



September 30, 2008

LYNN MALCOLM
VICE PRESIDENT, CONTROLLER

VICE PRESIDENTS, AREA OPERATIONS

SUBJECT: Audit Report – City Letter Carrier Operations Office Time Processes
(Report Number DR-AR-08-013)

This report presents the results of our nationwide audit of City Letter Carrier Operations Office Time Processes (Project Number 07XG041DR000). The report responds to a request from the Vice President, Delivery, to review the management of the Pre-Office and Morning (AM) Office city letter carrier operations time processes.¹ The objective was to determine whether U.S. Postal Service officials were effectively managing the Pre-Office and AM office badge control and clock processes to reduce operating costs. Click [here](#) to go to Appendix A for additional information about this audit.

Conclusion

Some city letter carriers clocked in before their scheduled tour of duty resulting in significant unauthorized overtime workhours. Without more effective supervisory controls, the Postal Service may lose an opportunity to reduce city letter carrier workhours.

Management of Pre-Office and Morning Office Processes

Some city letter carriers were clocking in before their tour of duty which resulted in unauthorized overtime projected at 177,540 workhours nationwide. This occurred because supervisors and managers did not always follow established procedures.

As a result, for city delivery operations, we estimated the Postal Service incurred unrecoverable questioned costs² in fiscal year (FY) 2007 of \$6,128,681. Likewise, we estimate Postal Service city delivery operations will incur unauthorized overtime workhours totaling 12,862,773 for early clock in, classified as funds put to better use,³

¹ This review is a value proposition agreement between the Vice President, Delivery, and the Delivery Directorate of the U.S. Postal Service Office of Inspector General (OIG).

² Unrecoverable questioned costs - Unrecoverable costs that are unnecessary, unreasonable, or an alleged violation of law or regulation.

³ Funds put to better use - Funds that could be used more efficiently by implementing recommended actions.

by the end FY 2009. Click [here](#) to go to Appendix B for our detailed analysis of this topic.

We recommend the Vice President, Controller:

1. Assess the feasibility of automating the badge control processes with the Electronic Badge Reader and Time and Attendance Collection System to prevent employees from clocking in before their official begin times.

Management's Comments

The Vice President, Controller, agreed with the finding and recommendation. Although management conducted an assessment and found that the recommendation was not feasible due to the technical limitations of the current Electronic Badge Reader (EBR) hardware, they provided two other viable options to satisfactorily address the recommendation. Further, management established additional reporting capability in the enterprise data warehouse in the Time and Attendance Reporting (TAR) project. This reporting capability provides two management tools: Tour Deviation and Unauthorized Overtime Reports. Finally, management stated they will create additional training materials on using TAR reports and reemphasize the importance of badge control with front-line supervisor and managers. Both of these initiatives will be completed by the end of October 2008. Management's comments, in their entirety, are included in [Appendix F](#).

Evaluation of Management's Comments

The U.S. Postal Service OIG considers management's comments responsive to the recommendation and management's corrective actions should resolve the issues identified in the report.

We recommend the Vice Presidents, Area Operations, direct district managers to:

2. Enforce supervisory oversight of the badge control and clock ring processes in all of their delivery units to control office hours.
3. Require delivery supervisors to adjust the scheduled begin times in the Delivery Operations Information System (DOIS) and the Time and Attendance Collection System (TACS) when carriers are directed to report earlier than their scheduled begin time.
4. Require delivery supervisors to record authorized overtime in the Delivery Operations Information System and the Time and Attendance Collection System in a timely manner to reduce the amount of unauthorized overtime recorded on the Time and Attendance Collection System, Unauthorized Overtime report.

Management's Comments

All nine areas of operations agreed with the finding and recommendation 2. These areas have subsequently issued or reissued Standard Operating Procedures (SOP) to reemphasize to the supervisors and managers the importance of supervisory oversight of the badge control and clock ring processes.

In response to recommendation 3, management in seven of the nine area offices incorporated instructions for adjusting scheduled begin times in DOIS and TACS in their issued or reissued SOPs or held conferences to train all supervisors on this issue. However, Northeast Area management disagreed with the finding and recommendation 3. They stated requiring these adjustments in both DOIS and TACS are redundant and not necessary, but agreed to reinforce adherence to the current timekeeping policy. Finally, the Western Area agreed, in part, with the finding and recommendation. They stated that since TACS maintains the base schedule for the employee, the schedule should only be modified when the employee requests a schedule change for his/her convenience. Management stated that differences between TACS and the employee schedule are monitored through the Tour Deviation report which was newly implemented as discussed above.

For recommendation 4, eight areas agreed with the finding and recommendation. Management in these areas issued or reissued SOPs to reemphasize to supervisors and managers the need for recording authorized overtime in DOIS and TACS in a timely manner. However, the Northeast Area disagreed with the finding and the recommendation, stating that requiring these adjustments in both DOIS and TACS is redundant and not necessary, but they will support an upgrade to DOIS that includes a direct feed from TACS to DOIS to record overtime authorization. In addition, they will reinforce adherence to the current time and attendance policy regarding overtime authorization which will satisfy the intent of the recommendation.

The Capital Metro, Great Lakes and Western Areas agreed with the potential monetary impact. The Eastern, New York Metro, Southeast and Southwest Areas stated they could not commit to the actual dollar amounts specified in the audit report. However, in subsequent discussions, these areas agreed in principle with the potential monetary impact and capturing savings through improved efficiencies as they implement the related recommendation. Finally, management in the Northeast and Pacific Areas neither agreed nor disagreed with the monetary impact, stating they would like an opportunity to review the data used to calculate the estimated monetary savings amounts.

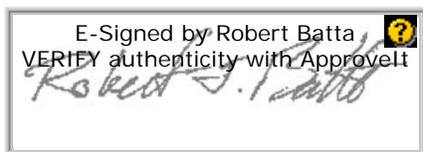
Evaluation of Management's Comments

The OIG considers management's comments responsive to the recommendations and management's corrective actions should resolve the issues identified in the report. However, we do not consider the Northeast and Pacific Areas' comments to be

responsive to the monetary impact. During the audit, we discussed the scope and methodology used to calculate the monetary impact nationwide and made management aware of the dollar amounts applicable at the area level. The methodology used was sound and reasonable in extracting and comparing data on the Tour Deviation and Unauthorized Overtime Reports from TACS to project unauthorized overtime hours attributed to early clock rings nationwide and at the area level. We will work with management to validate the monetary impact after issuance of the report.

The OIG considers recommendation 2 significant, and therefore requires OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. This recommendation should not be closed in the follow-up tracking system until the OIG provides written confirmation that the recommendation can be closed. We will report \$18,991,454 of funds put to better use in our *Semiannual Report to Congress*.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Rita F. Oliver, Director, Delivery, or me at (703) 248-2100.



E-Signed by Robert Batta
VERIFY authenticity with ApproveIt
Robert J. Batta

Robert J. Batta
Deputy Assistant Inspector General
for Mission Operations

Attachments

cc: Patrick R. Donahoe
William P. Galligan
Anthony M. Pajunas
Jordan M. Small
James W. Kiser
Katherine S. Banks

APPENDIX A: ADDITIONAL INFORMATION

BACKGROUND

To establish standard practices for managing all delivery functions, the Vice President, Delivery, issued a letter on September 30, 2005, stating that all delivery units will officially implement the SOP beginning in FY 2006. The Vice President disseminated the SOP as a requirement to assist delivery unit managers and supervisors in achieving the goal of using data from DOIS to make business decisions that affect matching workload with available resources, ensuring consistent time of day delivery (TODD), and making route adjustments. The SOP identifies key duties and responsibilities assigned to managers and supervisors for different periods of the workday: Pre-Office; AM⁴ Office; Street Management; and Afternoon (PM) Office.

The Pre-Office and AM Office periods are important in the delivery supervisor's preparation for the day's workload. These two periods include badge control and clock ring management, which provide an opportunity for the supervisor to eliminate early clocking in before scheduled duty times and idle (non-productive) time in the carriers' workday. Click [here](#) to go to Appendix D for additional information.

Badge control procedures require the managers and supervisors to control employees' access to time cards and badges through the locking and unlocking of the badge rack to make certain the employees clock in and out according to their assigned schedules. Early clocking in – prior to the scheduled begin time⁵ – by a city letter carrier can result in idle carrier time and additional workhours not supported by the workload.

DOIS provides the tools necessary to manage workhours to workload, while TACS provides additional tools to effectively manage the scheduled workhours and the complement necessary to perform the workload.⁶ Since a supervisor's decisions are often based on carrier availability and performance, timely timekeeping data is essential to running an efficient delivery unit. The creation of an automated interface⁷ between DOIS and TACS allows managers and supervisors to avoid the creation of timekeeping extracts and the manual loading of this information into DOIS.

For FY 2008, the Postal Service budgeted over 454 million workhours for Function 2B (City Delivery), which is 33.11 percent of the total 1.3 billion budgeted workhours. The Postal Service also included over 53 million overtime workhours in the FY 2008 budget,

⁴ Pre-Office processes include delivery supervisor duties performed prior to carriers' reporting time. AM Office includes delivery supervisor duties performed from carriers' reporting time until the carriers leave the office for street delivery.

⁵ The additional workhours affect the Percent to Standard and possibly the Percentage of Overtime.

⁶ TACS standardizes data collection and time and attendance nationally and provides improved security through a larger number of authorization levels for data access. Badge controls are built in to identify employees having multiple EBR badges, provide for instant deactivation of lost or terminated badges, and enable prior authorizations for future actions (e.g., higher-level work authorizations).

⁷ Supervisors will only have to make clock ring corrections once for both operational and financial errors, and these corrections are reflected in DOIS reports within 15 minutes. This allows the supervisor to have accurate reports to discuss the previous day's performance with employees.

which represents a national overtime percentage of 11.82 percent as illustrated below in Table 1.

Table 1 – FY 2008 City Delivery Budgeted Workhours and Overtime Hours			
Area	FY 2008 Budgeted Workhours	FY 2008 Budgeted Overtime	Percentage of Budgeted Overtime
New York Metro	47,684,127	5,300,493	11.12
Northeast	36,859,209	4,581,444	12.43
Eastern	53,884,747	7,135,878	13.24
Southeast	47,775,918	4,983,175	10.43
Western	67,397,654	6,785,518	10.07
Capital Metro	32,159,043	4,314,081	13.41
Pacific	67,714,918	8,696,314	12.84
Great Lakes	57,847,997	7,128,853	12.32
Southwest	43,673,405	4,849,402	11.10
National Total	454,997,018	53,775,158	11.82

Source: Postal Service FY 2008 Budget

The FY 2008 field budget identified an opportunity to reduce the budgeted workhours for Function 2B by over 4.7 million workhours at a savings of over \$177 million. According to the Postal Service, this reduction can be achieved with more effective control of office and street workhours and increased delivery point sequence volume.

OBJECTIVE, SCOPE AND METHODOLOGY

The objective was to determine whether Postal Service officials were effectively managing the Pre-Office and AM Office time processes to reduce operating costs. To accomplish our objective, we interviewed appropriate delivery managers in the nine area offices and the district offices and postal facilities within the Capital Metro Area⁸ to obtain information on the policies and procedures for matching workhours to workload, clocking in procedures, and badge control. We reviewed documentation and applicable policies and procedures regarding badge control and clock ring management. We visited postal facilities within the Capital Metro Area during the survey phase to conduct observations and interview managers and supervisors to obtain information on delivery operations workhour to workload management process, clocking in procedures, and badge control procedures.

We randomly selected 348⁹ district weeks¹⁰ from a universe of 4,160 possible district weeks in FY 2007. For each of the randomly selected district weeks, we extracted tour

⁸ During the audit survey, we conducted site visits at three district offices and four delivery units within the Capital Metro Area. During the audit fieldwork phase, we interviewed area delivery managers and obtained appropriate documentation for the other eight area offices.

⁹ We used 299 random weeks in the audit plus 49 weeks of data from our survey in the Capital Metro Area. This provided a universe of 348 random weeks out of 4,160 possible weeks.

¹⁰ A district week is the number of weeks in a year times the number of possible districts in a Postal Service area. For example: nationwide there are 80 districts, times 52 weeks, equals a universe of 4,160 district weeks.

deviation data and unauthorized overtime data from TACS. The data for the randomly selected 348 district weeks allowed analysis of all nine areas.¹¹ We performed calculations using the FY 2007 data to project potential cost savings through FY 2009. Click [here](#) to go to Appendix C for the calculation of unrecoverable questioned costs and funds put to better use.

We conducted this performance audit from September 2007 through September 2008 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 officials on August 22, 2008, and included their comments where appropriate. We relied on data obtained from Postal Service database systems. We did not directly audit the systems, but performed a limited data integrity review to support our data reliance.

PRIOR AUDIT COVERAGE

The OIG has issued two reports related to our objective.

Report Title	Report Number	Final Report Date	Monetary Impact
<i>Delivery and Retail Standard Operating Procedures – National Capping Report</i>	DR-MA-07-003	February 22, 2007	None
<i>City Letter Carrier Operations – National Capping Report</i>	DR-AR-06-004	March 31, 2006	\$7,061,060

The 2007 report summarized a series of nine area reports identifying opportunities to improve implementation of the Postal Service’s Delivery and Retail SOP. We did not make recommendations in this report that required management’s comments.

The 2006 report summarized opportunities to improve the management of city letter carrier operations in the Pacific and Great Lakes Areas. We did not make recommendations in this report that required management’s comments.

¹¹ Capital Metro Area data was obtained in a similar fashion during the audit survey. Seven random weeks were selected for each of the seven districts and the data obtained for a total of 49 district weeks. The Capital Metro Area data was included in the final audit calculations.

APPENDIX B: IMPROVEMENTS NEEDED IN THE MANAGEMENT OF PRE-OFFICE AND MORNING OFFICE PROCESSES

We found some city letter carriers were clocking in before their tour of duty which resulted in unauthorized overtime projected at 177,540 workhours nationwide.¹² (See Table 2.)

Table 2: Projection of Unauthorized Overtime Attributed to Early Clocking		
Area	Districts	FY 2007 Unauthorized Overtime Workhours Attributed to Early Clocking In
Capital Metro	7	21,602
Eastern	10	5,702
Great Lakes	9	22,185
New York Metro	7	8,676
Northeast	8	14,529
Pacific	8	39,977
Southeast	9	14,516
Southwest	8	41,078
Western	14	9,275
National Total	80	177,540

Source: OIG analysis of Tour Deviation and Unauthorized Overtime Reports

According to Handbook F-21, *Time and Attendance Manual*, supervisors are responsible for controlling employee access to time cards and badges; making certain the employees clock in and out according to their assigned schedules; and approving all daily clock rings. In addition, Handbook M-39, *Management of Delivery Services*, requires delivery managers to determine if carriers' reporting, leaving, returning, and ending times are consistent with established schedules.

The unauthorized overtime occurred because supervisors and managers:

- Left badge racks unlocked instead of keeping the racks locked until 5 minutes prior to carriers' arrival.
- Did not observe carriers as they clocked in during the AM Office period.
- Were busy with other administrative duties such as entering data into DOIS when the carriers began arriving and clocking in.

¹² According to area officials, early clocking in and the resulting cost for unauthorized overtime are problem areas for not only city delivery operations (Function 2B), but also for mail processing operations (Function 1) and retail operations (Function 4).

- Did not adjust carriers schedule begin times in DOIS and TACS.
- Did not always correct unauthorized overtime data in DOIS and TACS to reflect approved authorized overtime.

Discussions with area officials revealed that clocking in before the scheduled tour time is a problem. However, they indicated they continue to:

- Monitor and address this issue through the use of area policies and procedures distributed to the district offices and delivery units. For instance, the Southeast¹³ and Capital Metro Areas¹⁴ have issued specific directives to monitor overtime and early clock rings.
- Use various reports from DOIS and TACS including tour deviation, unauthorized overtime, clock ring error, and others to track the problem. For example, Western, Southwest, and Eastern Area officials have designed, and disseminate on a daily or weekly basis, a specialized report that provides tour deviations which result in unauthorized early begin times. These specialized reports track not only the city delivery operations (Function 2B), but also mail processing (Function 1) and retail (Function 4) early begin times. Collectively these three functions represent an even larger opportunity to reduce costs for the Postal Service.

In addition, according to several area officials, automating the clocking in process would take the burden off the delivery supervisors and prevent clock rings by employees which are outside their assignment¹⁵ or area of assignment.¹⁶ We agree that an automated system would prevent an employee from clocking in if the employee's scheduled begin time did not match the actual time the employee attempts to clock in. Supervisors most likely would have the ability to override the system in cases where the early clocking in is deemed necessary, either by making a change to the employee's schedule prior to the workday, or at the EBR at the time the employee is to clock in. This removes the supervisor as the control point for unauthorized clock rings.

As a result of the unauthorized clock rings, we estimated the Postal Service incurred city delivery unrecoverable questioned costs in FY 2007 of \$6,128,681, and will incur another \$12,862,773 in city delivery unauthorized overtime workhours by the end of FY 2009, which we will report as funds put to better use.

¹³ On May 11, 2007, Southeast Area officials issued a policy memorandum to the district managers to manage non-scheduled day overtime and early clock rings.

¹⁴ On January 7, 2008, Capital Metro Area officials issued a policy memorandum on the subject of "Creeping Overtime." This memorandum directed managers and supervisors to review their operations to ensure that employees are maintaining their assigned schedules.

¹⁵ A duty assignment is a set of duties and responsibilities within recognized positions regularly scheduled during specific hours of duty.

¹⁶ Functional assignment area is a designated work location(s), or a part of a designated work location(s), within a center, or within a service center, branch, section, or group within a center.

APPENDIX C: OIG CALCULATION OF UNRECOVERABLE QUESTIONED COSTS AND FUNDS PUT TO BETTER USE

The OIG identified \$6,128,681 in unrecoverable questioned costs nationwide for FY 2007 for unauthorized overtime workhours attributed to early clock rings. We estimated \$12,862,773 in funds put to better use for the nation for FYs 2008 and 2009 for unauthorized overtime workhours attributed to early clock rings.

When taken on a nationwide basis, this audit showed a total of 254,694 unauthorized overtime workhours for FY 2007. Using this number, we estimated an impact of over \$27 million by the end FY 2009. However, due to the Postal Service's organizational structure requiring each area to manage its own field budget, we used statistical methods which allowed us to estimate the monetary impact for each individual area. The sum of the monetary impact for each individual area resulted in a lower amount of \$18,991,454, which we used as the monetary impact indicated below.

Table 3. Monetary Impact by Area

Area	Estimated FY 2007 Unauthorized Overtime Hours Attributable to Early Clocking In	Questioned Unrecoverable Cost FY 2007	Funds Put to Better Use FY 2008	Funds Put to Better Use FY 2009	Total Monetary Impact
Capital Metro	21,602	\$745,701	\$765,143	\$799,922	\$2,310,766
Eastern	5,702	196,833	201,965	211,145	609,943
Great Lakes	22,185	765,826	785,793	821,511	2,373,129
New York Metro	8,676	299,496	307,304	321,272	928,072
Northeast	14,529	501,541	514,617	538,009	1,554,167
Pacific	39,977	1,380,006	1,415,985	1,480,348	4,276,340
Southeast	14,516	501,092	514,157	537,527	1,552,777
Southwest	41,078	1,418,013	1,454,983	1,521,118	4,394,114
Western	9,275	320,173	328,521	343,453	992,147
National Total	177,540	\$6,128,681	\$6,288,467	\$6,574,306	\$18,991,454

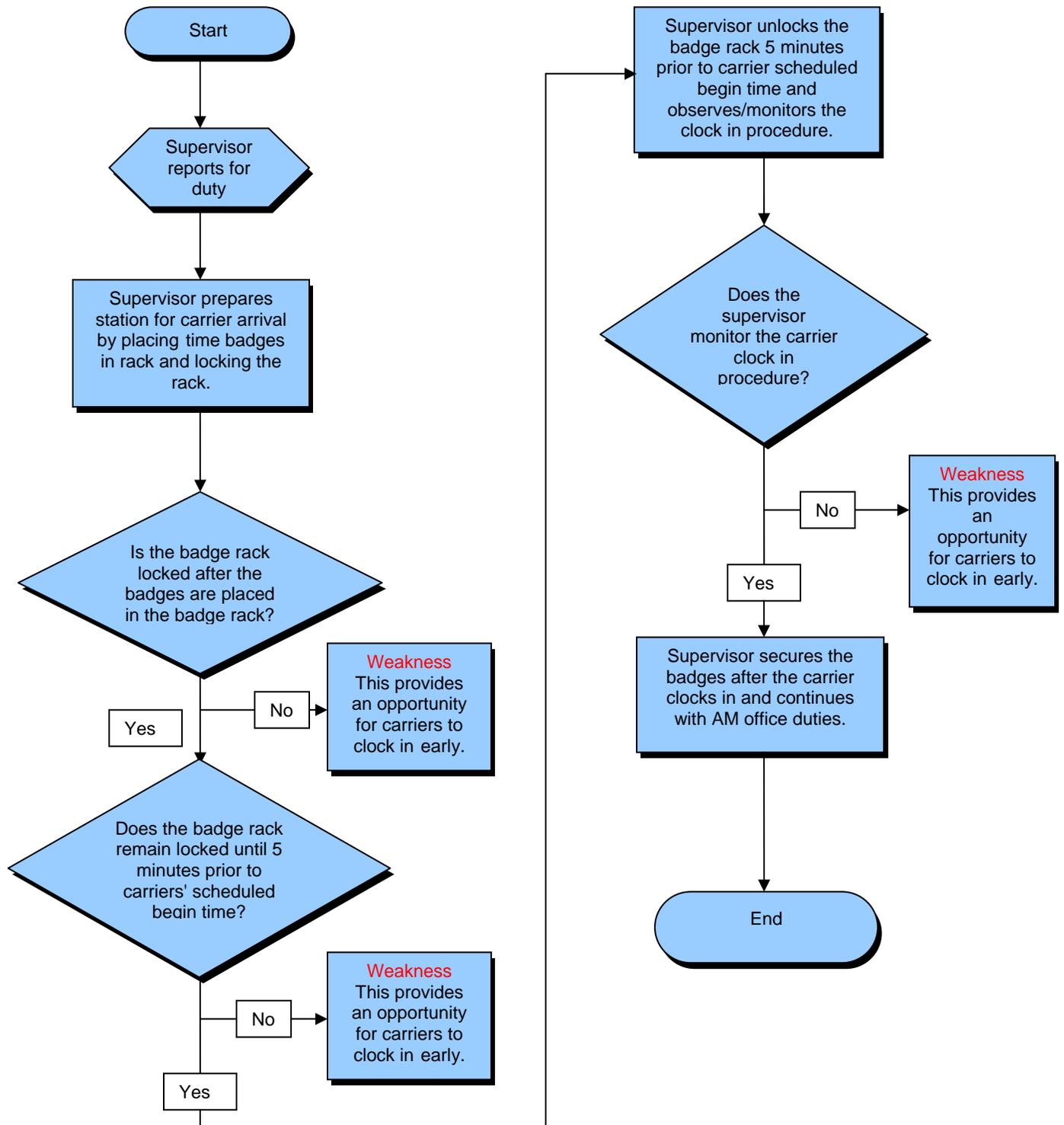
Source: OIG calculations performed on the results of the Precision Analysis of Post Stratified Appraisal for All Areas

Notes:

- We based the estimated FY 2007 overtime workhours on analysis using TACS data, ACL software, and RAT-STATS software.
- We calculated the unrecoverable questioned costs using the estimated workhours multiplied by the city letter carrier level 2 annual rate for FY 2007.
- We calculated the funds put to better use for FY 2008 using the city letter carrier level 2 annual rate for FY 2008.

- We calculated the funds put to better use for FY 2009 by using the city letter carrier level 2 annual rate for FY 2009.
- The escalation factor from FYs 2007 to 2008 is 60 cents.
- The escalation factor from FYs 2008 to 2009 is \$1.07 based on the Postal Service's National Average Labor Rates Table, FY 2007 Actual and FYs 2008 and 2009 Projections.

**APPENDIX D: FLOW CHART OF BADGE CONTROL
AND CLOCK RING MANAGEMENT**



APPENDIX F: MANAGEMENT'S COMMENTS

LYNN MALCOLM
VICE PRESIDENT, CONTROLLER



September 24, 2008

LUCINE WILLIS
DIRECTOR, AUDIT OPERATIONS

SUBJECT: City Letter Carrier Operations Office Time Processes
(Report Number DR-AR-08-DRAFT)

Management agrees that some city letter carriers were clocking in before their tour of duty which resulted in unauthorized overtime because some of the supervisors and managers did not always follow established procedures.

Recommendation 1:

Assess the feasibility of automating the badge control processes with the Electronic Badge Reader and Time and Attendance Collection System to prevent employees from clocking in before their official begin times.

Response

Management agrees with the recommendation to assess the feasibility of automating the badge control process by adding schedule checking intelligence into the electronic badge reader (EBR) or by transmitting the employee clock rings to the TACS database for schedule verification. However, we have done the assessment and found that the recommendation is not feasible due to technical limitations of the current EBR hardware.

There are two approaches (options) to accomplish the audit recommendation:

1. Download and track employee schedules on the timeclock devices.
2. Query the centralized TACS databases for schedules at the point in time of employee badge swiping.

Option one would require a complete replacement of all 23,000 timeclock devices with a new device in order to hold the employee schedules. The two current types of timeclock devices in service do not have enough memory to accommodate on-line downloaded schedules. A complete replacement is estimated at \$40 - \$50 million (23,000 x \$2,000 for new devices and approximately \$7 million in development and training). Option two would be conceptually viable on the new "Hyper" electronic badge reader time clocks yet not possible on the legacy time clocks. The legacy time clocks do not have communications capabilities to query any external sources. The current ratio of legacy devices to hyper clocks is 12,500 legacy devices (54 percent) to 9,500 hyper devices (46 percent). The rollout of the new clocks will not be completed until the end of fiscal year 2012 and if funding levels could be attained to buy more devices than

475 L'ENFANT PLAZA SW RIM 8011
WASHINGTON DC 20260-5200
202-268-4177
FAX: 202-268-6934
WWW.USPS.COM

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the current schedule, the supplier would need a minimum of 2.5 years to supply the remaining 12,500 devices. There are also process concerns with the network latency delays that would also be introduced in a real-time query scenario that could impact employee's abilities to timely swipe a badge at the device. Notwithstanding the system's current inability to address early clocking in, we believe the existing software management tools in place are sufficient to effectively and efficiently manage clocking activity, therefore no additional enhancements are recommended or needed.

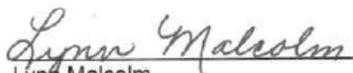
The existing provisions in TACS for tour deviation warning messages is available on-line, real-time, on-demand reporting in the following forms to provide the required management capabilities:

1. Clock Ring Editor Module (TAC800F0)
2. Clock Ring Error Report - Error Level: Detailed Reporting (TAC800R1)
3. Tour Deviations Report (TAC800R8)
4. Employee Everything Report (TAC500R3)

We have recently rolled out additional reporting capability in the enterprise data warehouse in the Time and Attendance Reporting (TAR) project. There are two management tools which specifically address the findings presented in this audit: the Tour Deviation Report and the Unauthorized Overtime Report, therefore we believe there are existing tools in place to mitigate the situation your audit describes.

We will however, create additional training materials for supervisors and managers to use the new TAR reports, and we will reemphasize the importance of badge control with front-line supervisors. Both of these activities will be completed by the end of October 2008.

This report and management's response do not contain information that may be exempt from disclosure under the FOIA.


Lynn Malcolm
Vice President, Controller

cc: Kathy Banks, Manager CARM

JO ANN FEINDT
VICE PRESIDENT, GREAT LAKES AREA OPERATIONS



September 24, 2008

District Managers
Great Lakes Area

SUBJECT: OIG Audit Report-City letter Carrier Operations Office Time Processes

The Office of Inspector General (OIG) recently completed a nationwide performance audit as referenced above.

The objective of this audit was to determine whether USPS management was effectively managing the Pre-Office and AM Office badge control and clock ring processes within the established Standard Operating Procedures (SOP).

Utilizing USPS databases to perform this audit over the previous 12 month period, specific data relative to both tour deviation and unauthorized overtime was randomly selected for all districts as the focus for this analysis.

The related findings from this audit support the fact that opportunities exist to improve the management of Pre-Office and AM Office processes within the field units.

The most prevalent support data from these results were the amount of unauthorized overtime reported. The major contributing factor identified was the fact that carriers were clocking-in before their scheduled time. Further conclusions indicated that in many cases, unauthorized overtime occurrences were a direct result from badge readers being unlocked outside of the 5 minute carrier arrival, lack of clock-in procedure supervision, revised carrier begin times not adjusted in DOIS and TACS and the failure to authorize overtime as approved if warranted in DOIS/TACS. It is apparent from this review that a renewed emphasis is needed within the delivery units premised in minimizing unauthorized overtime and eliminating the unjustified costs currently being incurred as a result of SOP non-compliance.

To that end, effective FY 09, the Great Lakes Area is establishing a TACS and DOIS Control Process Log (sample attached). This log requires the delivery unit supervisor/manager, on a daily basis, to generate, review and make any necessary correction(s) for each control process element. Accountability and SOP process compliance is to be documented by requiring the respective supervisor/manager initials

244 KNOLLWOOD DRIVE FLOOR 4
BLOOMINGDALE, IL 60117-1000
630/539-5858
FAX: 630/539-7171

for each control component on each service day. This directive is to be disseminated to all DOIS delivery units and placed into practice no later than October 31, 2008. It is further requested that a narrative be sent to the Area Manager, Delivery Programs Support confirming this log is in effect.

Please be advised this log is to be maintained locally and should be made available if requested by this office as support documentation and confirmation to the OIG that supervisory oversight of badge control and clock ring processes are being enforced.

Should you have any questions or require additional information, please call Mark Rosenwinkel, Manager Delivery Programs Support at 630-539-5335.


for Ann Feindt

cc: Jacqueline Krage
Mark Rosenwinkel

VICE PRESIDENT
CAPITAL METRO AREA OPERATIONS



September 25, 2008

LUCINE M. WILLIS
DIRECTOR, AUDIT OPERATIONS

SUBJECT: City Letter Carrier Operations Office Time Processes
(Report Number DR-AR-08)

The Capital Metro Area has reviewed the subject Draft Audit Report and concurs with the general findings and recommendations of the OIG audit team.

Recommendation 1 - Enforce supervisory oversight of the badge control and clock ring processes in all of their delivery units to control office hours.

Response

All district offices will be required to reissue the Standard Operating Procedures for Badge Control. This Standard Operating Procedure identifies activities to be performed by employees and management to ensure visibility is given to the clocking-in process. The Finance Control department will conduct several SOX, Payroll and Sick Leave reviews in FY09, all ensuring compliance with this recommendation. The Operations Programs Support department will be reviewing these processes during operational reviews to ensure compliance. Instructions to the field will be certified by October 10.

Recommendation 2 - Require delivery supervisors and postmasters/managers to adjust the scheduled begin times in Delivery Operations Information System (DOIS) and Time and Attendance Collection System (TACS) when carriers are directed to report earlier than their scheduled begin time. The planned completion date will be September 26.

Response

All district offices will be required to reissue the Standard Operating Procedures for Authorizing Overtime in City Carrier Units. This Standard Operating Procedure identifies the method used to determine if overtime is needed, alternatives available to prevent the use of overtime, and procedures that must be implemented if/when overtime is authorized. The Operations Programs Support department will be reviewing these processes during operational reviews to ensure compliance.

MAILING ADDRESS
16501 SHADY GROVE ROAD
GAITHERSBURG, MD 20898-9998
301 548-1410
FAX: 301 548-1434

PHYSICAL ADDRESS:
6 MONTGOMERY VILLAGE AVENUE
SUITE 655
GAITHERSBURG, MD

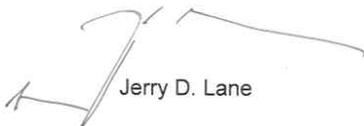
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Recommendation 3 - Require delivery supervisors and postmasters/managers to record authorized overtime in DOIS and TACS in a timely manner to reduce the amount of unauthorized overtime recorded on the Time and Attendance Collection System Unauthorized Overtime Report.

Response

The Capital Metro Area Office will require all districts' Operation managers and managers of Finance to continue to work jointly on addressing employee's daily out-of-schedule clock rings and begin tour deviations. This report is currently being generated daily by the district finance office and sent to the operations managers for action. The Operations Programs Support department will be reviewing these processes during operational reviews to ensure compliance. The planned completion date will be September 26.

If you have any questions or require further information, please contact Joseph A. Martin, Manager Delivery Programs Support at 301-548-1418.



Jerry D. Lane

cc: Jeffrey Becker, Manager Operations Support, Capital Metro Area Operations
Joseph A. Martin, Manager Delivery Programs Support, Capital Metro Area Operations

ELLIS A. BURGOYNE
VICE PRESIDENT, SOUTHWEST AREA OPERATIONS



September 23, 2008

LUCINE WILLIS
DIRECTOR, AUDIT OPERATIONS

SUBJECT: City Letter Carrier Operations Office Time Processes
(Report Number DR-AR-08 DRAFT)

The Southwest Area is submitting the following response to the OIG Audit City Letter Carrier Operations Office Time Processes.

The Southwest Area disagrees with the monetary impact associated with unauthorized overtime workhours attributed to early clocking in. The Southwest Area periodically reviews tour deviations changes which result in unauthorized early begin times. A recent review of Week 42 unauthorized early begin tours for full time City Carriers had 350 occurrences which is less than .5% of a potential 71,304 occurrences.

The City Letter Carrier Operations Office Time Processes Report states the following:

The unauthorized overtime occurred because supervisors and managers:

- Did not adjust carriers schedule begin times in Delivery Operations Information System (DOIS), and Time and Attendance Collection System (TACS).
- Did not always correct unauthorized overtime data in DOIS and TACS to reflect approved unauthorized overtime.

Based on the OIG observations, unauthorized overtime in DOIS and TACS is not necessarily unauthorized by the supervisors. The failure of supervisors to adjust schedule begin times or approve overtime in DOIS and TACS should not be allocated as a workhour savings. These observations should mitigate the 41,078 workhour projection listed for the Southwest Area.

Recommendation #2:

Enforce supervisory oversight of the badge control and clock ring processes in all of their delivery units to control office hours.

PO Box 224748
DALLAS TX 75222-4748
214-819-8650
FAX: 214-905-9227

-2-

Activity to Date

The Southwest Area established Critical Process Audits which began in each SWA District office EAS-20 and above (1,025 sites) on March 1, 2008. Critical Process was established to systematically standardize our processes to increase performance predictability and improve results. The Critical Process includes self, district, and area audits. The audit includes four questions on badge control:

- Are timecards/badges secured?
- Are badge racks unlocked five minutes before the reporting time of the first employee?
- Are badges of off-duty employees removed from the badge rack?
- Are badge racks locked five minutes after reporting time of the last employee?

Self-audits have been completed in 1,002 units. District audits have been completed in 771 units. Area audits have been completed in 156 units with 66 sites receiving certification (achievement of 90%). The target completion date of district audits is March 31, 2009.

Customer Service Supervisor Flowcharts (see attached) utilized in the field include daily responsibilities on badge control and monitoring of carrier clock-in duties.

Recommendation #3:

Require delivery supervisors to adjust the scheduled begin times in DOIS and TACS when carriers are directed to report earlier than their scheduled begin time.

Activity to Date

The Southwest has conducted Delivery Conferences to train all Supervisors, Customer Service. The training addressed daily AM activities for delivery supervisors including the responsibility of adjusting scheduled begin times in DOIS and TACS when carriers are directed to report earlier than their scheduled begin time. The Southwest Area will continue to conduct on-sites audits to verify compliance.

Recommendation #4:

Require delivery supervisors to record authorized overtime in DOIS and TACS in a timely manner to reduce the amount of unauthorized overtime recorded on the Time and Attendance Collection System Unauthorized Overtime Report.

Activity to Date

As stated in the response to Recommendation #2; the following question in the Critical Process Audit will address the supervisor's responsibility with authorizing overtime in DOIS and TACS systems timely.

- Is the approved overtime authorized in TACS for the current day?

-3-

Please contact Stan Sowell, Manager Delivery Programs Support, at (214) 819-8680 for any questions.


Ellis A. Burgoyne

Attachment

cc: Manager, Operations Program Support
Manager, Finance
Manager, Delivery Programs Support

Supervisor Flow Chart

Each day should be initialed by the supervisor performing the task

Initial Date

Typically between 4:00 and 6:00 AM, may vary depending on IOP		Initial	Date
First Dispatch Duties	Record volume on first dispatch by trip and compare to IOP (supv or designee)		
	Ensure mail is properly color-coded		
	Check for potential auto-compatible mail for backflow to Plant		
	Conduct sweep of facility to ensure prior days mail was delivered and dispatched.		
	Check eRMS for sick calls and fill vacancies as needed.		
	For carrier vacancies, make sure new assignments are made in DOIS		
	Communicate with each clerk and set daily expectations		
	Log into DOIS to allow for EOR downloads		
	Review and correct all clock-ring errors in TACS and/or DOIS		
	Review and document any unauthorized OT for discussion with employees		
	Entries must be recorded on PS Forms 1017b or 1017a		
	Review Penalty OT Report		
	Review and prepare control forms from previous day to discuss with carriers		
	Route Carrier Daily Performance		
	PS Form 1813		
	MSP Exception Reports		
	PS Form 3996s		
	PS Forms 1017b and 1017a		
	PS Form 3972		
	AVUS		
4240 if applicable			
Verify that all available mail from first dispatch is properly staged at carrier cases			
Measure and enter all linear mail into the DCD (using measuring device)			
Log in to Web ADVANCE and notate mailings as necessary			
Download DCD volumes into DOIS and roll in any curtailed mail from previous day			
Verify EOR downloads into DOIS			
Print and review the Workload Status Report.			
Conduct periodic reviews of the Distrib. and Box section to ensure clerks are meeting expectations			
This will be done throughout the AM and PM			
All first dispatch tasks completed prior to second dispatch			

Typically between 6:00 and 7:00 AM, may vary depending on IOP		Initial	Date
Second Dispatch Duties	Record volume on second dispatch by trip and compare to IOP		
	Modify clerk staffing as necessary to achieve service goals		
	Hot Case and PO Box		
	Verify that all available mail from second dispatch is properly staged at carrier cases		
	Measure and enter all linear mail into the DCD (using measuring device)		
	Download DCD volumes into DOIS		
	Print and review the Workload Status Report.		
	Identify opportunities to capture undertime and minimize OT (assign pivots)		
	Based on workload projections prepare carrier expectations		
	All second dispatch tasks completed prior to final dispatch		

This is a generic list of critical tasks and it not meant to be all inclusive.

Supervisor Flow Chart

Each day should be initialed by the supervisor performing the task

Initial Date

Typically between 7:00 and 9:30 AM, may vary depending on IOP			
Carrier AM Operation	Unlock EBR badges 5 minutes in advance of first carrier reporting.	<input type="checkbox"/>	<input type="checkbox"/>
	Monitor carrier clock-in procedures	<input type="checkbox"/>	<input type="checkbox"/>
	Observe vehicle inspections	<input type="checkbox"/>	<input type="checkbox"/>
	Convey individual carrier expectations based on the latest Workload Status Report	<input type="checkbox"/>	<input type="checkbox"/>
	Using the control forms, hold individual discussions with carriers that did not meet expectations. Where required, document carrier comments on control form	<input type="checkbox"/>	<input type="checkbox"/>
	Monitor carrier withdrawals	<input type="checkbox"/>	<input type="checkbox"/>
	Ensure that carriers are following the City Carrier Flowchart	<input type="checkbox"/>	<input type="checkbox"/>
	Perform mid-morning office performance checks.	<input type="checkbox"/>	<input type="checkbox"/>
	Log into MyPO and address all outstanding issues	<input type="checkbox"/>	<input type="checkbox"/>
	Monitor carriers receiving accountables, ensure there is not a waiting line	<input type="checkbox"/>	<input type="checkbox"/>
	Review and address each PS Form 3996 request Ensure all 3996s are received prior to established cutoff time (within 30 mins of carrier reporting) Address in writing on the 3996 and discuss decision with individual carrier Curtail if possible to avoid OT	<input type="checkbox"/>	<input type="checkbox"/>

Typically between 7:00 and 9:30 AM, may vary depending on IOP			
Last Dispatch Duties	Record volume on last dispatch by trip and compare to IOP	<input type="checkbox"/>	<input type="checkbox"/>
	Measure and enter all reject/residual into the DCD	<input type="checkbox"/>	<input type="checkbox"/>
	Download DCD volumes into DOIS	<input type="checkbox"/>	<input type="checkbox"/>
	Modify clerk staffing as necessary to achieve service goals Hot Case and PO Box	<input type="checkbox"/>	<input type="checkbox"/>
	Ensure that mishrows are flowed back to the Hot Case	<input type="checkbox"/>	<input type="checkbox"/>
	Once Hot Case is finalized announce to carriers	<input type="checkbox"/>	<input type="checkbox"/>
	Print and review the Workload Status Report.	<input type="checkbox"/>	<input type="checkbox"/>
	Make final round determine if curtailment is needed	<input type="checkbox"/>	<input type="checkbox"/>
	Make final round and record any curtailed mail Properly measure and record any curtailed/delayed mail Ensure that PS Form 1571 is completed and attached	<input type="checkbox"/>	<input type="checkbox"/>
	Print and review the final Workload Status Report.	<input type="checkbox"/>	<input type="checkbox"/>
	Monitor carrier pull down and loading procedures Verify that all carriers pull the Hot Case on the way out	<input type="checkbox"/>	<input type="checkbox"/>
	Check carrier cases for sleepers and committed mail	<input type="checkbox"/>	<input type="checkbox"/>

This is a generic list of critical tasks and it not meant to be all inclusive.

Supervisor Flow Chart

Each day should be initialed by the supervisor performing the task

Initial Date

Typically between 9:00 and 11:30 AM			
AM Wrap-Up	Conduct periodic reviews of the Distrib. and Box section to ensure clerks are meeting expectations If necessary shift clerks to box section to meet up-time		
	Review and document performance related issues in Customer Service from AM.		
	Report all mail conditions in CSDRS by 10:30 AM		
	Monitor window operation and WTIL (lobby sweeps)		
	Assign and monitor clerk allied duties		
	Ensure housekeeping performed in carrier operation		
Typically between 11:00 and 2:30 PM			
Mid-Day Duties	Perform street management Conduct driver observations using PS form 4584 Street reviews, partial and/or full PS Forms 3999 as per M-39 Document findings of street reviews for discussion with carriers		
	Record volume on PM dispatch(es) by trip and compare to IOP		
	Verify that all carrier-routed mail is properly staged at carrier cases for next day's delivery		
	Monitor window operation during lunch period for WTIL (lobby sweeps)		
	Report any change in mail conditions in CSDRS by 2:00 PM		
	Ensure clerks are scanning drop shipments and Parcel Returns		
	Verify all collection assignments have been scheduled		
	Typically between 2:30 and 4:30 PM		
Carrier Return	Monitor carriers returning and spot-check vehicle unloading procedures		
	Closely monitor PM office time to avoid creep OT/POT		
	Meet and greet each carrier Discuss 3M errors Ensure all deliveries were made		
	Monitor carriers checking in accountables		
	If rural carriers are allowed to EPM case, ensure they are working efficiently		
	Complete PS Form 4240 daily entries and verify next day's schedule		
	Verify that all collection points were collected Direct communication with collector and using CPMS		
	Secure EBR badges after last carrier has clocked off		
	Correct any clock-ring errors		

This is a generic list of critical tasks and it not meant to be all inclusive.

Supervisor Flow Chart

Each day should be initiated by the supervisor performing the task

Initial Date

Typically between 4:30 and 6:00 PM		Initial	Date
Close Out	Follow window closeout procedures		
	Outgoing dispatch prepared according to local SOP		
	Deposit secured in registered pouch		
	Inspect delivery and collection vehicles		
	Physically inspect all vehicles used for collections		
	Inspect random vehicles used for delivery (all vehicles if not secured within locked fence)		
	Final walk around to ensure no committed mail left in unit		
	Secure building		

This is a generic list of critical tasks and it not meant to be all inclusive.

MEGAN J. BRENNAN
VICE PRESIDENT, EASTERN AREA OPERATIONS



September 22, 2008

MEMORANDUM FOR Lucine M. Willis
Director, Audit Operations

SUBJECT: Draft Audit Report – Review of City Letter Carrier Operations Office Time Processes (Report Number DR-AR-08-DRAFT)

Below is the Eastern Area response to the nationwide audit of the City Letter Carrier Operations Office Time Processes (Project Number 07XG041DR000).

We agree with the OIG's conclusion that badge control and supervisory oversight of employee clock ring procedures need to be tightened. We disagree however, with the OIG's estimated monetary impact of \$609,843. At the exit conference, it was stated that the statistical model used to allocate costs to specific Areas was too sophisticated to share. Without being provided the details of that model it is impossible to concur with the OIG's calculations.

Recommendations and Responses

Recommendation 2:

Enforce supervisory oversight of the badge control and clock ring processes in all of their delivery units to control office workhours.

Response:

We concur with the OIG's recommendation that increased communication and enforcement of current badge control and clock ring policies would be beneficial. As a result, the badge control policy was redistributed to the Districts on September 22, 2008. That policy ensures that employee access to the badges is restricted to the employee's start time and supervised by management.

5315 CAMPBELLS RUN RD
PITTSBURGH PA 15277-7030
PHONE: 412-494-2531
FAX: 412-494-2542

Recommendation 3:

Require delivery supervisors to adjust the scheduled begin times in DOIS and TACS when carriers are directed to report earlier than their scheduled begin time.

Response:

We concur with the OIG's recommendation and as a result, the TACS/DOIS SOP was redistributed to the Districts on September 22, 2008 reemphasizing the need for compliance.

Recommendation 4:

Require delivery supervisors to record authorized overtime in DOIS and TACS in a timely manner to reduce the amount of unauthorized overtime recorded on the TACS Unauthorized Overtime report.

Response:

We concur with the OIG's recommendation. We are reemphasizing these procedures by producing a weekly report which shows carriers that have an actual start time which differs from their scheduled start time by .09 to .40 units. This report is shared with District management who then investigates and makes operational adjustments. In addition, Supervisors, Managers, and Postmasters are required to record any unauthorized or disallowed overtime on PS Forms 1017a and 1017b.

We have no Freedom of Information Act (FOIA) issues.



Megan Brennan

TIMOTHY C. HANEY
VICE PRESIDENT, AREA OPERATIONS
NORTHEAST AREA



September 25, 2008

LUCINE M. WILLIS, DIRECTOR, AUDIT OPERATIONS, USPS-OIG

SUBJECT: Draft Audit Report – City Letter Carrier Operations Office Time
Processes (Report Number DR-AR-08-DRAFT)

The Northeast Area thanks the audit team for their efforts in reviewing the City Letter Carrier Operations Office Time Processes (Project Number 07XG041DR000).

This provides the management response to the above referenced draft audit report. The report contained three recommendations specific to the Vice Presidents, Area Operations.

Recommendation #2

Direct District Managers within the Northeast Area to enforce supervisory oversight of the badge control and clock ring processes in all of their delivery units to control office hours.

Response

Management agrees with the recommendation.

The Northeast Area implemented an AMSOP Absolutes process in FY08. Part of this process is an SOP and requirement for daily badge control by the supervisor. The train the trainer session was held on April 23, and all districts in the Northeast Area completed end user training by mid-June. The SOP and Absolutes checklist are attached. In addition, management will send a memo to the District Managers under cover from the Northeast Area Vice President by October 15, 2008, re-enforcing the absolutes and requirement for badge control to ensure enforcement of supervisory oversight of the badge control and clock ring processes in all delivery units. The actions the Northeast Area has taken and continued focus on overtime usage will drive the required performance in badge control.

Recommendation #3

Direct District Managers within the Northeast Area to require delivery supervisors to adjust the scheduled begin times in Delivery Operations Information System and Time and Attendance Collection System when carriers are directed to report earlier than their begin time.

6 GRIFFIN ROAD NORTH
WINDSOR, CT 06006-7010
860-285-7040
FAX 860-285-1253

Response

Management disagrees with the recommendation.

The current National policy requires that changes to begin times be approved in TACS (Handbook F-21 Time and Attendance, Section 146, and Patrick Donahoe Time & Attendance Collection System Policy letter dated June 4, 2002). The Northeast Area feels that requiring these adjustments in both DOIS and TACS is redundant and not necessary. The Northeast Area will reinforce adherence to the current timekeeping policy.

Recommendation #4

Direct District Managers within the Northeast Area to require delivery supervisors to record authorized overtime in Delivery Operations Information System and Time and Attendance Collection System in a timely manner to reduce the amount of unauthorized overtime recorded on the Time and Attendance Collection System Unauthorized Overtime report.

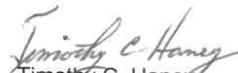
Response

The Northeast Area disagrees with the recommendation.

The current National policy requires that authorized overtime be approved in TACS (Handbook F-21 Time and Attendance, Section 231.5, and Patrick Donahoe Time & Attendance Collection System Policy letter dated June 4, 2002). Disallowed Time will be recorded on PS Forms 1017-A Time Disallowance Record and Unauthorized Overtime will be recorded 1017-B Unauthorized Overtime Record (F-21 Section 146).

The Northeast Area feels that requiring these adjustments in both DOIS and TACS is redundant and not necessary. The Northeast Area would support an upgrade to DOIS that includes a direct feed from TACS to DOIS to record overtime authorization. The Northeast Area will reinforce adherence to the current Postal Service time and attendance policy regarding overtime authorization.

We cannot determine if we agree or disagree with the Questioned Unrecoverable Costs and Funds Put to Better Use until we have had the opportunity to review the data used to calculate these amounts. We have requested the data used to calculate the estimated monetary impact for Questioned Unrecoverable Cost for FY07 and Funds Put to Better Use for FY08 and FY09. Once this data has been reviewed and analyzed we will determine if we are in agreement and forward you our decision.


Timothy C. Haney

Attachments

cc: Manager, Finance
Manager, Delivery Programs Support



Revised: March 24, 2008

Revision 1.0

**Standard Operating Procedure
"Employee Badge Control Management"**

Objective

The SOP outlines procedures and essential information relative to controlling access to employee badges to ensure employees make timely and accurate clock rings. Controlling employee badges will lead to more effective management of work hours.

PROCEDURE

Ensure that employee's badges are not accessible to employees until 5 minutes (8 units) prior to the scheduled start time and conversely, employee badges are not accessible to employees 5 minutes (8 units) after scheduled start time. Electronic Badge Readers (EBR) and badge racks should be located within easy view of supervisor.

Postmaster/Supervisor Responsibility

- Supervisor must post a badge card policy at the EBR so employees are aware of the policy and to reinforce their responsibility to report to work promptly as scheduled (per M-41, 112.2 Diligence and Promptness).
- Supervisor must post appropriate operation numbers so employees can ring to proper operation to reduce the number of clock ring errors that need to be corrected.
- Ensure badge racks are locked to prevent employee access to badges until 5 minutes (8 units) prior to scheduled start time. If locked racks are not available, supervisor must control badges and not give them to employees until 5 minutes (8 units) before scheduled start time.
- Supervisor must monitor clock in process to ensure employees do not take badges with them, that they have only one badge and that they do not use another employee's badge.
- Supervisor must lock badge rack or remove all unclaimed badges 5 minutes (8 units) after scheduled start time.
- Supervisor must ensure employees are ready to work upon clocking in.
- In the afternoon, supervisor will make badges available based on scheduled return times
- Supervisor monitor employee activities upon clocking back into the office.
- Supervisors need to ensure that employees end tour immediately upon completing required PM duties
- Supervisors need to ensure all badge cards are accounted for in badge rack at end of day and are secured until the next workday.

Employee Responsibility

- Employees are required to report to work promptly as scheduled.
- Employees are required to swipe their badge to begin their tour within 5 minutes of their scheduled begin time.
- Employees are responsible for using proper operation numbers per their assignment.
- Employees are required to be ready to start their assignment upon swiping their begin tour.
- Employees are required to maintain their schedule unless a supervisor authorizes a change.
- Employees are to end tour immediately upon completion of their PM required duties.

CUSTOMER SERVICES PM ABSOLUTES DAILY WORKSHEET

UNIT: _____	DATE: _____
-------------	-------------

PM ABSOLUTES CHECKLIST				
Superv. Initials	Actual Time	TASK	Ref.	ISSUES
		BACK DOOR MANAGEMENT COMPLETED	SOP	
		ROUTE BOOK / 1564a and 1564B Updated	SOP	
		EXFC CHECKLIST COMPLETED and ATTACHED	ATTACHMENT	
		STC SCANS VALIDATED	SOP	
		3M VERIFIED for LOCAL TURN AROUND	CHECKLIST	
		ALL MAIL AND MTE CLEARED FROM VEHICLES	CHECKLIST	
		CPMS CLEARED	CHECKLIST	
		ALL MAIL CLEARED FROM BUILDING	CHECKLIST	

PATRICK R. DONAHOE
CHIEF OPERATING OFFICER
AND EXECUTIVE VICE PRESIDENT



June 4, 2002

VICE PRESIDENTS, AREA OPERATIONS
MANAGER, CAPITAL METRO OPERATIONS

SUBJECT: Time & Attendance Collection System Policy

The Time & Attendance Collection System (TACS) replaces all existing timekeeping systems currently used in the collection of time and attendance data for all postal employees—Postal Source Data System (PSDS), Electronic Time Clock (ETC), Personal Computer City Time & Attendance Processing (PC-CTAPS), City Time & Attendance (CTAPS), and Rural Time Processing (RTAPS) will all be replaced. TACS allows the responsible supervisor to approve workhours, leave, and overtime through an on-line real time system. It eliminates redundancies and reduces paper from the process.

With the TACS deployment nearing completion, it is time to reemphasize the key policy issues.

1. It is the supervisor's responsibility to authorize employee time using the TACS application in all sites where it is available. Bargaining employees are not authorized to make corrections to clock rings; this includes group team leaders at REC sites. The authorization can only be delegated to a bargaining unit employee when that employee is detailed to a supervisory EAS position. The local site will determine what TACS access will be authorized for employees detailed to higher level supervisory EAS positions.
2. Supervisors must make corrections for the employees whom they supervise. One supervisor should not make corrections for the entire tour, station, branch, installation, etc., unless all employees report to that supervisor.
3. TACS Time and Attendance clerks and group leaders (in REC sites not associated with a TACS office) review reports to ensure that all employees have correctly submitted all time and attendance data. They ensure employees are in a "ready" status each week and take appropriate action when necessary.
4. The TACS Coordinator has the responsibility to ensure that each finance number/pay location has assigned the TACS authorization activities of that unit in accordance with this policy.

Please ensure that all employees within your area of responsibility adhere to this policy.

A handwritten signature in black ink, appearing to read "P. Donahoe", written over a printed name.

Patrick R. Donahoe

475 L'ENFANT PLAZA SW
WASHINGTON DC 20260-0080
www.usps.com

SYLVESTER BLACK
VICE PRESIDENT, WESTERN AREA OPERATIONS



September 22, 2008

LUCINE M. WILLIS
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Response to Draft Audit Report – City Letter Carrier Operations Office Time
Processes (Report Number DR-AR-08-DRAFT)

We have reviewed the above referenced report. We agree with the methodology and monetary impact for Western Area of \$992,147.

Recommendation #1: No field response is necessary for this recommendation.

Recommendation #2: The Vice President, Area Operations, direct District Managers to enforce supervisory oversight of the badge control and clock ring processes in all of their delivery units to control office hours.

Response: We agree with this recommendation and have distributed the attached Western Area SOP in response.

Recommendation #3: The Vice President, Area Operations, direct District Managers to require delivery supervisors to adjust the scheduled begin times in Delivery Operations Information System and Time and Attendance Collection System when carriers are directed to report earlier than their scheduled begin time.

Response: We agree with this recommendation, in part. However, the Time and Attendance Collection System maintains the base schedule for the employee. The schedule should only be modified when the employee has requested a schedule change for his/her convenience. When this occurs, the schedule is also changed in DOIS. All differences between TACS and the schedule the employee works are monitored through the Tour Deviation report.

Recommendation #4: The Vice President, Area Operations, direct District Managers to require delivery supervisors to record authorized overtime in Delivery Operations Information System and Time and Attendance Collection System in a timely manner to reduce the amount of unauthorized overtime recorded on the Time and Attendance Collection System Unauthorized Overtime report.

Response: We agree with this recommendation and have distributed the attached Western Area SOP in response.

We do not believe there is any Freedom of Information Act exempt information in the draft report or our response.

A handwritten signature in black ink, appearing to read "Sylvester Black".

Sylvester Black

cc: Steven J. Juhl
Gail M. Duba

Attachment

1745 STOUT STREET, SUITE 1000
DENVER CO 80299-5000
303-313-5100
FAX: 303-313-5102
WWW.USPS.COM

WESTERN AREA TIMEKEEPING SOP
SEPTEMBER 19, 2008

Accurate and consistent payroll practices provide managers reliable information for analysis and decision making. Paying employees correctly creates confidence in the system. The importance of a paycheck to each employee is not to be taken lightly. Diligent management of salary and benefit expenses is the job of every postmaster, manager and supervisor.

TACS Timeclock (EBR) Offices

- Postmasters, managers and supervisors must ensure an effective badge control process is in place to limit availability of badges to appropriate times. This includes timely racking, timely collecting, and accountability for badges at all times.
- Postmasters, managers and supervisors must monitor and correct employees' time on a daily basis.
- Errors must be corrected no later than 24 hours following the service day. It is generally more efficient to use the EBR for these activities.
- Offices using ERMS must ensure all leave is entered through ERMS to ensure accuracy of PS Forms 3972.
- Management must have an effective process to ensure leave entries for auto-ring employees are made.
- At the end of each week, postmasters, managers and supervisors must run the 'Time Cert – TCs Only' report in TACS to verify the accuracy of timekeeping for their employees.

TTACS (Timecard) Offices and RTACS (Rural TACS) Offices

- Weekly timecard entry must be completed by close of business Saturday following the end of the pay week.
- PS Forms 3972 must be completed for all leave taken.
- Rural timecard entry must be completed by 10 a.m. on Monday following the end of the pay period.

Schedule Changes

- Managers must ensure schedule changes requested by an employee for his/her convenience are supported by PS Form 3189 with required signatures.
- Managers must ensure all other schedule changes are made in accordance with the applicable National Agreement, Handbook F-401 and Handbook F-21.

Management of Overtime

- Determine the amount of overtime that is necessary and authorize in advance.
- Hours worked in excess of what was determined to be necessary is categorized as unauthorized.
- Unauthorized overtime remains designated as such in TACS, and PS Form 1017-B is completed. Unless the reason for excess overtime is considered valid, corrective action with the employee must follow as appropriate.

TERRY J. WILSON
VICE PRESIDENT, AREA OPERATIONS
SOUTHEAST AREA



September 19, 2008

LUCINE M. WILLIS
DIRECTOR, AUDIT OPERATIONS
OFFICE OF THE INSPECTOR GENERAL

SUBJECT: Review of City Letter Carrier Operations
Office Time Processes (Report #DR-AR-08-DRAFT)

The following is the response from the Southeast Area to the Review of City Letter Carrier Operations, Office Time Processes.

The report identified process issues with carriers clocking in early and supervisors not properly following established procedures. We agree with the findings of causes, although we do not agree with the potential savings. There is no clear-cut way to determine the actual associated cost, since not all unauthorized overtime is unwarranted or unneeded, yet it all falls in the same category. The findings of the review will be addressed and relative actions implemented to improve compliance. The Southeast Area will take specific actions in response to the following three recommendations:

2. **Enforce supervisory oversight of the badge control and clock ring processes in all of their delivery units to control office hours.**

Management Response: The Southeast Area Updated Badge Control Policy was reissued on September 2, 2008.

3. **Require delivery supervisors to adjust the scheduled begin times in Delivery Operations Information System and Time and Attendance Collection System when carriers are directed to report earlier than their scheduled begin times.**

Management Response: While the Southeast Area Badge Control Policy that was issued September 2, 2008, covers this recommendation, a letter will be issued by September 19, 2008, with specific instructions.

4. **Require delivery supervisors to record authorized overtime in Delivery Operations Information System and Time and Attendance Collection System in a timely manner to reduce the amount of unauthorized overtime recorded on the Time and Attendance Collection System Unauthorized Overtime report.**

Management Response: While the Southeast Area Badge Control Policy that was issued September 2, 2008, covers this recommendation, a follow-up letter was issued on September 18, 2008, with specific instructions.

We do not feel any part of this report is exempt from disclosure under the FOIA. If you have any questions regarding any of the management responses above, please contact Donnie Collins, Manager, Delivery Programs Support, at 901-747-7407.

A handwritten signature in black ink, appearing to read "Terry J. Wilson".

Terry J. Wilson

cc: Jordan Small
Southeast Area District Managers

225 N HUMPHREYS BLVD
MEMPHIS TN 38166-0100
901-747-7333
FAX: 901-747-7444

VICE PRESIDENT, AREA OPERATIONS
NEW YORK METRO AREA



September 25, 2008

LUCINE WILLIS
DIRECTOR, AUDIT OPERATIONS
OFFICE OF INSPECTOR GENERAL

SUBJECT: Transmittal of Draft Audit Report - City Letter Carrier Operations Office Time Processes
(Report Number DR-AR-08-DRAFT)

We have reviewed the above referenced report, including the four recommendations that address the control of Time and Attendance Collection System (TACS) Electronic Badge Readers (EBR).

We agree in principle with the potential savings and will commit to capturing savings through improved efficiencies. However, we cannot commit to the actual amount, though we will implement recommendations toward that goal.

We are in concurrence with the recommendations and will take the necessary steps to address those recommendations as follows:

RECOMMENDATION #2: Enforce supervisory oversight of the badge control and clock ring processes in all of their delivery units to control office hours.

Response: The New York Metro Area agrees with this recommendation. The Vice President, Area Operations, New York Metro Area, will direct District Managers to require all delivery units to establish EBR controls to ensure carriers do not clock in earlier than their scheduled reporting time (see attached memorandum).

RECOMMENDATION #3: Require delivery supervisors to adjust the scheduled begin times in Delivery Operations Information System (DOIS) and Time and Attendance Collection System when carriers are directed to report earlier than their scheduled begin time.

Response: The New York Metro Area agrees with this recommendation. The Vice President, Area Operations, New York Metro Area, will direct District Managers to require all delivery units to follow the TACS – DOIS Delivery Manager's – SOP on EBR control (see attached memorandum).

RECOMMENDATION #4: Require delivery supervisors to record authorized overtime in DOIS and TACS in a timely manner to reduce the amount of unauthorized overtime recorded on the TACS Unauthorized Overtime report.

Response: The New York Metro Area agrees with this recommendation. The Vice President, Area Operations, New York Metro Area, will direct District Managers to require all delivery units to follow the TACS – DOIS Delivery Manager's – SOP on EBR control (see attached memorandum).

We do not believe there is any Freedom of Information Act exempt information in the draft report or our response.


Steven J. Forte

Attachment

cc: J. Branco
C. Fede
audittracking@uspsog.gov
CARManager@USPS.GOV

142-02 20th Avenue, Room 318
Flushing, NY 11351-0001
718-321-5823
FAX: 718-321-7150

VICE PRESIDENT, AREA OPERATIONS
NEW YORK METRO AREA



September 25, 2008

DISTRICT MANAGERS

SUBJECT: Office of Inspector General (OIG) Audit Report
City Letter Carrier Operations Office Time Processes in the New York Metro Area

A recent OIG national audit of timekeeping irregularities for city letter carrier operations concluded that the New York Metro Area is lacking supervisory oversight of the badge control and clock ring processes at delivery units. Supervisors are not adjusting scheduled begin times when carriers are directed to report earlier than their scheduled begin times. Supervisors are not always recording authorized overtime in Delivery Operations Information System (DOIS) and Time and Attendance Collection System (TACS) in a timely manner.

The OIG audit revealed an opportunity for significant savings by following guidelines and Standard Operating Procedures (SOPs) already established. Specifically, employees must not be allowed to clock in prior to their scheduled starting times without prior authorization from their supervisor.

The attached SOP for TACS-DOIS Delivery Managers must be adhered to ensure accountability at the delivery units. Managers, Post Office Operations (POOMs), and Managers, Customer Service Operations (MCSOs), are responsible for assuring that these processes are effectively managed on a continuous basis. Postmasters and Managers, Customer Services, must comply with the requirements outlined in the SOP.

Upon receipt of this directive, District Managers have 30 days to provide this office with the methodology they will use to monitor compliance with the TACS-DOIS Delivery Manager's SOP and Electronic Badge Reader control at all delivery units.

Questions or concerns may be directed to Joseph Celentano 718-321-5778.



Steven J. Forte
Attachment

cc: Lucine Willis
J. Branco
C. Fede
T. Hayes
J. Celentano

m. D. V. L. V.
T. 10/26

142-02 20th Avenue, Room 318
Flushing, NY 11351-0001
718-321-5823
FAX: 718-321-7150

United States Postal Service TACS – DOIS Delivery Manager's - SOP

- 1.0 PURPOSE:** 1.1 The purpose is identify clock-ring errors and make appropriate corrections. Adherence to these procedures will insure that employee time is managed correctly and all work activities properly tracked within the correct function code.
- 2.0 SCOPE:** 2.1 This document will apply to all city delivery offices that are on TACS system.
- 3.0 RESPONSIBILITY:** 3.1 The Managers, Post Office Operations (MPOO) and Managers Customer Service Operations (MCSO) are responsible for assuring that this process is effectively managed on a continuous basis. Postmasters and Managers, Customer Services, must comply with the requirements outlined within this SOP.
- 4.0 DEFINITIONS:** MPOO Manager, Post Office Operations
MCSO Manager, Customer Service Operations
BT – Begin Tour
ET – End Tour
- 5.0 PROCEDURE:** 5.1 The following procedures are required daily for TACS operation
- 5.1.1 Log on to TACS
 - 5.1.2 Go to Clock Ring Reports Module
 - 5.1.2.1 Run Clock Ring Error Report. Review and make clock ring corrections as necessary.
 - 5.1.2.2 Run Unauthorized Overtime Report. Authorize overtime as necessary and document any unauthorized overtime on form 1017B.
 - 5.1.3 Go to Employee Report Module
 - 5.1.3.1 Run Employee Moves Report.
 - 5.1.3.2 Review Reports for accuracy. Watch for additional clock rings needed when pivoting. Also look for incorrect operation numbers, incorrect or no route numbers and moves that are not recorded properly.
 - 5.1.3.3 Make clock ring and operation corrections as needed.
 - 5.1.4 Go to Scheduled Reports Module
 - 5.1.4.1 Click on Hours Type Inquiry tab.
 - 5.1.4.2 Select proper day for report.
 - 5.1.4.3 Run codes 043, 052, 053, 056, 062. This report provides an overall look of workhours for previous day.
 - 043 – Penalty Overtime
 - 052 – Regular Workhours
 - 053 – Overtime
 - 056 - Sick Leave
 - 062 - Guaranteed Time
 - 5.1.5 Go to Finance Report Module
 - A. Print Station Summary Report. This report reflects all workhours, overtime, and sick leave hours credited to your employee.

9/25/2008

United States Postal Service
TACS – DOIS Delivery Manager's - SOP

- 5.1.6 Go to Clock Rings Report Module.
 - A. Print Tour Deviation report. This reflects any unscheduled clock rings, such as late/early BT's, late/early ET's

6.0 References: TACS User Manual

MICHAEL J. DALEY
VICE PRESIDENT, PACIFIC AREA OPERATIONS



September 25, 2008

LUCINE WILLIS
DIRECTOR, AUDIT OPERATIONS
USPS-OIG

SUBJECT: Draft Audit Report – City Letter Carrier Operations Office Time Processes
(Report Number DR-AR-08-DRAFT)

We can not determine at this time if we agree or disagree with the questioned 'Unrecoverable Costs and Funds Put to Better Use' until we have had the opportunity to review the data used to calculate these amounts. We have requested the data used to calculate the estimated monetary impact for 'Questioned Unrecoverable Cost for FY07 and Funds Put to Better Use for FY08 and FY09'. Once this data has been reviewed and analyzed we will determine if we are in agreement and forward you our decision.

This provides the management response to the above referenced draft audit report. The Pacific Area thanks the audit team for their efforts in reviewing the 'City Letter Carrier Operations Office Time Processes (Project Number 07XG041DR000)'. The report contained three recommendations specific to the Vice Presidents Area Operations.

Recommendation

Direct District Managers within the Pacific Area to enforce supervisory oversight of the badge control and clock ring processes in all of their delivery units to control office hours.

Response

Management agrees with the recommendation.

Management will send a memo to the District Managers by October 10, 2008, directing the enforcement of supervisory oversight on the badge control and clock ring processes in all delivery units to control office hours with the completion date of February 27, 2009.

Recommendation

Direct District Managers within the Pacific Area to require delivery supervisors to adjust the scheduled begin times in Delivery Operations Information System and Time and Attendance Collection System when carriers are directed to report earlier than their begin time

Response

Management agrees with the recommendation.

Management will include this recommendation in the memo to the District Managers by October 10, 2008, directing the requirement of delivery supervisors to adjust the scheduled begin times in

11255 RANCHO CARMEL DR
SAN DIEGO CA 92197-0100
858-674-3100
FAX: 858-674-3101
www.usps.com

Delivery Operations Information System and Time and Attendance Collection System when carriers are directed to report earlier than their begin time with the expected completion date of November 28, 2008.

Recommendation

Direct District Managers within the Pacific Area to require delivery supervisors to record authorized overtime in Delivery Operations Information System and Time and Attendance Collection System in a timely manner to reduce the amount of unauthorized overtime recorded on the Time and Attendance Collection System Unauthorized Overtime report.

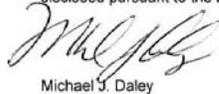
Response

Management agrees with the recommendation.

Management will include this recommendation in the memo to the District Managers within Pacific Area by October 10, 2008, directing the requirements of delivery supervisors to record authorized overtime in Delivery Operations Information System and Time and Attendance Collection System in a timely manner to reduce the amount of unauthorized overtime recorded on the Time and Attendance Collection System Unauthorized Overtime report with the expected completion date of November 28, 2008.

Pacific Area will utilize the Pacific Area Foundation System's (PAFS) compliance checklist process to follow up on the level of compliance to these requirements.

We do not believe that this report contains any proprietary or business information and may be disclosed pursuant to the Freedom of Information Act.



Michael J. Daley

cc: Drew T. Aliperto
Annette M. Goetz
David B. Stowe