



Office of Inspector General | United States Postal Service

Audit Report

Management of Vehicle Maintenance Facility Undistributed Labor - Capital Metro and Great Lakes Area

Report Number DR-AR-18-008 | July 3, 2018



Table of Contents

Cover	
Highlights.....	1
Objective	1
What the OIG Found	1
What the OIG Recommended.....	2
Transmittal Letter	3
Results.....	4
Introduction/Objective.....	4
Background	4
Finding #1: Ineffective Management Controls Over Undistributed Labor	4
Vehicle Maintenance Facilities Meeting the Performance Target.....	5
Vehicle Maintenance Facilities Exceeding the Performance Target	6
Vehicle Maintenance Facilities with Negative Performance	6
Tracking Work Order Workhours	7
Recommendation #1.....	8
Recommendation #2.....	8
Recommendation #3.....	8
Recommendation #4.....	8
Management’s Comments	9
Evaluation of Management’s Comments.....	9
Appendices	10
Appendix A: Additional Information	11
Scope and Methodology.....	11
Prior Audit Coverage	13
Appendix B: Capital Metro and Great Lakes Vehicle Maintenance Facilities	14
Appendix C: Management’s Comments	18
Contact Information	21

Highlights

Objective

Our objective was to assess the controls over the management of mechanic undistributed labor in the Capital Metro and Great Lakes Areas.

The Postal Service defines undistributed labor as mechanic and garagemen work order hours that are less than the actual paid hours. The target variance between these metrics is +/- 3 percent of work hours. Time above 3 percent indicates mechanics' work hours were not captured or identified on work orders. Time below 3 percent indicates mechanics are recording work order hours which exceed timecard hours, indicating mechanics are assigning excess work hours to work orders.

During fiscal year (FY) 2017, vehicle maintenance facilities (VMF) nationwide had a total of 227,765 hours of undistributed labor, representing 2.97 percent of total work hours. The Capital Metro Area fleet group had undistributed labor performance of .42 percent, and the Great Lakes Area fleet group had an undistributed labor performance rate of 3.67 percent. We selected these two areas for review because they represented the lowest and highest undistributed labor performance nationwide according to our Vehicle Maintenance risk model for FY 2017, Quarter 4. We judgmentally selected 12 out of 74 VMFs in the two areas to assess the controls over the management of mechanic undistributed labor.

What the OIG Found

Management controls over mechanic undistributed labor in the 12 selected Capital Metro and Great Lakes VMFs were not always effective to meet the performance target. Specifically:

- 5 of the 12 (42 percent) VMFs met the 3 percent undistributed labor performance target; however, timecard hours exceeded mechanic work order hours by over 3,100 hours.

- 4 of the 12 (33 percent) VMFs had an average undistributed labor performance of 10 percent, which exceeded the established 3 percent target.
- 3 of the 12 (25 percent) VMFs had an average undistributed labor performance of negative 5 percent, indicating work order hours exceeded time card hours.
- Additionally, mechanic work hours were not always recorded on the work orders timely.

These conditions occurred because:

- 4 of the 12 VMF managers were not aware of, or trained on, the use of tools such as the Postal Service Employee Roster and Undistributed Labor reports available in the Solution Enterprise Asset Management (SEAM) System to monitor undistributed labor.
- 4 of the 12 VMF managers were not trained to investigate, rectify, and address the causes of undistributed labor by correcting inaccurate labor lines, which are tasks entered by the mechanic for a repair; time clock entries; and employee designation and activity codes, as required.
- Postal Service policy does not direct managers to investigate undistributed labor below negative 3 percent.
- Mechanic tracking and recording of work hours was not consistent.

Ineffective management controls over repair and maintenance operations resulted in 62,194 unaccounted for mechanic/garagemen work order hours. Because of the unaccounted hours, we estimated the Great Lakes and Capital Metro areas VMFs incurred questioned costs of \$2,989,381.

What the OIG Recommended

We recommended management:

- Ensure managers are aware of and trained on SEAM processes, tools, and reports to improve monitoring and oversight of operations.
- Direct VMF managers to follow guidance in Handbook PO 701, Fleet Management, to rectify and address time charges to ensure timecards and work orders are accurate.
- Issue a directive to VMF managers to investigate, rectify, and address undistributed labor below negative 3 percent.
- Direct VMF managers to review and monitor the entering of work hours onto work orders to ensure hours are recorded accurately.

Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

July 3, 2018

MEMORANDUM FOR: Kevin L. McAdams
Vice President, Delivery Operations

A digital signature of Janet Sorensen, showing her name in a cursive font and a small icon of a document with a checkmark in the top right corner.

Janet Sorensen

FROM: Janet M. Sorensen
Deputy Assistant Inspector General
for Retail, Delivery, & Marketing

SUBJECT: Audit Report – Management of Vehicle Maintenance
Facility Undistributed Labor - Capital Metro and Great Lakes
Area (Report Number DR-AR-18-008)

This report presents the results of our audit of the Management of Vehicle Maintenance Facility Undistributed Labor - Capital Metro and Great Lakes Area (Project Number 18RG008DR000).

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 and Retail Operations, or me at 703-248-2100.

Attachment

cc: Corporate Audit Response Management
Postmaster General

Results

Introduction/Objective

This report presents the results of our self-initiated audit of the Management of Vehicle Maintenance Facility Undistributed Labor - Capital Metro and Great Lakes Area (Project Number 18RG008DR000).

Background

Vehicle maintenance facility (VMF) workload management procedures were developed to maintain vehicles in a mechanically reliable, safe, and clean condition and available for maximum mail delivery and transportation use. This must be accomplished within established requirements and in the most economical manner possible.

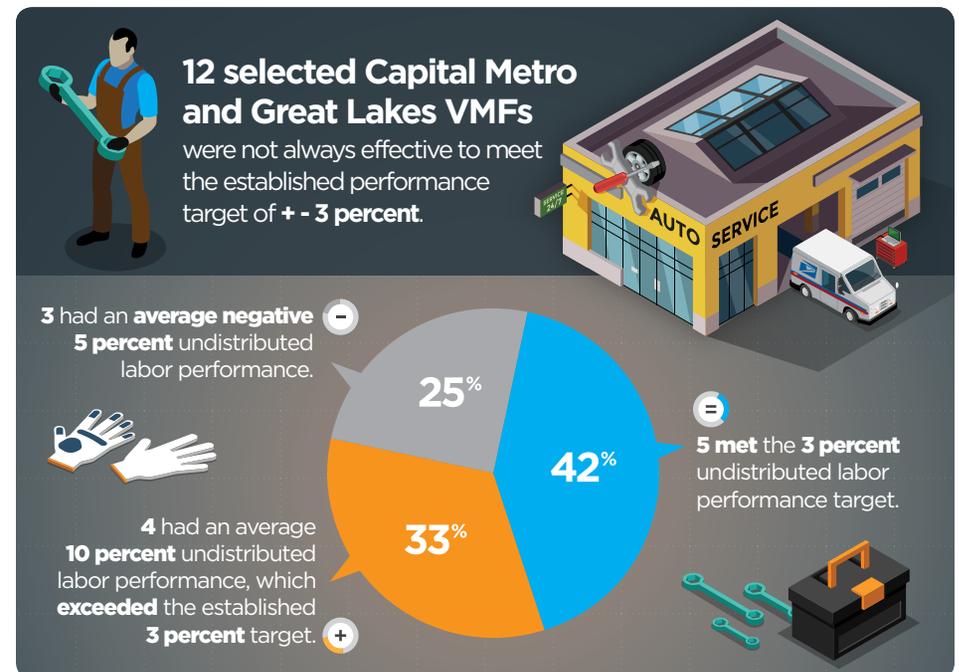
The U.S. Postal Service Office of Inspector General's (OIG) Vehicle Maintenance Performance Analysis Risk Information (PARIS) Model for fiscal year (FY) 2017, Quarter 4, ranked VMF undistributed labor nationally. Per Postal Operations Handbook 701, undistributed labor is caused when mechanic and garagemen work order hours are less than the actual paid hours.¹ The target variance between these metrics is +/- 3 percent of work hours. Time above 3 percent indicates mechanics' work hours were not captured or identified on work orders. Time below 3 percent indicates mechanics are recording work order hours which exceed timecard hours, indicating mechanics are assigning excess work hours to work orders. Excessive undistributed labor can be very costly because all hours are not accounted for on work orders. Therefore, supervisors and managers cannot verify that the hours charged by staff were for actual repair and maintenance work performed in facilities.

During FY 2017, the VMFs nationwide had a total of 227,765 hours of undistributed labor (2.97 percent), which is slightly below the criteria of 3 percent. Specifically, mechanics assigned 7,436,775 work hours to work orders and 7,664,540 work hours to time cards. The Capital Metro Area fleet group had undistributed labor performance of .42 percent. The Great Lakes Area fleet group had an undistributed labor performance of 3.67 percent. We selected the 12 of

74 VMFs in the Capital Metro and Great Lakes area for review based on the lowest and highest undistributed labor performance, respectively.

Finding #1: Ineffective Management Controls Over Undistributed Labor

Management controls over mechanic undistributed labor in the 12 selected Capital Metro and Great Lakes VMFs were not always effective to meet the established performance target of +/- 3 percent. Specifically, five of the 12 (42 percent) VMFs met the 3 percent undistributed labor performance target; however, timecard hours exceeded mechanic work order hours by over 3,100 hours. Four of the 12 (33 percent) VMFs had an average 10 percent undistributed labor performance, which exceeded the established 3 percent target. Three of the 12 (25 percent) VMFs had an average negative 5 percent undistributed labor performance. Additionally, mechanic work hours were not always recorded on the work orders timely.



¹ Handbook PO 701, Fleet Management, Section 445.23.

Vehicle Maintenance Facilities Meeting the Performance Target

Our analysis identified 5 of 12 (42 percent) VMFs that met the performance target (see Table 1).

Table 1. VMFs Meeting Undistributed Labor Performance Target

Fleet Management Group	VMF Name	Total Work Order Hours	Total Time Card Hours	Total Undistributed Hours	Percent Undistributed Hours
Great Lakes	Fort Wayne	10,269	10,483	214	2.04
Great Lakes	Milwaukee	65,326	66,633	1,306	1.96
Capital Metro	Charleston	18,226	18,297	71	0.39
Capital Metro	Norcross	17,014	17,055	41	0.24
Great Lakes	Indianapolis (Nora)	10,219	10,083	-136	-1.35
Grand Total		121,054	122,551	1,496	1%²

Source: OIG Analysis of Solution Enterprise Asset Management (SEAM) Data.

Further analysis of mechanics' work hours at these facilities showed their hours exceeded work order hours by 3,130 (see Table 2).

Table 2. Analysis of Mechanics' Undistributed Labor Hours

VMF	Total Mechanics	Total Mechanics Exceeding 3%	Percent Exceeding 3%	Work Order Hours	Time Card Hours	Total Undistributed Labor Hours ³	Undistributed Labor %
Fort Wayne	6	1	17%	1,757	1,995	238	12%
Milwaukee	44	16	36%	14,152	16,824	2,672	16%
Charleston	9	1	11%	1,894	1,970	76	4%
Indianapolis (Nora)	8	2	25%	487	529	42	8%
Norcross	8	1	13%	1,124	1,226	102	8%
Totals	75	21	28%	19,414	22,544	3,130	14%

Source: OIG Analysis of SEAM Data.

² Undistributed Labor percentage is calculated by taking the undistributed labor hours and dividing by the time card hours (1,496/122,551=1.22 percent).

³ The work hours are the total undistributed labor hours for the mechanics.

Vehicle Maintenance Facilities Exceeding the Performance Target

At four of the 12 (33 percent) VMFs, their undistributed labor performance target averaged 10 percent, which exceeded the 3 percent target (see Table 3). Our analysis showed time card work hours exceeded mechanic's work order hours by 12,307.

Table 3: VMFs Exceeding Undistributed Labor Performance Target

Fleet Management Group	VMF Name	Total Work Order Hours	Total Time Card Hours	Total Undistributed Hours ⁴	Percent Undistributed Hours
Great Lakes	Dearborn	23,504	29,640	6,136	20.70
Great Lakes	Chicago (Western Ave)	20,705	23,076	2,371	10.27
Capital Metro	Baltimore (Halethorpe)	12,843	13,839	997	7.20
Capital Metro	Washington	52,676	55,479	2,803	5.05
Grand Total		109,728	122,034	12,307	10%

Source: OIG Analysis of SEAM Data.

Vehicle Maintenance Facilities with Negative Performance

Furthermore, three of 12 (25 percent), VMFs had work order hours that exceeded time card hours, which averaged a negative 5 percent undistributed labor percent performance target (see Table 4).

“Three of 12 (25 percent), VMFs had work order hours that exceeded time card hours.”

Table 4. VMFs with Negative Undistributed Labor Performance Target

Fleet Management Group	VMF Name	Total Work Order Hours	Total Time Card Hours	Total Undistributed Hours ⁵	Percent Undistributed Hours
Great Lakes	Kalamazoo	16,394	15,773	-622	-3.94
Capital Metro	Richmond	46,880	44,881	-1,999	-4.45
Capital Metro	Capital Heights (LARGO2)	14,766	13,917	-849	-6.10
Grand Total		78,040	74,571	-3,470	-5%

Source: OIG Analysis of SEAM Data.

⁴ The work hours are the total undistributed labor hours for the VMF.

⁵ The work hours are the total undistributed labor hours for the VMF.

Additionally, further analysis at the five locations that met the performance target showed 13 of 75 (17 percent) mechanics had work order hours of 25,044 which exceeded time card work hours of 23,536 (see Table 5).

Table 5. Analysis of Mechanics Undistributed Labor Work Order Hours⁶

VMF	Total Mechanics	Total Mechanics Below - 3%	Percent Below - 3%	Work Order Hours	Time Card Hours	Total Undistributed Labor Hours ⁶	Undistributed Labor %
Fort Wayne	6	1	17%	1,920	1,863	-57	-3%
Milwaukee	44	9	20%	18,685	17,448	-1,237	-7%
Charleston	9	0	0%	0	0	0	0%
Indianapolis (Nora)	8	3	38%	4,439	4,225	-214	-5%
Norcross	8	0	0%	0	0	0	0%
Totals	75	13	17%	25,044	23,536	-1,508	-6%

Source: OIG Analysis of SEAM Data.

Tracking Work Order Workhours

Finally, mechanic work hours were not always recorded on the work orders timely. Workhours were tracked in various ways and input into SEAM at different times. We found some mechanics tracked repair times on logs and input the data into SEAM the same day or the next day; some mechanics relied on their memory and input repair times at the end of the day; and some input repair times as soon as repairs were completed. Per Handbook 701,⁷ the fleet manager must ensure on a weekly basis mechanic and garageman time is being recorded on work orders.

These conditions occurred because:

- Four of the 12 VMF managers were not aware of and trained on the use of the tools, such as, the Postal Service Employee Roster⁸ and Undistributed Labor report⁹ available in the SEAM System to monitor undistributed labor.
- Additionally, 4 of the 12 VMF managers were not trained to investigate, rectify, and address the causes of undistributed labor to correct inaccurate labor lines,¹⁰ time clock entries, and employee designation and activity codes¹¹ as required by Handbook, PO 701, Fleet Management.¹² At the four VMFs exceeding the target, one manager knew the undistributed

⁶ The work hours are the total undistributed labor hours for the mechanics.

⁷ Handbook PO 701, Fleet Management, Section 443.12.

⁸ The Employee Roster Report is used specifically to identify undistributed labor for all LDC 32 (mechanics and garagemen) employees and should be reviewed each month to identify gaps between work hours and work order hours.

⁹ The Undistributed Labor report located on the VMF dashboard in SEAM can be used to monitor work hours by a specific date.

¹⁰ Labor line time is created within a work order by the mechanic when they enter in the specific tasks and time to complete the repair. Then managers use this to monitor distribution of labor and for reporting. Specifically, when labor lines are entered incorrectly, a correction is required, and a negative time entry is used to cancel out the incorrect time previously completed.

¹¹ The VMF manager at one facility corrected the designation and activity code for one employee during the course of our audit.

¹² Handbook PO 701, Fleet Management, Section 445.23.

labor was excessive but did not investigate; two managers did not correct inaccurate time clock entries; and one manager stated they could not address undistributed labor due to shortage of supervisors to correct the problems due to turnover of supervisors on detail assignments. Managers also stated the +/- 3 percent target is used to gauge the effectiveness and efficiency of undistributed labor for each VMF, not the individual mechanics' performance. Although the undistributed labor performance target is measured at VMF level, management should review the individual mechanics' undistributed labor to manage operations and cost.

- Handbook PO 701, does not direct managers to investigate undistributed labor below negative 3 percent. Postal Service policy only requires managers to investigate undistributed labor above 3 percent.
- Mechanic tracking of work order work hours was not consistent. Managers are not reviewing work orders to ensure work hours are captured correctly and timely.

Handbook PO-701,¹³ requires management to investigate a figure above 3 percent and rectify and address the causes. An undistributed labor rate above 3 percent indicates that mechanics and/or garagemen are not recording their work hours onto work orders to coincide with recorded timecard hours. A rate below 3 percent indicates that mechanics and/or garagemen are recording work order hours more than timecard hours. Further, Negative Time Entry – Labor line time is used by managers to monitor distribution of labor and for reporting. When labor lines are entered incorrectly, a correction is required. A negative time entry is used to cancel out the incorrect time previously completed. Postal Service Handbook PO-701,¹⁴ states VMFs are to ensure compliance with headquarters policies and procedures. These duties include but are not limited to overseeing work hours. Finally, according to Handbook 701, the fleet manager must account on a weekly basis for all work orders, review mechanic and garageman recorded times, review excessive parts and repair costs, and review the summary of account codes.

Ineffective management controls over repair and maintenance operations resulted in 62,194 unaccounted for mechanic/garagemen work order hours. As a result of the unaccounted hours, we estimated the Great Lakes and Capital Metro areas VMFs incurred questioned costs of \$2,989,381.

Recommendation #1

We recommended the Manager, Fleet Management ensure managers are aware of and trained on Solution Enterprise Asset Management processes, tools, and reports to improve monitoring and oversight of operations, including correcting inaccurate labor lines, time clock entries or employee designation and activity codes to better manage undistributed labor hours in vehicle maintenance facilities.

Recommendation #2

We recommended the Manager, Fleet Management direct vehicle maintenance facilities managers to follow guidance in Handbook PO 701, Fleet Management, to rectify and address time charges to ensure both timecards and work orders are accurate.

Recommendation #3

We recommended the Manager, Fleet Management issue a directive to vehicle maintenance facility managers to investigate, rectify, and address undistributed labor below negative 3 percent.

Recommendation #4

We recommended the Manager, Fleet Management direct vehicle maintenance facilities managers to review and monitor the entering of work hours to work orders to ensure hours are recorded accurately.

¹³ Fleet Management, Section 445.23, Ratio of Undistributed Labor to Total Direct Labor directs the use and calculation of undistributed labor. The policy provides the formula: Undistributed labor (A/C 67) divided by total direct cost-labor equals the percent of undistributed labor.

¹⁴ March 1991 updated with Postal Bulletin revisions through October 23, 2008.

Management's Comments

Management agreed with the findings and recommendations, but disagreed with the monetary impact of \$2,989,381.

In response to Recommendation 1, management will conduct a training session with all managers to demonstrate the tools and process to review work order hours and determine the necessary actions to address issues contributing to excessive undistributed labor. Management will complete this by September 30, 2018.

In response to Recommendation 2, management will issue a memo stating the responsibility of managers to review and address undistributed labor as per Handbook PO 701. Management will complete this by September 30, 2018.

In response to Recommendation 3, management agreed to issue a directive to vehicle maintenance facility managers to investigate, rectify, and address undistributed labor below negative 3 percent. Management will include the need to review negative undistributed labor in the same manner as positive undistributed labor in the memo. Management will complete this by September 30, 2018.

In response to Recommendation 4, management agreed to direct vehicle maintenance facilities managers to review and monitor the entering of work hours to work orders to ensure hours are recorded accurately. Management will include this information in the training identified in our response 1, as well as the memo identified in the response to recommendations 2 and 3. Management will complete this by September 30, 2018.

Management disagreed with the monetary impact and stated it included work order hours that are recorded in excess to the actual pair work hours. Management stated this represents a clerical error and not work hour loss, and should not be included in the monetary impact amount.

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, and the actions taken should correct the issues identified in the report.

Regarding management's disagreement with questioned costs, the OIG analyzed the FY 2017 undistributed labor report from the SEAM database for the Capital Metro and Great Lakes Areas. This shows the undistributed hours as the difference of actual work order hours and actual time card hours. The OIG then calculated the monetary benefit by multiplying these hours by the average mechanic hourly labor rate for each. We did not calculate the undistributed labor performance indicator; this information was provided on the SEAM report.

Management established an undistributed labor performance target (threshold) of 3 percent, indicating the importance management places on documenting and accounting for mechanics' hours. These variances indicate a control weakness that prevents management from accounting for all mechanics work hours. As indicated in the report, managers were not investigating, rectifying, and addressing the cause of undistributed labor. Therefore, managers could not determine if the work hours were clerical errors or lost work hours. Per policy, mechanic time that is unaccounted for is costly. Workhours properly reflected on a work order would capture the amount of work required to maintain the fleet for future VMF operational planning purposes. Therefore, we believe our calculations accurately reflect unaccounted for mechanic/garagemen work order hours.

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 recommendations can be closed.

Appendices

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

- Appendix A: Additional Information 11
 - Scope and Methodology..... 11
 - Prior Audit Coverage 13
- Appendix B: Capital Metro and Great Lakes Vehicle Maintenance Facilities..... 14
- Appendix C: Management’s Comments 18

Appendix A: Additional Information

Scope and Methodology

Our objective is to assess the controls over the management of mechanic undistributed labor. To accomplish our objective, we:

- Reviewed the OIG’s Vehicle Maintenance PARIS Model for FY 2017, Quarter 4, which ranked VMFs undistributed labor based on performance.
- During FY 2017, VMFs nationwide had a total of 227,765 hours of undistributed labor (2.97 percent), which is slightly below the criteria of

3 percent. Specifically, mechanics assigned 7,436,775 work hours to work orders and 7,664,540 work hours to time cards. The Capital Metro Area fleet group had a total of 4,137 undistributed labor and performance of .42 percent. The Great Lakes Area fleet group had a total of 35,299 hours of undistributed labor hours (3.67 percent). We judgmentally selected Capital Metro and Great Lakes area to determine the causes of the high and low undistributed labor hours (see Table 6).

Table 6. FY 2017 Undistributed Labor by Fleet Management Group

Fleet Management Group	Total Work Order Hours	Total Time Card Hours	Total Undistributed Hours	Percent Undistributed Hours
Northeast	1,201,706	1,222,453	20,747	1.70
Eastern	1,272,010	1,306,015	34,005	2.60
Western	938,103	970,378	32,275	3.33
Pacific	833,610	852,131	18,522	2.17
Southern	1,286,090	1,318,205	32,114	2.44
Great Lakes	926,197	961,496	35,299	3.67
Capital Metro	979,058	983,195	4,137	0.42
Grand Total	7,436,775	7,664,540	227,765	2.97

Source: SEAM Postal Service Employee Roster Report FY 2017.

- We identified VMFs with undistributed labor over and under the 3 percent threshold and analyzed FY 2017 undistributed labor for the 74 VMFs in the Great Lakes and Capital Metro Area (see Appendix B). Judgmentally selected 12 of 74 VMFs to assess the controls over the management of mechanic

undistributed labor. We determined undistributed labor percentages ranged from minus 6 percent to 20.7 percent. Based on our data analysis, we divided the VMFs into three tiers and judgmentally selected two VMFs from each tier (see Table 7).

Table 7. FY 2017 Capital Metro and Great Lakes Area Undistributed Labor

Fleet Management Group	VMF Name	Tier	Total Work Order Hours	Total Time Card Hours	Total Undistributed Hours	Percent Undistributed Hours
Great Lakes	Dearborn	High	23,504	29,640	6,136	20.70
Great Lakes	Chicago (Western Ave)	High	20,705	23,076	2,371	10.27
Capital Metro	Baltimore (Halethorpe)	High	12,843	13,839	997	7.20
Capital Metro	Washington	High	52,676	55,479	2,803	5.05
Great Lakes	Fort Wayne	Medium	10,269	10,483	214	2.04
Great Lakes	Milwaukee	Medium	65,326	66,633	1,306	1.96
Capital Metro	Charleston	Medium	18,226	18,297	71	0.39
Capital Metro	Norcross	Medium	17,014	17,055	41	0.24
Great Lakes	Indianapolis (Nora)	Low	10,219	10,083	-136	-1.35
Great Lakes	Kalamazoo	Low	16,394	15,773	-622	-3.94
Capital Metro	Richmond	Low	46,880	44,881	-1,999	-4.45
Capital Metro	Capital Heights (LARGO2)	Low	14,766	13,917	-849	-6.10
Grand Total			308,822	319,156	10,333	3.24

Source: SEAM USPS Employee Roster Report FY 2017.

- Reviewed applicable laws, regulations, policies, and procedures related to undistributed labor, including Handbook PO-701, Fleet Management, Section 445.23 and Fleet Management and SEAM VMF Coordinator Guide Version 4.
- Determined if work hours reported on work orders and TACS matched the VMF Employee Roster Reports.
- Determined if VMFs with excessive work hours incurred overtime during the same periods.

- Reviewed negative work hours to determine why work hours were not tracked on work orders.
- Contacted fleet management of the selected fleet Areas to ascertain the causes of the differences in the work orders and time card hours.

We conducted this performance audit from February 2018 through July 2018 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 June 4, 2018 and included their comments where appropriate.

We assessed the reliability of computer-generated SEAM data by comparing the workhour data to TACS workhour data for the same timeframe. We also interviewed agency officials knowledgeable about the data. We determined that the data were sufficiently reliable for the purposes of this report.

Prior Audit Coverage

Report Title	Objective	Report Number	Final Report Date	Monetary Impact
<i>Vehicle Maintenance Facility Efficiency Nationwide - Capping Report</i>	Our objective was to assess the overall efficiency of VMF operations in the Eastern, Great Lakes, Northeast, Southern, and Western areas.	DR-AR-15-006	04/28/2015	\$21.8

Appendix B: Capital Metro and Great Lakes Vehicle Maintenance Facilities

Fleet Management Group	VMF Name	Total Work Order Hours	Total Time Card Hours	Total Undistributed Hours	Percent Undistributed Hours
Great Lakes	Dearborn	23,504	29,640	6,136	20.70%
Great Lakes	Chicago (Western Ave)	20,705	23,076	2,371	10.27%
Great Lakes	Detroit	35,875	39,592	3,717	9.39%
Great Lakes	Quincy	6,169	6,718	549	8.17%
Great Lakes	Lansing	17,562	19,017	1,455	7.65%
Capital Metro	Baltimore (Halethorpe)	12,843	13,839	997	7.20%
Great Lakes	Bedford Park	33,557	36,096	2,538	7.03%
Great Lakes	Royal Oak	37,204	39,792	2,588	6.50%
Capital Metro	Washington, DC	52,676	55,479	2,803	5.05%
Great Lakes	Forest Park (BMC)	20,210	21,077	867	4.11%
Great Lakes	Pontiac	29,631	30,821	1,190	3.86%
Capital Metro	Raleigh	60,794	63,087	2,293	3.64%
Great Lakes	Indianapolis	51,747	53,572	1,825	3.41%
Capital Metro	Atlanta (BMC) Aux-of Atlanta	6,869	7,107	239	3.36%
Great Lakes	Chicago	78,074	80,614	2,540	3.15%
Great Lakes	Livonia	8,501	8,774	273	3.12%
Great Lakes	Carol Stream	52,977	54,654	1,677	3.07%
Great Lakes	Ann Arbor	11,306	11,645	339	2.91%
Great Lakes	Saint Louis	109,827	112,826	2,999	2.66%
Great Lakes	South Bend	12,640	12,947	307	2.37%
Great Lakes	Fort Wayne	10,269	10,483	214	2.04%

Fleet Management Group	VMF Name	Total Work Order Hours	Total Time Card Hours	Total Undistributed Hours	Percent Undistributed Hours
Great Lakes	Milwaukee	65,326	66,633	1,306	1.96%
Great Lakes	Champaign	16,274	16,595	321	1.93%
Great Lakes	Flint	23,621	24,082	461	1.91%
Capital Metro	Riverdale Aux-of Largo2	9,167	9,344	178	1.90%
Great Lakes	Peoria	23,328	23,768	440	1.85%
Capital Metro	Norfolk	57,490	58,518	1,029	1.76%
Great Lakes	Grand Rapids	31,753	32,316	563	1.74%
Great Lakes	Madison	26,174	26,606	432	1.62%
Capital Metro	Charlotte	37,350	37,937	588	1.55%
Capital Metro	Florence VMF Aux-of Columbia	6,728	6,834	106	1.55%
Great Lakes	Green Bay	20,814	21,070	256	1.22%
Capital Metro	Northern Virginia	20,416	20,660	245	1.18%
Great Lakes	Saginaw	15,885	16,050	165	1.03%
Capital Metro	Alexandria Aux-of Northern VA	3,922	3,962	40	1.00%
Great Lakes	Gary	21,315	21,530	215	1.00%
Capital Metro	Columbia, SC	20,218	20,413	195	0.95%
Capital Metro	Wilmington Aux-of Fayetteville	6,212	6,268	56	0.89%
Great Lakes	Rockford	20,062	20,233	171	0.84%
Great Lakes	Muskegon Aux-of Grand Rapids	9,001	9,076	75	0.83%
Capital Metro	Charlottesville	12,784	12,890	107	0.83%
Great Lakes	Aurora	24,466	24,666	200	0.81%

Fleet Management Group	VMF Name	Total Work Order Hours	Total Time Card Hours	Total Undistributed Hours	Percent Undistributed Hours
Capital Metro	Decatur Aux-of Atlanta	22,551	22,712	161	0.71%
Capital Metro	Baltimore	55,210	55,532	323	0.58%
Capital Metro	Spartanburg Aux-of Greenville	8,473	8,516	43	0.51%
Capital Metro	Baltimore Parkville	16,282	16,361	80	0.49%
Capital Metro	Suburban	50,553	50,752	198	0.39%
Capital Metro	Charleston, SC	18,226	18,297	71	0.39%
Capital Metro	Norcross	17,014	17,055	41	0.24%
Capital Metro	Athens Aux-of North Metro	7,831	7,843	12	0.15%
Capital Metro	Columbia, MD	33,348	33,396	48	0.14%
Capital Metro	Asheville Aux-of Greenville	9,713	9,719	6	0.06%
Capital Metro	Hickory Aux-of Charlotte	6,764	6,768	4	0.06%
Capital Metro	Augusta Aux-of Columbia	12,191	12,198	7	0.05%
Capital Metro	North Metro	52,731	52,673	-58	-0.11%
Capital Metro	Greenville	14,934	14,915	-19	-0.13%
Capital Metro	Atlanta (Broadview) Aux-of North Metro	12,919	12,899	-20	-0.15%
Great Lakes	Muncie Aux-of Indianapolis	9,817	9,800	-18	-0.18%
Great Lakes	Springfield, IL	18,954	18,914	-40	-0.21%
Capital Metro	Atlanta	65,312	65,066	-246	-0.38%
Great Lakes	Lafayette Aux-of Indianapolis	7,553	7,511	-41	-0.55%
Great Lakes	Evanston	5,481	5,447	-34	-0.62%
Capital Metro	Marietta	38,275	38,033	-242	-0.64%
Capital Metro	Fayetteville	23,078	22,905	-172	-0.75%

Fleet Management Group	VMF Name	Total Work Order Hours	Total Time Card Hours	Total Undistributed Hours	Percent Undistributed Hours
Capital Metro	West End Aux-of Atlanta	15,542	15,420	-121	-0.79%
Capital Metro	Winston Salem	20,528	20,336	-192	-0.94%
Capital Metro	Dulles	34,654	34,201	-453	-1.33%
Great Lakes	Indianapolis (Nora)	10,219	10,083	-136	-1.35%
Capital Metro	Greensboro	31,791	31,241	-550	-1.76%
Capital Metro	Hampton	18,854	18,513	-341	-1.84%
Capital Metro	Capitol Heights Aux-of Largo2	23,174	22,710	-464	-2.04%
Great Lakes	Kalamazoo	16,394	15,773	-622	-3.94%
Capital Metro	Richmond	46,880	44,881	-1,999	-4.45%
Capital Metro	Capital Heights (Largo2)	14,766	13,917	-849	-6.10%
Total		1,905,255	1,944,692	39,436	2.03%

Source: SEAM USPS Employee Roster Report FY 2017.

Appendix C: Management's Comments

KEVIN L. McADAMS
VICE PRESIDENT, DELIVERY OPERATIONS



June 26, 2018

Lazerick Poland
Acting Director, Audit Operations

SUBJECT: Audit Report – Management of Vehicle Maintenance Facility
Undistributed Labor – Capital Metro and Great Lakes Area
(Report Number DR-AR-18-DRAFT)

The following is provided in response to your audit of "Management of Vehicle Maintenance Facility Undistributed Labor – Capital Metro and Great Lakes Area".

The audit objective was to assess the controls over the management of mechanic undistributed labor in the Capital Metro and Great Lakes Areas.

Undistributed labor represents the difference between paid work hours and the amount of work hours recorded on a maintenance work order for all levels of automotive technicians. The expected target of undistributed labor is +/- 3% of the total paid work hours. After the review of managers from 12 Vehicle Maintenance Facilities (VMFs), the report concludes that 4 of the twelve managers were not adequately trained or familiar with all the tools available to research undistributed labor sufficiently.

As part of this audit the OIG also provided additional research at VMFs that met the target of +/- 3% to determine if individual technicians met the 3% goal. It should be noted that the established goal is at a facility level and not individual. The conclusion of this report indicates the inconsistency in recording work order hours exists due to an unreliable process used by technician to record the time spent on repairs in the SEAM fleet management system.

We agree with the information provided, but do not agree with the monetary impact of \$2,989,381. The monetary impact includes work order hours that are recorded in excess to the actual pair work hours. As this represents a clerical error and not loss work hours, we do not believe this should be included in the monetary impact amount.

Recommendation 1

Manager, Fleet Management, ensure managers are aware of and trained on Solution Enterprise Asset Management processes, tools, and reports to improve

475 L'ENFANT PLAZA SW
WASHINGTON, DC 20260-1800
202-268-6500
FAX 202-268-3331
WWW.USPS.COM

monitoring and oversight of operations, including correcting inaccurate labor lines, time clock entries or employee designation and activity codes to better manage undistributed labor hours in vehicle maintenance facilities.

Response

We agree with this recommendation. Fleet Management will conduct a training session with all managers to demonstrate the tools and process to review work order hours and determine the necessary actions to address issues contributing to excessive undistributed labor.

Target Implementation Date: September 31, 2018

Responsible Official:
Manager, Fleet Management

Recommendation 2

Manager, Fleet Management, direct vehicle maintenance facilities manager to follow guidance in Handbook PO 701, Fleet Management, to rectify and address time charges to ensure both timecards and work orders are accurate.

Response

We agree with this recommendation. Fleet Management will issue a memo stating the responsibility of managers to review and address undistributed labor as per Handbook PO 701.

Target Implementation Date: September 31, 2018

Responsible Manager:
Manager, Fleet Management

Recommendation 3

Manager, Fleet Management, issue a directive to vehicle maintenance facility managers to investigate, rectify, and address undistributed labor below negative 3 percent.

Response

We agree with this recommendation. Fleet Management will include in the memo response for recommendation 2, the need to review negative undistributed labor in the same manner as positive undistributed labor.

Target Implementation Date: September 31, 2018

Responsible Official:
Manager, Fleet Management

Recommendation 4

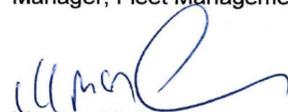
Manager, Fleet Management, direct vehicle maintenance facilities managers to review and monitor the entering of workhours to work orders to ensure hours are recorded accurately.

Response

We agree with this recommendation. This information will be included in both the training identified in our response 1, as well as the memo identifies in the response to recommendation 2 and 3.

Target Implementation Date: September 31, 2018

Responsible Official:
Manager, Fleet Management



Kevin L. McAdams

cc: Corporate Audit Response Management



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1735 North Lynn Street
Arlington, VA 22209-2020
(703) 248-2100