service has default operations to ensure employees without assigned base operations can still get paid for the hours they worked. While previous default operation numbers were actual postal functions or activities, the new default operation numbers are solely used to identify workhours that need to be reallocated to the appropriate processing operation. While this change made workhours charged to default operations more easily visible to facilities, it is still incumbent upon MODS personnel to review MODS data to identify and correct the errors.
- Directing facilities to disable the base button on EBRs to ensure employees type the correct operation number that corresponds to the work they will perform. Management provided this instruction to the field in September 2017. The base operation button enables employees to automatically clock into their base operation, which may not be the operation they are physically working. Further, the base operation number may be a default operation number when an active base operation number has yet to be assigned. Since base operations do not always correspond to actual work assignments, this change will encourage employees to more actively select an operation number based on the work they are about to perform. However, as noted in [Finding 1](#), this will only help reduce errors if facilities actively implement the change and instruct employees on new clocking procedures.

- Ongoing reviews of MODS operations for consolidation and/or elimination. The Postal Service regularly adds and removes operation numbers when machines are added or removed from production.
- Postal Service Headquarters now requires some operations to have both workhours and volume for the facility to get workload credit for the mail processed. This has incentivized MODS personnel to review and correct these errors daily, so they do not lose credit for the mail volume they worked. However, this requirement does not apply to all operations that should have both workhours and volume.

During our site visits, we identified the following best practices:

- One site matched data from the Mail and Image Reporting System against automated volumes in WebEOR to identify when machines processed pieces with no corresponding workhours. MODS personnel used this analysis to ensure that workhours corresponded to the correct operation.
- One site identified and posted the names of employees with high rates of clock ring errors. This encouraged employees to follow proper clock ring procedures.
- Multiple sites had unions discuss the importance of clock ring discipline.
- Multiple sites had personnel that were “champions” for accurate MODS data. These “champions” actively worked with employees to improve clock ring discipline.

These practices could help MODS personnel address MODS errors.

Management’s Comments

Management agreed with all recommendations presented in the report.

Regarding recommendation 1, management agreed to reiterate to area and local management the importance of proper clock ring discipline, proper oversight of invalid and base operation numbers and EBR presets, and regular performance of MODS reviews. The target implementation date is June 28, 2019.

Regarding recommendation 2, management agreed to reissue a Processing Operations Management Order to emphasize the need to deactivate base operation preset buttons on EBRs. In subsequent discussions with management, Postal Service management agreed to include a validation process to verify compliance with the order and agreed that the EBR software would be evaluated to include operation number entry controls. Management stated they will likely require an extension beyond the stated target implementation date to complete their evaluation. The target implementation date is April 26, 2019.

Regarding recommendation 3, management agreed to set expectations on the MODS review frequency and monitor the completion of reviews to ensure that the review policy is properly followed. The target implementation date is June 28, 2019.

Regarding recommendation 4, management agreed to implement a centralized approach for information dissemination, implement mandatory training for new MODS coordinators, and ensure annual training for MODS coordinators. The target implementation date is September 27, 2019.

Regarding recommendation 5, management agreed to establish a control in MODS to prevent workhour adjustments by local MODS users after the closeout

period to ensure timely and consistent data. The target implementation date is September 30, 2019.

See [Appendix C](#) for management's comments in their entirety.

Evaluation of Management's Comments

The OIG considers management's comments responsive to the recommendations in the report. Regarding all recommendations, we agree management's actions will address the issues noted.

Regarding recommendation 2, after subsequent discussions with management, we believe the additional measures discussed should address the recommendation. The OIG also agreed to approve an extension once management determines the additional time required to complete this action plan.

All recommendations require OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. All recommendations should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendation can be closed.

Appendices

Click on the appendix title below to navigate to the section content.

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Appendix A: Additional Information

Scope and Methodology

The scope of our audit was to assess the accuracy and reliability of MODS data from FY 2016 to FY 2018, Q3. Specifically, we used the OIG Cost and Pricing Risk Model³² to analyze MODS errors between FY 2017 and FY 2018, Q3. These errors included operation numbers with workhours recorded without corresponding mail volume and operation numbers with mail volume recorded without corresponding workhours.³³ We also analyzed adjustments to FY 2016 and FY 2017 MODS workhour data and compared the adjusted data to the FY 2016 and FY 2017 MODS workhour data used to develop cost pool totals for the Clerks and Mail Handlers Cost Segment (Cost Segment 3) in the FY 2016 and FY 2017 ACRs.

In addition, we conducted site visits to 19 mail processing facilities in the Southern, Capital Metro, Eastern, and Northeast areas to review procedures for managing local MODS programs. These areas were in the top three for either workhours recorded in an operation with no mail volume or mail volume recorded in an operation with no workhours for Qs 1-3, FY 2018, as shown in Table 2 and Table 3. We used FY 2018, Q3 data for site selections to ensure we based our field visits on the most recent and relevant MODS data available at the time of our review. Figure 3 and Figure 4 illustrate that the Southern, Capital Metro, Eastern, and Northeast areas had the highest concentration of MODS workhour and volume reporting errors during this time period. We visited processing and distribution centers/facilities (P&DC/P&DF) in these areas with relatively high and relatively low MODS errors to determine root causes and to identify practices that could improve data quality.

Table 2. FY 2018, Q1-Q3 Total MODS Workhours Recorded with no Mail Volume by Area

Area	FY 2018, Q1	FY 2018, Q2	FY 2018, Q3	Total FY 2018, Q1-Q3	Percentage
Southern	436,417	259,179	218,621	914,217	23.45%
Northeast	267,377	196,660	185,198	649,235	16.66%
Capital Metro	257,412	200,691	190,227	648,329	16.63%
Great Lakes	242,629	186,157	179,346	608,132	15.60%
Eastern	248,420	163,361	155,606	567,387	14.56%
Western	126,789	94,708	77,904	299,401	7.68%
Pacific	95,380	64,969	50,906	211,255	5.42%
Total	1,674,423	1,165,726	1,057,807	3,897,957	100.00%

Source: OIG Cost and Pricing Risk Model.

³² The OIG Cost and Pricing Risk Model identifies and trends high-risk MODS errors. Common MODS reporting errors include workhours recorded in an operation with no mail volume or mail volume recorded in an operation with no workhours. The risk model only considers operations that should have both workhour and volume data recorded.

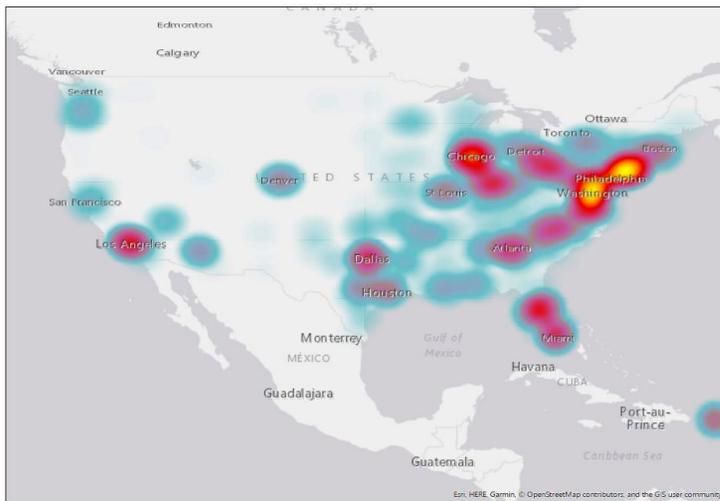
³³ We focused only on operations that should have had both workhour and volume data recorded.

Table 3. FY 2018, Q1-Q3 Total MODS Mail Volume Recorded with no Workhours by Area

Area Name	FY 2018, Q1	FY 2018, Q2	FY 2018, Q3	Total FY 2018, Q1-Q3	Percentage
Southern	1,542,798,976	796,973,298	788,497,107	3,128,269,381	30.98%
Eastern	674,239,250	646,947,893	609,958,083	1,931,145,226	19.12%
Capital Metro	577,244,024	517,988,602	572,873,859	1,668,106,485	16.52%
Great Lakes	330,708,225	325,817,579	370,800,703	1,027,326,507	10.17%
Northeast	328,310,049	350,100,908	300,073,429	978,484,386	9.69%
Western	258,175,002	304,307,448	341,834,487	904,316,937	8.95%
Pacific	167,717,707	170,518,167	122,695,112	460,930,986	4.56%
Total	3,879,193,233	3,112,653,895	3,106,732,780	10,098,579,908	100.00%

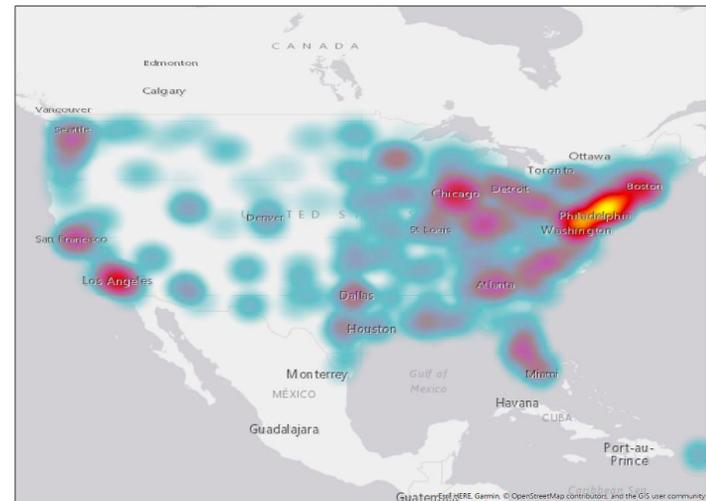
Source: OIG Cost and Pricing Risk Model.

Figure 3. FY 2018, Q1 - Q3 Heat Map of P&DC/P&DF with Workhours Recorded with No Mail Volume



Source: OIG Cost and Pricing Risk Model.

Figure 4. FY 2018, Q1 - Q3 Heat Map of P&DC/P&DFs with Mail Volume Recorded with no Workhours



Source: OIG Cost and Pricing Risk Model.

To accomplish our objective, we:

- Reviewed Postal Service regulations, policies, and procedures related to MODS, workhour and volume adjustments, and internal controls over MODS data quality.
- Reviewed applicable PRC filings related to the quality of MODS data and its impact on costing.
- Interviewed responsible Postal Service personnel to determine:
 - How MODS data is used and validated.
 - Controls in place to ensure the accuracy and completeness of MODS data.
 - How MODS errors are identified and corrected.
 - The process for entering and approving MODS adjustments.
 - Current initiatives to improve the quality of MODS data.
 - The impact of MODS data on cost attribution.
- Used Cost and Pricing Risk Model data to identify areas, facilities, and operation numbers with the most MODS reporting errors.
- Analyzed MODS data from the Enterprise Data Warehouse (EDW)³⁴ and Cost Segment 3 data filed with the PRC to assess the impact of MODS adjustments on Postal Service cost attribution.
- Conducted site visits to 19 P&DC/P&DFs in four Postal Service areas to evaluate local MODS procedures:
 - **Southern** – Dallas, Fort Worth, Austin, Miami, Royal Palm, West Palm Beach, Orlando, Mid-Florida, and Pensacola P&DCs.
 - **Eastern** – Philadelphia, Harrisburg, Cleveland, Akron, Pittsburgh, and Johnstown P&DCs.

- **Capital Metro** – Richmond and Baltimore P&DCs and the Eastern Shore P&DF.
- **Northeastern** – Newark P&DC.
- Interviewed four area MODS coordinators, nine in-plant support managers, 18 local MODS coordinators, and 15 facility supervisors to identify causes for MODS errors; determine their daily operational activities; and assess their knowledge of and compliance with MODS policies, procedures, and requirements.
- Evaluated internal controls (for example, training, internal reviews, oversight, system capabilities, and so on) in place to identify and correct MODS errors and to ensure accuracy and timeliness of data adjustments.

We conducted this performance audit from August 2018 through April 2019, in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. We discussed our observations and conclusions with management on March 11, 2019, and included their comments where appropriate.

We assessed the reliability of MODS data files from EDW to ensure key fields contained the data needed for our analysis. We performed logical tests of completeness on those fields. We also interviewed knowledgeable officials from the Postal Service's Network Operations, Enterprise Analytics, and Cost Attribution groups about how the data was collected and used. We determined that the data files we used were sufficiently reliable for the purposes of our analysis.

³⁴ The repository intended for all data and the central source for information on retail, financial, and operational performance.

Prior Audit Coverage

Report Title	Objective	Report Number	Final Report Date	Monetary Impact
<i>Management Operating Data System Flat Mail Exceptions</i>	Determine whether Postal Service facilities are accurately reporting MODS Operation 179 workhours and mail volume.	CP-MA-16-001	10/13/2015	None
<i>Management Operating Data System</i>	Determine the impact MODS data have on MODS-based productivities and their associated workshare cost avoidance models and the attribution of mail processing costs to Postal Service products.	CRR-AR-12-002	12/13/2011	\$86.5 million
<i>Follow-up Audit of the Management Operating Data System</i>	Determine the root causes of anomalous MODS data at Postal Service Processing and Distribution Centers/ Facilities and whether changes implemented by the Postal Service in 2008 reduced occurrences of anomalous data.	CRR-AR-09-004	4/14/2009	None
<i>Management Operating Data System</i>	Assess the effectiveness of MODS internal controls and the validity and reliability of MODS volume and workhour data.	MS-AR-07-003	8/6/2007	None

Appendix B. Contributing Factors to MODS Errors by Site

Contributing Factor	Richmond P&DC	Eastern Shore P&DF	Baltimore MD P&DC	Philadelphia P&DC	Harrisburg P&DC	Newark P&DC	Cleveland P&DC	Akron P&DC	Pittsburgh P&DC	Johnstown P&DC	Dallas P&DC	Fort Worth P&DC	Austin P&DC	Miami P&DC	Royal Palm P&DC	West Palm Beach P&DC	Orlando P&DC	Mid Florida P&DC	Pensacola P&DC	Count of Each Type of Issue
Employees did not make all required clock rings.	X		X			X	X			X	X	X	X	X		X	X			11
Employees did not always clock moves between operations.		X		X		X	X	X	X		X	X	X	X						10
Employees clocked into base operations.		X				X			X	X		X	X	X	X				X	9
EBRs permitted employees to clock into invalid operations.	X	X				X	X	X		X	X	X							X	9
Supervisors did not review clock rings for moves.	X		X				X	X		X	X	X	X							8
MODS personnel did not monitor base operations that were default operations.					X	X	X					X	X				X	X		7
MODS personnel did not conduct MODS reviews.	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	19
MODS personnel unaware of MODS review requirement.					X	X		X	X	X				X	X					7

Contributing Factor	Richmond P&DC	Eastern Shore P&DF	Baltimore MD P&DC	Philadelphia P&DC	Harrisburg P&DC	Newark P&DC	Cleveland P&DC	Akron P&DC	Pittsburgh P&DC	Johnstown P&DC	Dallas P&DC	Fort Worth P&DC	Austin P&DC	Miami P&DC	Royal Palm P&DC	West Palm Beach P&DC	Orlando P&DC	Mid Florida P&DC	Pensacola P&DC	Count of Each Type of Issue
Not directed to conduct MODS review.		X					X	X	X		X	X								6
Received inconsistent communications about MODS.	X						X	X	X		X	X	X	X	X	X	X			11
MODS personnel did not receive formal training on MODS.	X	X	X	X	X	X			X	X	X	X	X	X	X	X	X	X	X	17
MODS personnel learned about their responsibilities via trial/error, predecessor, or another employee.		X					X	X	X		X		X	X	X	X	X			10
MODS personnel were unfamiliar with the MODS Handbook.				X	X	X	X	X					X	X	X					8
Count of Issues at Each Facility	6	7	4	4	5	9	10	9	8	7	9	10	10	9	7	5	6	3	4	132

Appendix C: Management's Comments

ROBERT CINTRON
VICE PRESIDENT
NETWORK OPERATIONS



March 26, 2019

LORI LAU DILLARD
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Management Operating Data System Errors and Adjustments
(Report Number - CP-AR-19-DRAFT)

Thank you for providing the Postal Service with the opportunity to review and comment on the subject draft report.

Management agrees with the recommendations in the audit and will address each separately below.

Recommendation #1:

We recommend the Vice President, Network Operations, issue a memorandum to Area and Local Management Operating Data System (MODS) coordinators to reiterate the importance of (1) employees clocking into the correct operation numbers and (2) MODS personnel providing proper oversight of invalid and base operation numbers, (3) reviewing electronic badge reader presets, and (4) conducting MODS reviews.

Management Response/Action Plan:

Management agrees with this recommendation. The reiteration of communication to Area and Local management will increase accuracy and integrity of MODS data

Target Implementation Date:

June 28, 2019

Responsible Official:

Manager Processing Operations, Network Operations

475 L'ENFANT PLAZA SW RM 7011
WASHINGTON, DC 20260-7607
202 268-4379

Recommendation #2:

We recommend the Vice President, Network Operations, establish controls in electronic badge reader (EBR) software to require entry of an operation number for each employee badge swipe and direct Area Management Operating Data System coordinators to verify that all facilities have deactivated the base operation preset button on EBRs.

Management Response/Action Plan:

Management agrees to this recommendation. Processing Operations Management Order will be reissued to emphasize the deactivation of base operation preset buttons on all EBRs.

Target Implementation Date:

April 26, 2019

Responsible Official:

Manager Processing Operations, Network Operations

Recommendation #3:

We recommend the Vice President, Network Operations, direct Area Management Operating Data System (MODS) coordinators to track and monitor completion of MODS reviews and update the policy to reflect management's expectation on the frequency of the reviews.

Management Response/Action Plan:

Management agrees with this recommendation. When MODS coordinator closely monitor the completion of MODS reviews, we can ensure that each plant has properly follow the MODS policy. Furthermore, by setting expectation on the frequency of the review, we are able to ensure the review is consistently performed.

Target Implementation Date:

June 28, 2019

Responsible Official:

Manager Processing Operations, Network Operations

Recommendation #4:

We recommend the Vice President, Network Operations, develop a mechanism for improved communications among Headquarters, Area, and Local personnel on Management Operating Data System (MODS) requirements and updates, to include (1) a more centralized approach for information dissemination, (2) the development of a mandatory orientation program for new MODS coordinators,

and (3) annual MODS training for all Area and Local coordinators as well as facility employees and supervisors.

Management Response/Action Plan:

Management agrees with the recommendation. The more centralized approach for information dissemination, the mandatory training for new coordinators, and the annual training will ensure the system integrity and enhance knowledge and awareness for coordinator and field users.

Target Implementation Date:

September 27, 2019

Responsible Official:

Manager Processing Operations, Network Operations

Recommendation #5:

We recommend the Vice President, Network Operations, establish an official closing period for the Management Operating Data System (MODS) and develop controls in MODS to prevent workhour adjustments after the closeout period without required approvals.

Management Response/Action Plan:

Management agrees with the recommendation. By establishing control in MODS workhours adjustment by field user after closeout period, we will ensure timeliness and consistency of data in the system.

Target Implementation Date:

September 2019

Responsible Official:

Manager Processing Operations, Network Operations



Robert Cintron
Vice President, Network Operations

cc: Manager, Corporate Audit and response Management



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