

June 7, 2001

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SENIOR VICE PRESIDENT, HUMAN RESOURCES

CRAIG G. WADE
VICE PRESIDENT, WESTERN AREA OPERATIONS

SUBJECT: Audit Report - Management Practices in the Alaska District
(Report Number LB-AR-01-019)

This report presents the results of our audit of personnel management practices in the Alaska District (Project 00JA003LB000). The audit was conducted in response to a congressional inquiry that included allegations of nepotism, intimidation, and wasteful staffing practices. The primary objective of the audit was to determine whether the allegations had merit.

Our audit revealed that some of the allegations regarding nepotism, intimidation, and wasteful staffing practices in the Alaska District had merit. While we did not substantiate the allegation of nepotism, we found there was an appearance of nepotism. We also found evidence to support the allegation of intimidation at the Wasilla Carrier Annex during the week of the route inspections and for a short period following the route inspections. However, we found no evidence to support the allegation that the Human Resource manager was not responsive to employees' allegations of nepotism, intimidation, and wasteful staffing practices. Furthermore, we found the staffing practices during the route inspections at the Wasilla Carrier Annex were not wasteful.

We recommended that management consult with the Law Department regarding whether the transfer of relatives falls within the statutory nepotism prohibition and that guidance be provided on how to mitigate the appearance of improprieties when dealing with the employment of relatives to include appointment, transfer, and promotion. We also recommended that management establish and publicize procedures to require higher-level approval for transfers and promotions of relatives. Additionally, we recommended management monitor the workplace climate at the Wasilla Carrier Annex and implement a training program for management on how to resolve grievances.

Management in the Western Area did not concur with recommendation three relating to formally establishing and publicizing procedures to require higher-level approval of transfers and promotions of relatives of management officials. While field management

disagreed with this recommendation, we consider it resolved because headquarters Human Resources officials agreed to revise and update the guidance on nepotism based on this report. However, management indicated they concurred with our remaining four recommendations and their actions taken and planned are responsive to those recommendations. Management's comments, in their entirety, are included in the appendix of this report.

The Office of Inspector General (OIG) considers recommendations 1 and 2 as significant and, therefore, require OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective action is completed. These recommendations should not be closed in the follow-up tracking system until OIG provides written confirmation that the recommendations can be closed.

We appreciate the cooperation and courtesies provided by your staff during the audit. If you have any questions, please contact Joyce Hansen, acting deputy assistant inspector general, Oversight and Business Evaluations, or me at (703) 248-2300.

Ronald K. Stith
Assistant Inspector General
for Oversight and Business Evaluations

Attachment

cc: Patrick R. Donahoe
Suzanne H. Milton
Anthony J. Vegliante
Bill R. Fetterhoff
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EXECUTIVE SUMMARY

Introduction

The Office of Inspector General (OIG) initiated this audit in response to a congressional request. Specifically, a congressional representative requested the OIG conduct a review of allegations that the [REDACTED] inappropriately transferred, placed, and promoted his son; that management used severe intimidation tactics and wasteful staffing practices during a route inspection at the Wasilla Carrier Annex; and that the [REDACTED]¹ was not responsive to employees making these allegations and did not report the matters through proper channels.

Results In Brief

Our audit revealed that some of the allegations regarding nepotism, intimidation, and wasteful staffing practices in the Alaska District had merit. While we did not substantiate the allegation of nepotism in regards to the transfer, placement, and promotion of the [REDACTED] son, we found there was an appearance of nepotism. We also found evidence to support the allegation of intimidation during and after the week of route inspections at the Wasilla Carrier Annex. In Anchorage, the majority of managers, supervisors, and craft employees interviewed had not personally experienced or witnessed intimidation in the workplace. Additionally, these individuals believed that the work climate was good. However, those individuals that experienced intimidation in the workplace attributed the intimidation to aggressive efforts to achieve performance goals.

We found the staffing practices during the route inspections at the Wasilla Carrier Annex were not wasteful. Management agreed, during our audit, to increase the number of supervisors and managers in the Alaska District who are trained on route inspection practices. This training effort should help to limit the participation of individuals from other districts during future route inspections. This training was recently completed and route inspections are currently ongoing in the district using Alaska personnel.

We found no evidence to support the allegation that the [REDACTED] was not interested in assisting employees with regard to complaints of nepotism,

¹The [REDACTED] is also the [REDACTED] for the Alaska District.

intimidation, and waste. The [REDACTED] responded in writing to union officials, which demonstrated he took the allegations concerning the Wasilla route inspections and the transfer, placement, and promotion of the [REDACTED] son seriously, and was interested in clarifying the actions taken with regard to these matters.

**Summary of
Recommendations**

We recommended the senior vice president, Human Resources, consult with the Law Department regarding whether the transfer of relatives falls within the Postal Service and statutory nepotism prohibition and advise us of the Law Department's opinion. We further recommended that guidance be provided on how to mitigate the appearance of impropriety when dealing with the employment of relatives. We recommended that the vice president, Western Area Operations, formally publicize and establish procedures to require higher level approval for transfers and promotion of relatives. In addition, we recommended that quarterly follow-up interviews with employees at the Wasilla Carrier Annex be performed to continue efforts to improve the work environment at this facility. We also recommended training for management, which focuses on human relation skills, conflict management, and managing change in the workplace.

**Summary of
Management's
Comments**

Management indicated that Employee Resource Management was currently revising policies and procedures that provide guidance on the topic of employment of relatives. Management also noted that the Law Department was reviewing the language dealing with the employment of relatives to ensure that the policy addresses all applicable statutory language on this topic. Management stated that the final draft policy would be placed into the clearance process, which takes 90 days.

Management determined the current "Restrictions on Employment of Relatives" in the Personnel Operations Handbook EL-311 provided sufficient guidance and instruction to field operations on the employment of relatives. Management indicated that headquarters Human Resources should be the appropriate name for providing the appropriate guidance. As a result, management indicated they would not formally establish and publicize procedures to require higher-level approval of transfers and promotions of relatives of management officials. With

regard to the work climate at the Wasilla Carrier Annex, management responded that a designated "management mentor" and the [REDACTED] will continue to monitor the workplace climate at the annex and believed the workplace climate had improved. Management also noted that quarterly employee interviews would be conducted at least three times between now and December 31, 2001. Management indicated that the area managers of Human Resources and Labor Relations were charged with assessing management's preparedness to avoid grievances, by properly managing the grievance process and resolving grievances at the lowest possible level. Management has ensured that any additional training or development required as a result of this assessment will be completed by October 1, 2001.

Overall Evaluation of Management's Comments

Management concurred with four of five recommendations and their actions taken and planned are responsive to those recommendations. However, management did not agree that the Western Area should formally establish and publicize procedures to require higher-level approval of transfers and promotions of relatives of management officials. Instead, management suggested that headquarters Human Resources should implement the recommended action. Because Human Resources management has stated they intend to implement broad policy on the employment and placement of relatives, we consider such actions responsive to the recommendation.

INTRODUCTION

Background

The Office of Inspector General (OIG) received a May 23, 2000, congressional inquiry regarding allegations of nepotism, intimidation, and wasteful management practices in the Alaska District and specifically in the Wasilla Carrier Annex. The letter contained allegations that (1) the Alaska [REDACTED] inappropriately transferred his son into the Alaska District, placed him into the Associate Supervisor Program and then promoted him to a supervisor position, (2) management used severe intimidation tactics, and wasteful staffing practices during a route inspection at the Wasilla Carrier Annex, and (3) the [REDACTED] was uninterested in assisting employees with these situations and did not report the matters through proper channels.

According to Postal Service Personnel Operations Handbook EL-311, April 1990, nepotism is defined as the attempt by any Postal Service manager or non-bargaining employee to recommend, influence, or express interest that could be construed to influence the appointment or promotion of a relative. Section 312.3 of the handbook, Restrictions on Employment of Relatives, provides policies and procedures on handling appointment and promotion consideration of relatives of a Postal Service manager.

The Postal Service established the following initiatives and strategies to instruct employees on maintaining a violence-free workplace:

- The Joint Statement on Violence and Behavior in the Workplace states the Postal Service's position that violent and inappropriate behavior will not be tolerated by anyone at any level of the Postal Service.
- Publication 45, A Violence-Free Workplace, states everyone has a right to a violence-free workplace.
- The Alaska District's Zero Tolerance Policy for Acts or Threats of Violence in the Workplace states the district's position is to create and maintain a healthy workplace.

**Objectives, Scope,
and Methodology**

Our objectives were to determine if allegations of nepotism, intimidation, and wasteful staffing practices in the Alaska District had merit. Specifically, we determined whether (1) the appearance of nepotism existed regarding the transfer, placement, and promotion of the [REDACTED] son; (2) letter carriers at the Wasilla Annex were subjected to intimidation during and immediately following a week long period of route inspections; (3) employees at the Anchorage facility experienced intimidation in their work environment; (4) the [REDACTED] acted responsively to employees' allegations, and (5) staffing practices during route inspections were wasteful.

To accomplish the objectives related to nepotism, transfer, placement, and promotion of the [REDACTED] son, we reviewed Postal Service policies and procedures concerning transfer, placement, and promotion of relatives. To answer the objective concerning intimidation, we looked at grievances, Equal Employment Opportunity complaints, and disciplinary actions to help us assess whether intimidation of employees was occurring. Regarding our objective concerning wasteful staffing practices, we reviewed travel vouchers, personnel files, and other personnel related reports to assess the reasonableness of staffing decision during route inspections.

To accomplish all of our objectives, we interviewed Alaska District management including the [REDACTED], manager of Human Resources, manager of customer service operations, employee and workplace intervention analyst, labor relations specialists, postmasters, station managers, and craft employees at 15 facilities in Anchorage and two facilities in Wasilla. We interviewed 115 craft and management employees in the Alaska District. Specifically, in Anchorage we randomly selected and interviewed 49 of 959 craft employees and 28 of 83 management employees. At this location, we also interviewed 11 management and 7 craft employees who were not included in our random sample. In Wasilla, we interviewed, 2 managers, 4 clerks, and all 14 letter carriers. These employees were selected judgmentally.

This audit was conducted from September 2000 through May 2001 in accordance with generally accepted government auditing standards, and included such tests of internal controls as were necessary under the circumstances. We discussed our conclusions and observations with appropriate management officials and included their comments, where appropriate.

Prior Audit Coverage

We did not identify any prior audit coverage in the last 5 years related to our specific audit objectives.

AUDIT RESULTS

Allegations of Nepotism

We did not substantiate the allegation of nepotism in regards to the transfer, placement, and promotion of the [REDACTED] son. However, we found there was an appearance of nepotism in that some employees we interviewed believed the [REDACTED] son had received preferential treatment of his transfer to another Postal Service facility, placement into the Postal Service Associate Supervisor Program, and subsequent promotion to supervisor. Local procedures on the transfer of relatives are unwritten and not well publicized, which contributed to the perception of nepotism. In addition, national policy on the employment of relatives does not address transfer of relatives, which contributed to confusion over how Human Resources should have handled the situation. Additionally, national guidance for administering the Associate Supervisor Program does not address how to mitigate the appearance of nepotism when placing relatives in the program. We found that the Western Area vice president responded to the allegation of nepotism in a May 2000 letter to the president of the National Association of Letter Carriers Branch 4319.

Transfer, Placement and Subsequent Promotion

We found the transfer of the [REDACTED] son had been approved at a higher level than normally required by local policies for transfers. The Western Area manager of Human Resources approved the transfer. Local procedures only require the approval of the manager, Human Resources, Alaska District; however, this policy is neither written nor publicized. The Personnel Operations Handbook EL-311, section 312.312, which discusses the employment of relatives, does not specifically address the transfer of relatives.

We also found the placement of the [REDACTED] son into the Associate Supervisor Program and his subsequent promotion followed established procedures. We found no evidence that the [REDACTED] was involved in the transfer, placement, or promotion of his son. The [REDACTED] stated that he neither transferred his son to the district nor was he involved in the son's selection for the Associate Supervisor Program. Additionally, he stated that he stayed as far away as possible from the process. However, we found there was an appearance of nepotism in

that some employees interviewed believed the [REDACTED] son had received preferential treatment in the execution of his transfer and placement into the Postal Service Associate Supervisor Program and subsequent promotion to supervisor. National guidance for administering the Associate Supervisor Program does not address how to mitigate the appearance of nepotism when placing relatives into the program.

Placement into the Associate Supervisor Program was competitive, and a review committee made the final decision for all applicants.² The review committee was comprised of supervisors in the Alaska District. In interviews, these supervisors stated they were not influenced in any way. We found the application package for the [REDACTED] son met established guidelines for selection as documented in the Associate Supervisor Program Coordinator's Guide. Seventeen individuals applied for the program and eight were selected. Upon successful completion of the program, the [REDACTED] son and other successful candidates were promoted. Specifically, the [REDACTED] son was promoted to supervisor, Customer Services, in the Alaska District.

During interviews, employees stated they felt the [REDACTED] son received special treatment with regard to his transfer, placement into the Associate Supervisor Program, and subsequent promotion to a supervisor. One employee expressed the opinion that individuals do not usually get selected for the Associate Supervisor Program on their first application. Other employees were concerned with the timing of the [REDACTED] selection for the Associate Supervisor Program, which occurred 6 months after his transfer to the Alaska District. The guide states, external candidates may be selected if the internal candidate pool does not include a sufficient number of talented people. However, no data was available on the number of individuals selected on their first application to the program. Program guidance emphasizes that decisions on recruitment depend on the talent pool and is done in conjunction with internal recruitment efforts.

² Both internal and external candidates can submit applications for the Associate Supervisor Program. A review committee composed of three supervisors evaluates all applications. Candidates who successfully complete the program are promoted to a supervisory position. Associate Supervisor Program Coordinator's Guide, August 1998.

Western Area Vice President's Response to Allegation of Nepotism	In a May 19, 2000, letter to the president of the National Association of Letter Carriers Branch 4319, the Western Area vice president responded to the allegation of nepotism in the transfer, placement, and subsequent promotion of the [REDACTED] son. The Western Area vice president stated the allegation was incorrect. In his response, the Western Area vice president explained the circumstances of the transfer and placement. He stated that the transfer request was handled as other transfer requests were handled and that the [REDACTED] son had as much or more postal experience than many Associate Supervisor Program candidates.
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Recommendation	<p>We recommend that the senior vice president, Human Resources:</p> <ol style="list-style-type: none">1. Consult with the Law Department regarding whether the transfer of relatives falls within the Postal Service and statutory nepotism prohibition and advise us of the Law Department's opinion.
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Management's Comments	Management concurred with our recommendation. Management responded that headquarters Employee Resource Management was currently revising policies and procedures that provide guidance on the employment of relatives. Management noted that new guidance would appear in the release of Handbook EL-312, <u>Employment and Placement</u> . Management also stated that the Law Department was currently reviewing draft language dealing with the employment of relatives. Management commented that following the legal review the final draft of the policy would be placed in the clearance process, which would take approximately 90 days.
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Evaluation of Management's Comments	Management's actions taken and planned are responsive to the recommendation.
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Recommendation	<p>We recommend that the senior vice president, Human Resources:</p> <ol style="list-style-type: none"> 2. Provide guidance on how to mitigate the appearance of improprieties when dealing with the employment of relatives to include appointment, transfer, and promotion.
Management's Comments	<p>Management concurred with our recommendation. Management responded that headquarters Employee Resource Management was revising Handbook, EL-312 <u>Employment and Placement</u> to include guidance on the employment of relatives, which encompasses not only initial hire, but also transfer and promotion. In addition, management indicated the Law Department was in the process of reviewing draft language dealing with the employment of relatives. The Law Department's review was intended to ensure that Postal Service policy addresses all applicable statutory language on employment of relatives. Additionally, management stated that subsequent to the ongoing legal review, the final draft of the policy would be placed into the clearance process, which takes approximately 90 days.</p>
Evaluation of Management's Comments	<p>Management's actions taken and planned are responsive to the recommendation.</p>
Recommendation	<p>We recommend that the vice president, Western Area Operations:</p> <ol style="list-style-type: none"> 3. Formally establish and publicize procedures to require higher-level approval for transfers and promotions of relatives of management officials.
Management's Comments	<p>Management did not concur with our recommendation. Management determined the current "Restrictions on Employment of Relatives" in the <u>Personnel Operations Handbook EL-311</u> provided sufficient guidance and instruction to field operations on the employment of relatives. Additionally, management noted that headquarters Human Resources should be the appropriate</p>

venue for compliance with this recommendation. Management also noted that any action by the Western Area to establish or publicize procedures over and above the existing procedures would be counter intuitive. Management argued that any action by the Western Area on this matter could be construed as "denying employment or promotion to otherwise eligible and qualified relatives of non-bargaining employees," which would be of grave concern. Additionally, management noted that the audit reported the [REDACTED] of [REDACTED] properly sought higher-level area approval of the appointment discussed in the report.

**Evaluation of
Management's
Comments**

Western Area management's comments were not responsive to our recommendation. However, headquarters Human Resources management stated they are implementing broad guidance on the employment and placement of relatives, which is expected to be published 90 days after legal review. We consider actions planned by headquarters Human Resources to update and revise guidance on nepotism, to be responsive to the issues identified in this report.

Allegations of Intimidation	We found evidence to support the allegation that intimidation at the Wasilla Carrier Annex occurred during the week of route inspections and for a short period following route inspections. However, at the time of our audit fieldwork, employees interviewed described the current work environment as good and attributed the improvement to a change in supervision.
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Intimidation at the Wasilla Carrier Annex	<p>In interviews, employees described how they felt during the route inspections. Many employees stated that the number of supervisors present during the route inspections was excessive and made them feel intimidated. In addition, the supervisors were described as aggressive and intimidating.</p> <p>For example, one supervisor shoved the mail around in employees' workstations, causing confusion and extending the time it took to prepare and deliver the mail. One employee described this supervisor as causing "total chaos" on the workroom floor. Another employee stated a supervisor used "dehumanizing" methods, such as labeling timecards to notify employees of disciplinary discussions. Yet another employee stated that supervisors assigned to the route inspections badgered them on the workroom floor.</p> <p>In addition, an employee indicated that two supervisors followed carriers on their routes. Employees viewed the number of supervisors assigned to each carrier as excessive and intimidating. Further, employees were issued discipline when they asked supervisors routine questions. When one employee asked about bathroom breaks because the employee's route covered a remote area, the employee was disciplined for asking this question.</p>
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Discipline Issued During Wasilla Carrier Annex Route Inspections	<p>We found that during the route inspections and for a short period following the route inspections, 15 disciplinary actions were issued to 6 of the 14 letter carriers. Generally, employees were charged with failure to follow instructions and unacceptable work performance. All of the disciplinary actions issued during the period of the route inspections were subsequently rescinded or settled.</p> <p>Employees stated one supervisor, detailed from Wyoming, demonstrated extremely aggressive behavior during the</p>
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route inspections. This supervisor issued 10 of the 15 disciplinary actions. Despite employee concerns, the Wasilla postmaster expressed the opinion that this supervisor was excellent in conducting inspections and in managing carrier activities.

Management Actions to
Address Labor
Management Issues at
the Wasilla Carrier
Annex

In response to labor management issues caused by the route inspections, the district manager initiated a workplace intervention.³ The intervention was conducted by the Western Area labor relations specialist with union cooperation.

The intervention report disclosed there were two groups of employees with very distinct perceptions of the office. One group felt they were working under a dictatorship with very strict rules; and the other perception was that employees, and to some extent the union, were running the office.

The report identified the following divergent perceptions concerning the work environment:

- Employees agreed that the work environment had improved.
- There was a lack of consistent leadership in the office, which resulted in conflicting management styles.
- Two issues of concern surfaced regarding the route inspections. First, individuals from outside the Alaska District conducted inspections. Second, the team conducting the inspections was too large. Some employees welcomed the involvement and attention of the large team, and others identified their actions as harassment.
- With regard to managing the office, one group felt management was too controlling, while the other felt that management was finally exercising control.
- There were a high number of grievances, and grievances were not settled at the lowest step.

³The Intervention was conducted on July 17 and 18, 2000, and a report was issued on September 13, 2000.

The report identified factors that contributed to tension in the workplace, including the lack of consistent management, the lack of experience of the current supervisor, and the supervisor's lack of knowledge of the union contract. Additionally, the union steward was described as intense and combative.

The intervention report recommended the following actions:

- Select outside management and union mentors to assist and oversee relationships within the office.
- Train the current supervisor on how to resolve grievances at the lowest level and provide joint training on the union contract.
- Monitor grievance activity.
- Work with the union to improve the atmosphere in the office.
- Conduct follow-up interviews to evaluate the work environment.

Status of Intervention Report Recommendations	<p>The district Human Resources manager provided the following status, as of February 12, 2001, on progress made on recommendations included in the intervention report.</p> <ul style="list-style-type: none">• Mentors were identified for Wasilla. They are the local president of the National Association of Letter Carriers, and the manager of Post Office Operations. These mentors will assist in improving relationships within the Wasilla Carrier Annex.• Union and management have met on a number of occasions since the intervention. Formal and informal labor management meetings continue to be held.• All prior grievances were referred to the mentors for settlement.
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- The manager, Human Resources met with the national business agent for the National Association of Letter Carriers three times since January 2001 to resolve cases pending arbitration.
- No formal labor contract training was given, however, with the level of oversight given by mentors, contract learning is an ongoing process.
- Grievances are being resolved at the first step with the support of the mentor.
- Oversight of grievance activity is ongoing.
- The National Association of Letter Carriers mentor is working to improve the relationship of the local representative and management. Some progress was made in this area.

The district Human Resources manager believes that the work environment has improved; however, no follow-up interviews with employees have occurred to verify this conclusion. The only recommendation not acted upon by the district was to conduct follow-up interviews with the employees in Wasilla. We believe this is an important step in improving the work climate at the Wasilla Annex and ensuring employees of the importance of their concerns.

Recommendations

The vice president, Western Area Operations, should require the Alaska District manager to:

4. Conduct quarterly follow-up interviews with employees to monitor the workplace climate.

**Management's
Comments**

Management concurred with our finding and recommendation. Management has assigned one of the Alaska District's managers of Post Office Operations to be the "management mentor" to routinely visit the office, provide guidance, and monitor the workplace climate in Wasilla. In addition, quarterly employee interviews will be conducted at least three times between now and December 31, 2001.

Evaluation of Management's Comments	Management's actions taken and planned are responsive to the recommendation.
Recommendation	The vice president, Western Area Operations, should require the Alaska District manager to: 5. Implement a training program for management on how to resolve grievances.
Management's Comments	Management concurred with our finding and recommendation. Management has requested an assessment of management's preparedness to avoid grievances, properly manage the grievance process and resolve grievances at the lowest possible level. Additional training or development identified as a result of the assessment will be completed by October 1, 2001.
Evaluation of Management's Comments	Management's actions taken and planned are responsive to the recommendation.

Intimidation and Work Climate In Anchorage	The majority of managers, supervisors, and craft employees interviewed in Anchorage had not personally experienced or witnessed intimidation in the workplace. Additionally, they believed that the work climate was good in Anchorage. However, those that had experienced intimidation in the workplace attributed the pressures to aggressive efforts to achieve performance goals.
Management Employees	Nineteen management employees interviewed had not experienced or witnessed intimidation in the workplace. However, eight of twenty-eight employees felt intimidated by senior management to achieve performance goals. A few employees cited situations where they were threatened with disciplinary action if they did not meet their performance goals. Two managers interviewed provided examples of where they had experienced intimidation. One manager expressed frustration when she had received performance awards, but was still threatened with discipline if performance goals were not met. The other manager requested a voluntary downgrade and transfer, and was willing to commute over 200 miles one-way rather than continue to be threatened with termination for not making performance goals.
Craft Employees	Thirty-four of forty-nine craft employees interviewed had not experienced or witnessed intimidation in the workplace. However, 15 employees felt intimidated by management personnel. Four of the employees that felt intimidated by management believed this intimidation was the result of pressure subordinate supervisors received from senior management concerning performance goals.
Work Climate	We asked managers, supervisors, and craft employees to rate the work climate at their current facility. Most stated their work climate was good. In addition, some stated it had improved due to management changes.

**Actions Taken by
Human Resources
Manager**

We found no evidence to support the allegation that the [REDACTED] was not responsive to employees' allegations of nepotism, intimidation, and wasteful staffing practices. The Wasilla route inspections started on March 4, 2000. On March 7, 2000, the President of the National Association of Letter Carriers Branch 4319 wrote a letter to the district concerning the route inspection procedures. On April 3, 2000, the [REDACTED] [REDACTED] replied to the March 7, 2000, letter from the union.

The [REDACTED] response to the union officials indicated she took the allegations seriously, and was interested in clarifying the actions taken with regard to these matters. Additionally, the [REDACTED] sent the district employee workplace intervention analyst to Wasilla and the area followed up with an intervention held in Wasilla in July 2000.

**Allegations of Waste
In Route Inspection
Staffing**

We found the staffing practices during the route inspections were not wasteful. The district deemed it necessary to inspect the routes every day during the week in question. Guidance allows management to determine the number of route examiners and the frequency of the route inspections. The Postal Service Handbook M-39, section 231.1, states the inspection of a route is the observation by a manager of the carrier's office and street work for one or more days and includes counting and recording the mail handled and the time used for each function.

According to the district manager, there were not enough trained supervisors within the district to accomplish this task. There were ten routes to be inspected with one examiner needed to inspect each route each day. Six supervisors were detailed from outside the Alaska District to assist with the route inspections conducted at the Wasilla Carrier Annex. In addition, local and district management participated. We did not take exception to this situation, as management had sound justification for conducting Wasilla's route inspections in this manner.

Auditor Comment

During our review, the [REDACTED] stated he planned to ensure supervisors and managers in the Alaska District are trained to perform route inspections because there were not enough trained supervisors within the district to accomplish route inspections without detailing supervisors from other districts. This training has been completed and route inspections are currently ongoing in the district using Alaska personnel.

APPENDIX. MANAGEMENT'S COMMENTS

SUZANNE F. MEDVIDOVICH
SENIOR VICE PRESIDENT
HUMAN RESOURCES



May 2, 2001

RONALD K. STITH

SUBJECT: Transmittal of Draft Audit Report – Management Practices in the Alaska District (Report Number LB-AR-01-DRAFT)

The following comments are provided in response to the March 3 draft audit report.

Recommendations from the Discussion Points:

1. Senior VP, Human Resources consult with the Law Department regarding whether the transfer of relatives falls within the Postal Service and statutory nepotism prohibition and advise us of the Law Department's opinion.
2. Senior VP, Human Resources provide guidance on how to mitigate the appearance of improprieties when dealing with the appointment, transfer, and promotion of relatives.

Response:

Employee Resource Management is currently revising our policies and procedures that provide guidance on the topic of the employment of relatives. New guidance will appear in the release of Handbook EL-312, *Employment and Placement*. Guidance on the employment of relatives encompasses not only initial hire, but also employment in broader terms to include transfer and promotion. The Law department is currently reviewing a draft of the language dealing with the employment of relatives. Their review is intended to ensure that our policy addresses all applicable statutory language on the topic of employment of relatives. Subsequent to legal review, the final draft of the policy will be placed into the clearance process, which takes approximately 90 days.

A handwritten signature in cursive script that reads "Suzanne F. Medvidovich".
Suzanne F. Medvidovich

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CRAIG G. WADE
VICE PRESIDENT, WESTERN AREA OPERATIONS



April 9, 2001

SUBJECT: Western Area Management Comments
Transmittal of Draft Audit Report – Management Practices in the Alaska
District (Report Number LB-AR-01-DRAFT)

MEMORANDUM FOR: Ronald K. Smith
Assistant Inspector General
for Oversight and Business Evaluations

Management comments on the above subject Draft Audit Report are furnished herein. Please note the original response date of April 2 was extended to April 16 by Ms. Hansen.

Management comments were requested from Senior Vice President of Human Resources Suzanne Medvidovich and Western Area Vice President of Operations Craig Wade. This is to respond to just those recommendations addressed to Western Area.

It was recommended the Vice President of Western Area Operations "formally establish and publicize procedures to require higher-level approval for transfers and promotions of relatives of management officials".

We have determined the current "Restrictions on Employment of Relatives" at part 312.3 of Personnel Operations Handbook EL-311 (attached) provide sufficient guidance and instruction to field operations on the employment of relatives. We recognize OIG has separately recommended to the Senior Vice President of Human Resources to consider whether those personnel requirements are sufficient.

We believe the requested determination by Headquarters Human Resources is the appropriate venue for this recommendation. Any action by Western Area to establish or publicize procedures over and above the procedures in part 312.3 would be counter intuitive. Further, we specifically note to your attention part 312.313; any action by Western Area that could be construed as "denying employment or promotion to otherwise eligible and qualified relatives of non-bargaining employees" would be a grave concern.

We also note your audit reports the [redacted] properly sought higher level Area approval of the appointment at issue.

It was recommended the Vice President of Western Area Operations should require the Alaska District Manager to (1) "Conduct quarterly follow-up interviews with employees to monitor the workplace climate" and (2) "Implement a training program for management on how to resolve grievance."

[redacted] has ensured that Manager of Post Office Operations [redacted] makes frequent personal visits to Wasilla in his designated role as the "management mentor" to assist in improving relationships within the Wasilla Carrier Annex. [redacted] has monitored labor management meetings/issues and provided guidance, in concert with [redacted] that, we believe, has continued to improve the workplace climate in Wasilla.

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Western Area Management Comments
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Ronald K. Smith
April 9, 2001
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[redacted] has recently been appointed the Employee Workplace Intervention Analyst for Alaska District. [redacted] is particularly well qualified to conduct the recommended "quarterly employee interviews" to monitor the Wasilla workplace climate. [redacted] and I have agreed these interviews will be conducted at least three times between now and December 31, 2001.

[redacted] is the newly appointed Western Area Manager of Human Resources replacing [redacted] who recently retired. [redacted] is the newly appointed Manager of Labor Relations for Western Area replacing [redacted] who was recently promoted outside the Area. The Western Area Vice President has requested [redacted] and [redacted] assess management's preparedness to avoid grievances, properly manage the grievance process and resolve grievances at the lowest possible level. [redacted] has committed to ensuring this assessment and any additional training or development required as a result of this assessment will be completed by October 1, 2001.

We offer additional comments on some other aspects of this audit report.

The issue of avoiding the appearance of nepotism is complex. Anytime the relative of a postal manager is appointed or promoted, the appearance of nepotism is created. We note that part 312.312 Personnel Operations Handbook EL-311 states, in pertinent part, "Appointing and approving authorities must consider whether the appointment or promotion of the relative is likely to create the appearance of impropriety in the eyes of the public and other postal employees (and therefore bring discredit to the Postal Service). If so, an alternate selection should be considered." This section is immediately followed by part 312.313 which states, "These regulations are not intended to arbitrarily deny employment or promotion to otherwise eligible and qualified relatives of non-bargaining employees." We believe these two instructions are intended to be interpreted together as part of 312.3. The penalties associated with failing to appoint or promote an otherwise eligible and qualified relative must also be considered.

We also note all the allegations addressed in this audit arise from the management decision to address city carrier problems in Wasilla. We appreciate the inclusion of the Western Area Intervention assessment. We take special note of two observations from the report.

"The Intervention report disclosed there were two groups of employees with very distinct perceptions of the office. One group felt they were working under a dictatorship with very strict rules; and the other perception was that employees, and to some extent the union, was running the office."

"...Some employees welcome the involvement and attention of the large team, and others identified their actions as harassment."

"...One group felt management was too controlling, while the other felt that management was finally exercising control."

We think it pertinent to note the results of the management decision to address perceived city carrier issues in Wasilla. City carrier workhours for the first half of FY 2001 are -10% to the city

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carrier workhours used in the first half of FY 2000. City carrier overtime for this same period is -47% improved and penalty overtime is -66% improved. These improvements in efficiency were realized with the coincident improvement in the workplace climate in Wasilla. This observation is shared only to validate the original management perception of severe city carrier issues in Wasilla appeared correct.

We recognize OIG has invested considerable time and resources to this audit of Alaska District. We believe this OIG involvement has had an additional positive influence on the workplace climate in Alaska and greatly appreciate your attention to this matter.



Craig G. Wade
Vice President, Area Operations

Attachments

Distribution with Attachments:

[REDACTED]
Suzanne F. Miodovovich
Suzanne H. Milton
Anthony J. Vegliante
John R. Gunnels
Harold J. Hughes

CSW:lj

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authorized, whether or not they are high school graduates, if there is no adequate supply of persons 18 years and above.

312.14 Restrictions on Assignments. Persons under 18 years may not be assigned to any position which requires any of the following activities:

- a. Operation of a motor vehicle.
- b. Operation of power-driven woodworking machines.
- c. Operation of power-driven hoisting apparatus.
- d. Operation of power-driven metal forming, punching and shearing machines.
- e. Operation of circular saws, bandsaws, or guillotine shears.

312.2 Citizenship Requirements

312.21 Eligibility. Noncitizens of the United States who have been accorded (granted) permanent resident alien status in the United States are eligible for appointment to all Postal Service positions, levels EAS-19 and below, except positions designated by the Postal Service as *sensitive*. Natives of American Samoa and the Northern Mariana Islands are eligible for appointment to all Postal Service positions. Appointment of noncitizens to positions in levels EAS-20 and above, or to positions designated as *sensitive*, can be made only with the prior approval of the appropriate RPMG or appropriate XPMG at Headquarters.

312.22 Documentation. The appointing officer must make the determination as to whether the appointee is a citizen of the United States or a lawful permanent resident alien by the processing of an OMB Form I-9, *Employment Eligibility Verification*. Permanent resident alien status requires the appointee to have an Alien Registration Receipt Card (Form I-151 or I-551) in addition to other requirements specified on the OMB I-9. See Exhibit 312.22.

312.3 Restrictions on Employment of Relatives

312.31 Policy.

312.311 5 USC 3110 is applicable to the Postal Service (39 USC 410(B)(1)) and incorporates broad restrictions on the employment of relatives by agency officials. The following postal regula-

tions are significantly more restrictive than those provided in the law.

312.312 The attempt by any postal manager or nonbargaining employee to recommend, influence, or express interest which may be construed as influence in the appointment or promotion of a relative, is prohibited. It is important to protect public and employee confidence in the integrity of postal selection procedures. Appointing and approving authorities must consider whether the appointment or promotion of the relative is likely to create the appearance of impropriety in the eyes of the public and other postal employees (and therefore bring discredit to the Postal Service). If so, an alternate selection should be considered.

312.313 These regulations are not intended to arbitrarily deny employment or promotion to otherwise eligible and qualified relatives of nonbargaining employees.

312.32 Definitions.

312.321 Postal Manager. An employee with the vested or delegated authority to hire, employ, or promote individuals, or effectively to recommend individuals for such actions.

312.322 Nonbargaining Employee. Any employee permanently or temporarily in the EAS salary schedule, or in the PCEs. (Note: This includes all postal managers as defined in 312.321.)

312.323 Relative. An individual who is related (by blood, marriage, or adoption) to the nonbargaining employee as father, mother, grandfather, grandmother, son, daughter, grandson, granddaughter, brother, sister, aunt, uncle, nephew, niece, first cousin, husband, wife, father-in-law, mother-in-law, brother-in-law, sister-in-law, son-in-law, daughter-in-law, stepfather, stepmother, stepbrother, stepsister, stepson, stepdaughter, half brother or half sister. (Note: When applicable, a relationship is dissolved by death or divorce.)

312.324 Next Higher Appointing or Approving Authority. The MSC Manager, General Manager, Field Division, Regional Postmaster General, or SAPMG, Human Resources Group, as appropriate. This refers to the next higher organizational level.

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312.33 Regulatory Provisions.**312.331** A nonbargaining employee may not:

- a. Recommend the hiring, employment, or promotion of a relative, or
- b. Interfere with the selection process in any manner that may benefit a relative, or
- c. Show any expression of interest that may be construed as an impropriety.

312.332 A postal manager may not hire, employ, or promote:

- a. A relative; or
- b. The relative of any nonbargaining employee, if the relative was improperly recommended to the manager in violation of these regulations. (If an improper recommendation is received, the postal manager must forward the file as in 312.334a, including disclosure of the improper recommendation.)

312.333 Any nonbargaining employee who violates these regulations, or fails to make proper disclosure, unless excepted by 312.34, will be subject to disciplinary action including removal. Any personnel action effected in violation of these regulations is subject to cancellation, or other appropriate action.**312.334** If a *postal manager's* relative is within reach for appointment or promotion consideration to a position in an installation in or over which that postal manager exercises any jurisdiction or control, the complete file (e.g., hiring worksheet, promotion file, all related documents, and a full description of the family relationship) must be forwarded to the next higher authority over the *postal manager* as follows:

- a. If the appointment or promotion is prohibited by 312.332, the complete file is forwarded *without* recommendation. The next higher level authority must determine whether to make the appointment or promotion.
- b. If the appointment or promotion is not prohibited by 312.332, and a *relative of a postal manager* is to be appointed or promoted, the complete file is forwarded with recommendation to the next higher level authority for review and approval. The appointing official must include in the file a statement that no improper influence in violation of 312.3 has been exerted. The action may not be effected until the recommendation has been approved in writing.

c. Functional directors (or their equivalent) at the MSC, division, or region are considered to exercise enough jurisdiction or control over their respective MSCs, divisions, or regions to be subject to these requirements. Persons reporting directly to functional directors who also meet the definition of *postal manager* are also included. Other *postal managers* may also be considered to exercise jurisdiction or control for purposes of this section. Consult the next higher level of management in any questionable case.

312.335 Examples:

a. An associate office postmaster's son is within reach for appointment from the Clerk-Carrier register at the same associate office. Postmasters may not appoint their sons, so the file is forwarded without recommendation to the MSC Manager for decision, as required by 312.334a.

b. A division general manager's daughter is within reach for appointment from the Clerk-Carrier register at an installation within the same division. (The installation head is not related to the division general manager's daughter.) The installation head may tentatively select the division general manager's daughter, pending approval of the region, as required by 312.334b.

c. An MSC director's wife is within reach for appointment at an associate office within the same MSC. Since MSC directors customarily have the delegated authority to hire, employ, promote, or recommend such actions, they are considered *postal managers* as defined in 312.321. Therefore, the associate office postmaster (who is not related to the MSC director's wife) may tentatively select the MSC director's wife subject to prior review and written approval of the next higher level authority, the General Manager, Field Division.

312.34 Exceptions.**312.341 Preference Eligibles.** The appointment of a preference eligible relative is permitted without higher level approval if:

- a. The preference eligible is within reach (among the three highest rated) for selection from an appropriate register of eligibles, and
- b. An alternate selection cannot be made from the register without passing over the preference eligible and selecting an individual who is not a preference eligible. This exception would apply only if the relative were the only preference eligible within reach for appointment. The

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selection must be reported to the next higher level of management.

312.342 Emergencies. When necessary to meet urgent needs resulting from an emergency posing an immediate threat to life, mail security, postal property, or the mission of the Postal Service, an installation head may make appointments of relatives. Immediate notification to the next higher level of management is required. Appointments made under the emergency conditions will be noncareer and will not normally exceed 1 month in duration but may be extended for a second month if the need still exists. Extensions beyond 1 month may be made only with the prior approval of the Division Manager, Employment and Development.

312.343 Postmaster Relief/Leave Replacements. Prohibitions regarding employment of relatives apply to noncareer postmaster relief/leave replacements at EAS-11, EAS-13, and EAS-15 post offices. This restriction does not apply to noncareer postmaster relief/leave replacements at EAS A-E offices.

312.344 Senior Qualified. The promotion of a relative to a bargaining-unit position filled by the senior qualified bidder or applicant in accordance with the provisions of the appropriate collective-bargaining agreement(s) need not be forwarded to the next higher approving authority.

312.35 5 USC 3319. 5 USC 3319, which restricts the employment of more than 2 members of a family in the competitive service, does not apply to the Postal Service. There is no restriction on the number of persons in a family who may be employed by the Postal Service.

312.4 Residence Requirements. Applications will be accepted for positions in the Postal Service without regard to a residence requirement unless one is specified by an examination announcement or selection program.

312.5 Selective Service Registration Requirement.

312.51 Policy. To be eligible for appointment to a position in the Postal Service males born after December 31, 1959 must, subject to certain exceptions, be registered with the Selective Service System (SSS) in accordance with Section 3 of the Military Selective Service Act.

312.52 Certification of Registration Status.

312.521 Documentation. Appointing officers must make a determination as to whether male applicants born after December 31, 1959, are registered with the Selective Service System or exempt from the registration requirement by the processing of Form 2591-A, *Applicant's Statement of Selective Service Registration Status* (see exhibit 312.52). In lieu of Form 2591-A applicants may submit a copy of their acknowledgement letter or other proof of registration or exemption issued by the SSS. Applicants must sign and date the document(s) submitted (using ink) and add a note stating that it is submitted as proof of Selective Service Registration Status (or exemption). Form 2591-A or other proof submitted is retained with the applicant's Form 2591; *Application for Employment*. Statements of registration status need not be requested from former postal employees or current or former federal service employees when the individual's official personnel folder contains a completed Form 2591-A or other appropriate documentation.

312.522 Verifying Registration Status. An applicant's registration status can be verified by contacting the SSS toll free telephone number 1-800-621-5388.

312.523 Applicants in the targeted age group who fail to provide the information requested on their registration status will be considered "not available" and will receive no further consideration for employment.

312.53 Applicants Not Registered.

312.531 Applicants Under 26 and Not Registered. Appointing officials must advise applicants in this category (1) that they are ineligible for appointment because of their failure to register with the SSS in accordance with Section 3 of the Military Selective Service Act, (2) that their names will be placed on the inactive register, (3) that if they later provide proof of registration or exemption status, their names will be restored to the active register if their eligibility would not otherwise have expired, and (4) that they can register with the SSS at their local Post Office or consular office if outside the United States.

312.532 Applicants 26 or Over and Not Registered. Appointing officials must advise applicants in writing that (1) they are ineligible for appoint-