OFFICE OF
INSPECTOR
GENERAL
UNITED STATES POSTAL SERVICE

Rural Delivery Operations – Mail Count and Timekeeping Processes

Audit Report

December 13, 2013

Report Number DR-AR-14-001

OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

HIGHLIGHTS

December 13, 2013

Rural Delivery Operations – Mail Count and Timekeeping Processes

Report Number DR-AR-14-001

BACKGROUND:

U.S. Postal Service Rural Delivery Operations has about 112,000 rural letter carriers and associates delivering mail on 72,407 routes. Salaries and benefits total over $6 billion annually for these employees. Per the National Rural Letter Carriers' Association's National Labor Agreement, the mail count establishes compensation and workhours for carriers on rural routes. The mail count includes physically counting and recording the number and types of mailpieces by route.

In the fiscal year 2013 mail count, management and carriers agreed to count 32,248 (44 percent) rural routes. Some routes, such as vacant regular routes, auxiliary routes, and routes assigned a right-hand drive vehicle, were mandated for the mail count.

Carriers manually record their workhours on timecards daily and supervisors manually input carrier route time into a spreadsheet and into the Time and Attendance Collection System.

Our objectives were to assess the rural delivery mail count and timekeeping processes.

WHAT THE OIG FOUND:

The rural mail count process is generally effective. Management followed policies and procedures and the National Labor Agreement to ensure rural mail count results are collected, validated, and recorded accurately.

The rural timekeeping process is generally effective to ensure that carriers are paid, but is inefficient. The process has redundant input and potential for errors and is not always performed daily. The manual timekeeping process exists due to a lack of both funding and previous senior management support for design and implementation of a new automated system. The Postal Service plans to pilot a new web-based rural timekeeping system to partially automate the process by directly uploading carriers' workhours into the Time and Attendance Collection System at the end of each pay period. Fully automating the rural timekeeping process would improve operational oversight and supervisor productivity and save about $18.8 million annually.

WHAT THE OIG RECOMMENDED:

We recommended the vice president, Delivery and Post Office Operations, in coordination with the vice president, Controller, develop a strategy to fully automate the rural timekeeping process.

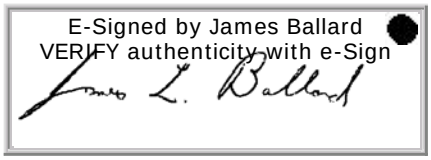
Link to review the entire report

OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

December 13, 2013

MEMORANDUM FOR: EDWARD F. PHELAN, JR.
VICE PRESIDENT, DELIVERY AND POST OFFICE OPERATIONS

TIMOTHY F. O'REILLY
VICE PRESIDENT, CONTROLLER



for

FROM: Robert J. Batta
Deputy Assistant Inspector General
for Mission Operations

SUBJECT: Audit Report – Rural Delivery Operations – Mail Count and Timekeeping Processes (Report Number DR-AR-14-001)

This report presents the results of our audit of the Rural Delivery Operations – Mail Count and Timekeeping Processes (Project Number 13XG024DR000).

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 Post Office Operations, or me at 703-248-2100.

Attachment

cc: Corporate Audit and Response Management

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Introduction

This report presents the results of our audit of Rural Delivery Operations – Mail Count and Timekeeping Processes (Project Number 13XG024DR000). We assessed the rural delivery mail count and timekeeping processes. See Appendix A for additional information about this audit.

U.S. Postal Service Rural Delivery Operations has about 112,000 rural letter carriers[1] and associates delivering mail on 72,407 routes. The National Labor Agreement[2] between the Postal Service and the National Rural Letter Carriers' Association (NRLCA) requires at least one annual mail count, usually conducted during February and March. For the fiscal year (FY) 2013 mail count, management counted 32,248 routes from February 9 through March 2, 2013. Management counted all routes except those that both the regular carrier and management agreed in writing to exclude. Some routes, such as vacant regular routes, auxiliary routes, regular routes receiving Delivery Point Sequence letter mail, and routes that have been assigned a right-hand drive vehicle, must be counted and are not included in the opt-out process.

The mail count establishes each rural route's evaluated[3] time and the salary of the carrier on the route. Each day rural carriers manually record their workhour data on a Postal Service (PS) Form 4240, Rural Carrier Trip Report. Supervisors then manually input the time data from these forms on a spreadsheet and enter the data in the Time and Attendance and Collection System (TACS) at the end of the pay period. See Appendix D for the Index of Rural Timekeeping Forms.

Conclusion

The rural mail count process is generally effective. Management followed policies and procedures and the National Labor Agreement to ensure that rural mail count results were collected, validated, and recorded accurately.

Our observations and survey results determined the rural timekeeping process for ensuring carriers are paid is generally effective, but inefficient. The timekeeping process is performed manually by about 72,000 rural carriers and 12,000 supervisors daily. Further, the process has redundant input and the potential for errors and is not always

[1] There are also over 60,000 rural carrier associates who work 1 day a week or as assigned.
[2] The National Labor Agreement requires an industrial engineering study of time standards that are included in the rural carriers' evaluated pay. This study is to be implemented by May 20, 2015. Based on information obtained from the mail count, a set number of hours are assigned to accomplish each route's evaluated hours. The contract between the Postal Service and NRLCA is effective until 2015.
[3] Rural letter carriers are compensated for their rural routes based on workload evaluations and are classified as follows: H routes - carrier works 6 days a week; J routes - carrier has a relief day every other week; K routes - carrier has a relief day every week; auxiliary routes - carrier works 6 days a week, normally evaluated at less than 39 hours per week; mileage routes - carrier salary is based on the length of the route as determined by the official measurement; and high-density L routes - carrier has a density of 12 boxes or more per mile, as verified by a mail count.

performed daily. The manual timekeeping process exists due to a lack of both funding and previous senior management support for design and implementation of a new automated system. The Postal Service intends to pilot a new web-based rural timekeeping system, which will partially automate the process by directly uploading carriers' workhours into the TACS at the end of each pay period. Fully automating the rural timekeeping process would improve operational oversight and supervisor productivity, saving about $18.8 million annually.

Rural Delivery Operations

The rural mail count and timekeeping processes are generally effective; however, the rural timekeeping process is inefficient.

Rural Mail Count

The FY 2013 rural mail count process was effective. We observed the FY 2013 National Rural Mail Count process and procedures at 25 delivery units[4] and surveyed 64 districts. Management followed policies,[5] procedures, and the National Labor Agreement with the NRLCA to ensure that rural mail count data and or results were collected, validated, and recorded accurately in the Rural Route Mail Count (RRMC) system.

Rural Timekeeping

The rural timekeeping process[6] was generally effective to ensure carriers' workhours were recorded in the TACS; however, the process was inefficient. It is a manual process with redundant input, requiring each carrier's daily time and attendance information to be entered multiple times.

- First, rural carriers manually record their daily time on PS Form 4240.
- Second, supervisors review each form and input the information into an electronic format – the automated PS Form 4240 Excel spreadsheet.
- Third, at the end of each pay period supervisors enter[7] the data from the spreadsheet into the TACS.

The process is labor-intensive for the 12,000 plus supervisors and creates the opportunity for recording errors. Supervisors do not always perform their required daily

[4] The U.S. Postal Service Office of Insepctor General (OIG) visited the following districts and units – Atlanta (five units), Cincinnati (six units), Dallas (four units), Detroit (seven units), and Fort Worth (three units).
[5] *Rural Route Mail Count Guide*, updated January 2013.
[6] *Rural Carrier Timekeeping Procedures,* Chapter 2.
[7] Managers must manually input time and attendance information into other programs. During a mail count all timekeeping data has to be manually input into the RRMC system. Also, duplicate input includes the Enterprise Resource Management (eRMS) program, which is used to track employee attendance and leave usage.

timekeeping duties. This process has been in place since 1980.[8] See Appendix C for a flowchart of the process.

We confirmed our observations during interviews with and surveys of supervisors. Over two-thirds[9] of our survey respondents indicated they would prefer rural delivery operations have an automated timekeeping system. Supervisors indicated the system should be automated using either an Electronic Badge Reader (EBR) or a scanner for the rural carriers' daily time entries. Also, seven percent of the respondents indicated that interfacing automated PS Forms 4240 directly into the TACS would be an improvement over the manual process.

Our survey also included questions regarding the time supervisors spend performing required rural timekeeping duties (see Table 1).

Table 1. Supervisor Rural Timekeeping Procedures

Procedures	Method of Performance	Average Daily Time per Route to Perform Tasks (minutes:seconds)
Collect PS Forms 4240 from carrier cases.	Manual	0:18
Collect replacement carriers' PS Forms 1234, Auxiliary Time Cards.	Manual	0:09
Enter data from PS Forms 4240 into Excel spreadsheet (if used).	Manual	1:06
Enter replacement carriers' workhours from PS Forms 4240 and auxiliary time cards into relief carrier tracking sheet (if applicable).	Manual	0:20
Return PS Forms 4240 and replacement carriers' PS Forms 1234 to designated locations.	Manual	0:17
Average Daily Time Used per Route		**2:10**

Source: OIG analysis from survey results.

This manual timekeeping system increases the risk of:

- Omitted entries, which create opportunities for supervisors to incorrectly compensate employees.

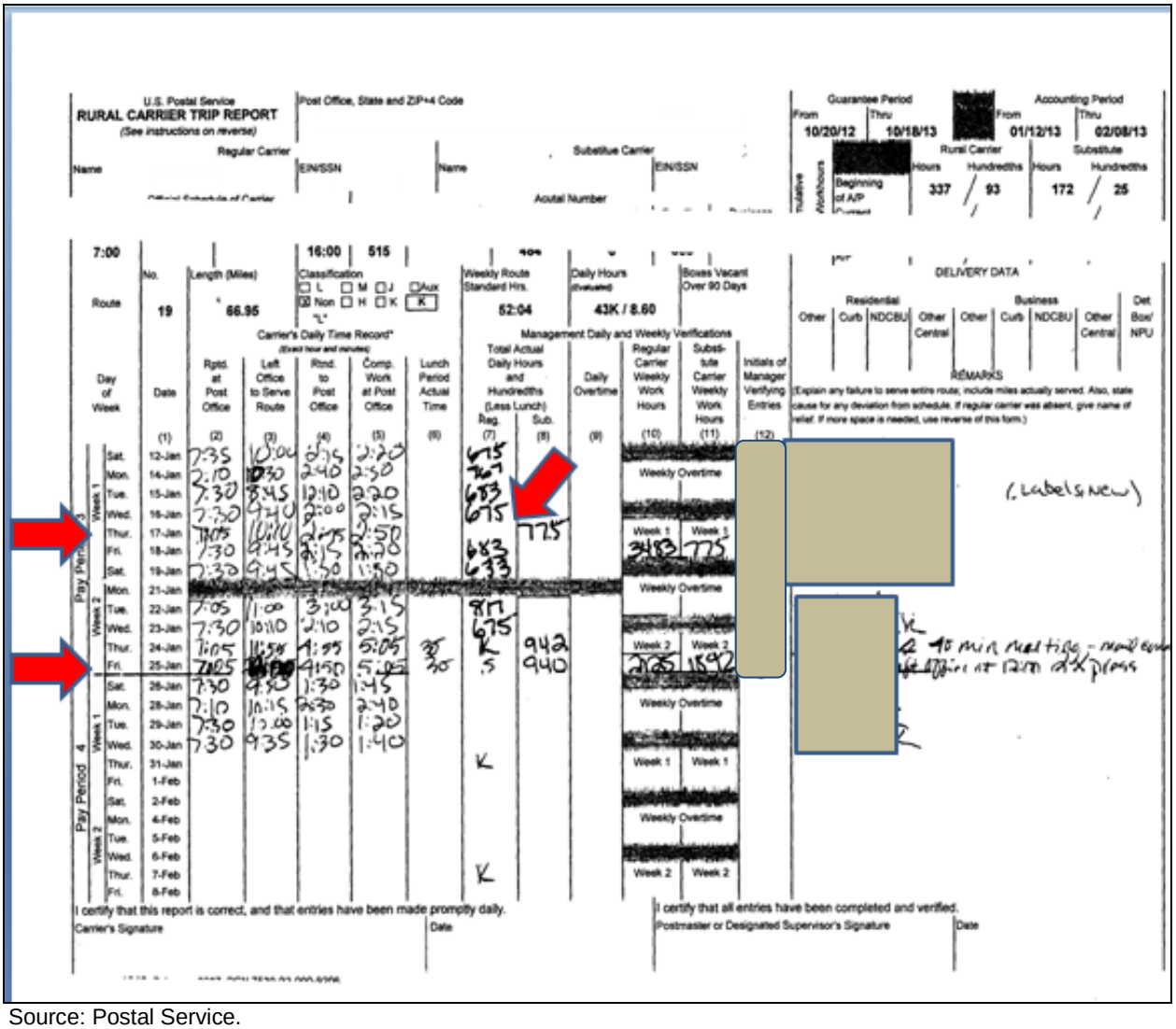
- Input errors caused by poor handwriting or keying errors, which could cause incorrect payroll expenses.

[8] Handbook M-38, *Management of Rural Delivery Services,* dated July 1980, refers to this process.
[9] Results based on 646 of 940 respondents who answered the question, "If you could change the rural timekeeping process, what do you suggest changing and why?"

- Carriers incorrectly recording their reporting times or break times on the manual time cards (see Figure 1).

In Figure 1, we identified entries using red arrows from a rural carrier that may be difficult to read and may require additional time to confirm with the employee or the carrier. Manual recording can lead to supervisors incorrectly entering times employees. There is an omitted entry in the leave column for January 17 that could result in incorrect pay.

Figure 1. Completed PS Form 4240



Source: Postal Service.

The manual timekeeping process in rural delivery operations exists due to lack of both funding and previous senior management support for design and implementation of a new automated system. Field-level managers initiated the Rural Carrier EBR pilot program in FY 2002. This pilot program operated for 10 years before the Postal Service

terminated it in FY 2012. Management expressed an absence of upper management support in the past and inadequate funding for an automated system.

The Postal Service intends to pilot a new web-based rural timekeeping program, the Rural Workhour Tracker (RWHT). This new program was originally slated for release in early FY 2013; however, due to shortages in programming staff and new priorities in Information Technology (including 5-day delivery compatibility), its implementation has been delayed until FY 2014. This system will only partially automate the process. Rural carriers will still manually record their daily time entries and supervisors will still input manual entries into the RWHT program. Fully automating the rural timekeeping process would improve operational oversight and supervisor productivity and save about $18.8 million annually.

Recommendation

We recommend the vice president, Delivery and Post Office Operations, in coordination with the vice president, Controller:

1. Develop a strategy to fully automate the rural timekeeping process.

Management's Comments

Management agreed with a limited part of the recommendation and disagreed with the monetary impact.

Regarding recommendation 1, management stated it plans to work with the Controller to explore, evaluate, and implement cost-effective automated solutions. Officials also stated they will continue developing the RWHT application, which was conceived in FY 2012, with funds committed in FY 2013.

Management disagreed with the monetary impact, indicating the audit was based on a judgmental non-representative sampling method deemed inappropriate to determine or quantify any monetary findings and which has compromised the integrity and credibility of the audit. Management believes the statement about the absence of upper management support gives an incorrect impression regarding the termination of the Rural Carrier EBR pilot. Management stated they suspended the EBR program after an extensive pilot period because of the experience gained and numerous system issues.

Management also said the OIG had no offsetting cost in its finding estimate for the time supervisors used an automated system, system development costs, or additional salary and benefits for rural carriers to swipe/record their time. Officials indicated the OIG is simply suggesting a shift from supervisor hours to craft hours, which would inflate cost with no savings for supervisors. Further, officials said any changes would mandate an Article 19 review under the applicable National Agreement and appropriate labor organization.

See Appendix E for management's comments, in their entirety.

Evaluation of Management's Comments

The OIG considers management's comments responsive to the recommendation in the report. Management stated its plans to work with the Controller to explore, evaluate, and implement cost-effective automated solutions. Further, management stated it will continue developing the RWHT application, which it conceived in FY 2012.

Regarding management's disagreement with the monetary impact methodology, the OIG developed and distributed a web survey which was sent to all 64 districts with rural routes. OIG instructed management to select both large and small delivery units to complete the OIG survey questions. We received over 1,200 responses from 61 districts, a 95 percent participation rate. Surveying these districts with rural routes along with the high response rate helped quantify the magnitude of the timekeeping issue, and does not compromise the integrity and credibility of the audit. See Appendix B for detail on monetary impact. Also, during OIG's visits to 56 rural delivery units to observe the 2013 Rural Mail Count procedures, we took the opportunity to also interview management about timekeeping processes. Further, we acknowledged in the report that changing the method of recording time would require an Article 19 review based on the NRLCA Labor Agreement.

Management also expressed concern about the statement in the report that absence of upper management support for the EBR pilot gives an incorrect impression regarding the termination of the pilot. OIG conducted interviews with personnel at the Eagan Accounting Service Center to obtain an understanding and information on the pilot. Management provided OIG information on the original 10 EBR pilot sites and the 104 unofficial sites and their activities. We documented several reasons that led to the EBR pilot termination including additional sites received inadequate training and support, personnel changes, shifting priorities, funding issues, and increased technical issues over the 10 years. Based on these reasons, we concluded there was an absence of past upper management support and funding for the automated EBR timekeeping pilot.

Management also stated that OIG did not include offsetting cost for the timekeeping system in its monetary impact estimate and is simply shifting time from supervisor hours to craft hours. The OIG attempted a number of times to obtain cost estimates from management on the potential cost for implementing an automated timekeeping system for rural delivery operations. However, management was unable to provide the information on implementing a new automated timekeeping system. Since we could not obtain this information, the monetary impact was calculated based on the elimination of duplicate work. Our analysis does not shift hours, but shows savings from automating the timekeeping process and reducing timekeeping hours for supervisors.

The OIG considers the recommendation significant, and therefore requires OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. This recommendation should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendation can be closed.

Appendix A: Additional Information

Background

The National Labor Agreement between the Postal Service and the NRLCA requires at least one annual mail count. The mail count establishes each rural route's evaluated time to perform office and street duties. All mailpieces are physically counted and recorded by either supervisors or managers, clerks, or carriers, including external personnel[10] hired to accomplish this enormous task.

Results of the mail count include an established number of hours to accomplish each route, which are called "evaluated hours." These evaluated hours are posted for each route in the delivery unit in the header section of PS Form 4240. To account for the evaluated route times, each day rural carriers manually record their workhours on PS Form 4240. A supervisor then manually inputs the data into a standalone Excel spreadsheet. At the end of each pay period, the supervisor also enters data from the Excel spreadsheet into the TACS.

The Postal Service initiated a pilot program in FY 2002 to automate the rural timekeeping process using EBR and cancelled it in FY 2012. Management is developing a new partially automated timekeeping system (the RWHT), scheduled for initial deployment in FY 2014. Carriers will still manually record their work time, but supervisors will now input the time into the RWHT web application to capture and track daily rural carrier time. The RWHT will also provide various performance reports and load the workhour data directly into the TACS.

Objectives, Scope, and Methodology

Our objectives were to assess the rural delivery mail count and the timekeeping processes. To accomplish our objectives we:

- Reviewed documentation and applicable rural delivery[11] policies and procedures.
- Judgmentally selected 53 delivery units in the Seattle, Greater Indiana, Northland, Cincinnati, Atlanta, Dallas, Fort Worth, and Detroit districts to review unit-level mail count data controls and timekeeping processes and procedures.
- Performed analysis using Mail Condition Reporting System and End-of-Run reports, to determine mail volume before, during, and after the mail count.
- Interviewed Postal Service Headquarters Finance and Information Technology personnel regarding rural mail count data controls, the rural carrier EBR pilot program, and the RWHT program and other rural timekeeping opportunities.

[10] All personnel responsible for counting the mail must receive training.
[11] *Handbook M-38; Handbook PO-603, Rural Carrier Duties and Responsibilities; and Handbook F-21, Time and Attendance.*

- Surveyed district officials in 64[12] districts with rural delivery to obtain information regarding the results of the FY 2013 mail count. We asked questions regarding the pre-count, rural mail count, dispute resolution processes, and cost to conduct the mail count.

- Surveyed district managers in 64 districts with rural delivery routes to obtain information related to the time required to perform the rural timekeeping duties, their opinion of the current timekeeping system, and feedback on ways to improve the rural timekeeping process.

- Developed a flowchart of the rural timekeeping process starting with carriers recording daily times through supervisors making data entries into the TACS.

We conducted this performance audit from January through December 2013 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. We discussed our observations and conclusions with management on August 26, 2013, and included its comments where appropriate.

We assessed the reliability of mail count volume data entered into the RRMC system. To do this, we reviewed controls over volume recording, specifically validation that entries manually recorded on PS Form 4239, Rural Route Mail Count, were correct. We determined that the data were sufficiently reliable for the purposes of this report. We reviewed rural timekeeping processes and procedures, not the accuracy of timekeeping data. We did not assess the reliability of any computer-generated timekeeping data for the purposes of this report.

Prior Audit Coverage

The OIG issued a report titled *Delivery Operations Data Usage* (Report Number DR-AR-13-001, dated October 11, 2012). The report stated that city delivery operations have a substantial number of systems and reports and amount of data to manage operations. Also, new supervisors and managers did not always know how to use these tools and data to manage operations. Further, our assessment of 32 prior delivery reports showed ongoing issues with data usage, availability, and accuracy. For rural delivery, there is no centralized system containing routes, workhours, and other management information. These conditions occurred because management has not streamlined city delivery data and reporting needs or re-emphasized data and report operating procedures for delivery managers. Management indicated that the evaluated rural route structure does not require a daily route management system. Also, there is limited ongoing coaching and

[12] The Chicago, New York Metro, and Triboro districts do not have any rural delivery routes.

mentoring on the use of systems, performance reports, and data for new supervisors and managers. Management agreed with all three recommendations in this report.

Appendix B: Monetary Impact

Recommendation	Impact Category	Amount
1	Funds Put to Better Use[13]	$18,765,396

We calculated the monetary impact of eliminating supervisors' time used to collect (and return) PS Forms 4240 and redundant input of rural carriers' time into the Excel spreadsheet from the manually completed time cards. We based this impact on the 1,617 offices with 11 or more rural routes. These offices represent the units with the largest impact on the number of workhours supervisors used to conduct rural timekeeping duties. Eliminating manual timekeeping processes[14] will increase supervisors' availability for managing delivery operations at these units by an estimated 349,000 supervisor hours, saving about $18.8 million annually.

We estimated funds put to better use of $18,765,396 for reallocation of delivery unit management's time to other required duties (see Table 2).

Table 2. Average Annual Workhours Used and Cost of Manual Rural Timekeeping Input at Units with 11 or More Rural Routes

Annual Workhours	Time and Cost
Average minutes per route per pay period	26:00
Average daily minutes	2:10
Average minutes per day used by supervisors	69,121
Average hours per day used by supervisors	1,152
Average daily cost for supervisors to collect, input, and return rural carriers' timesheets	$ 61,932
Average hours used yearly by supervisors	349,061
Annual cost (303 delivery days)	$18,765,396

Source: OIG analysis as of August 2013.

[13] Funds that could be used more efficiently by automating the collection and input of daily rural timekeeping data. This estimate does not reflect the initial costs of programming software to perform this function. Additionally, it does not reflect the difference in time required to review daily clockrings in the TACS environment versus the current daily review of PS Forms 4240.The OIG was unable to calculate either of these costs and neither Postal Service officials nor staff were able to estimate these costs.

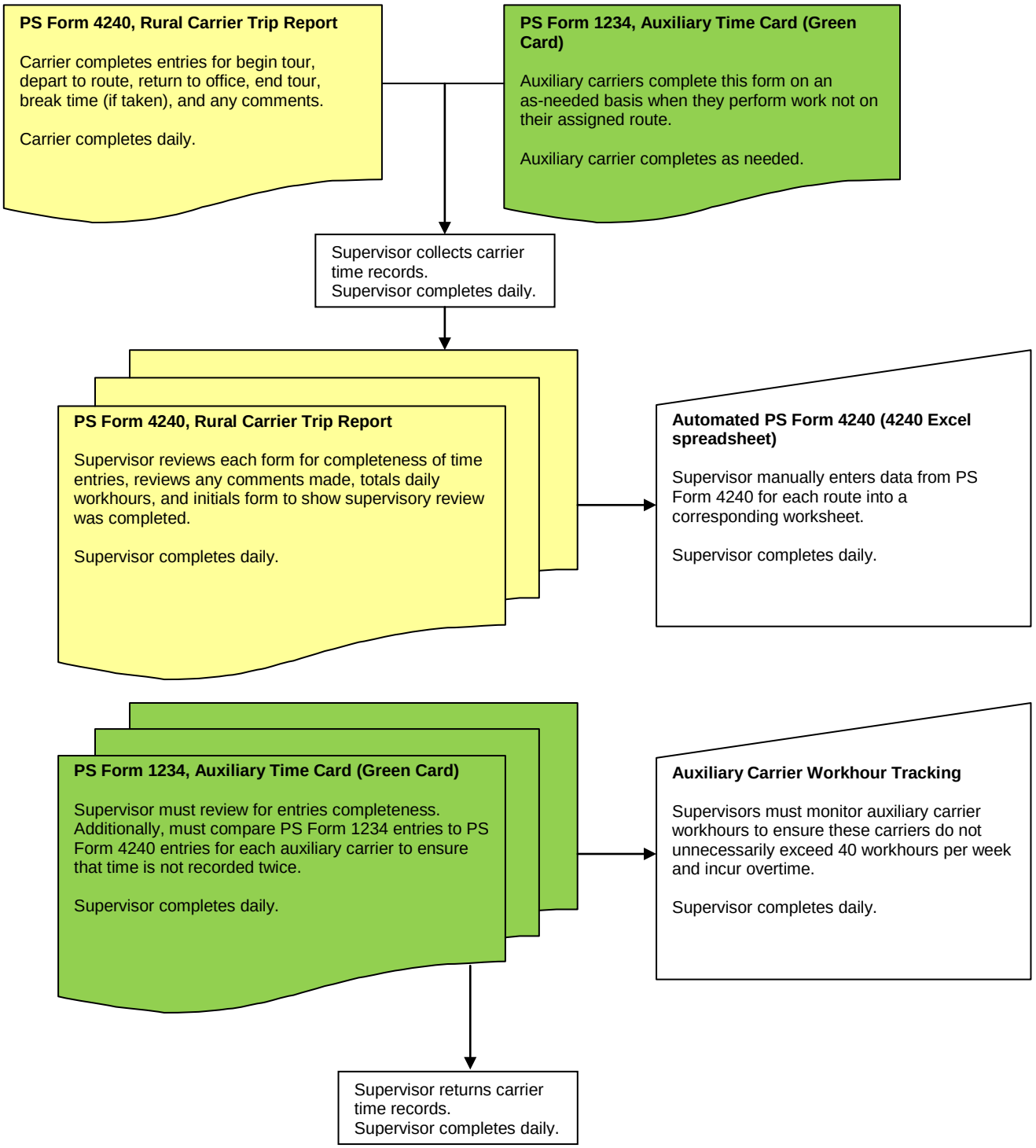
[14] Conversion of rural timekeeping from a manual PS Form 4240 to a permanent automated system will require negotiation and agreement with the NRLCA.

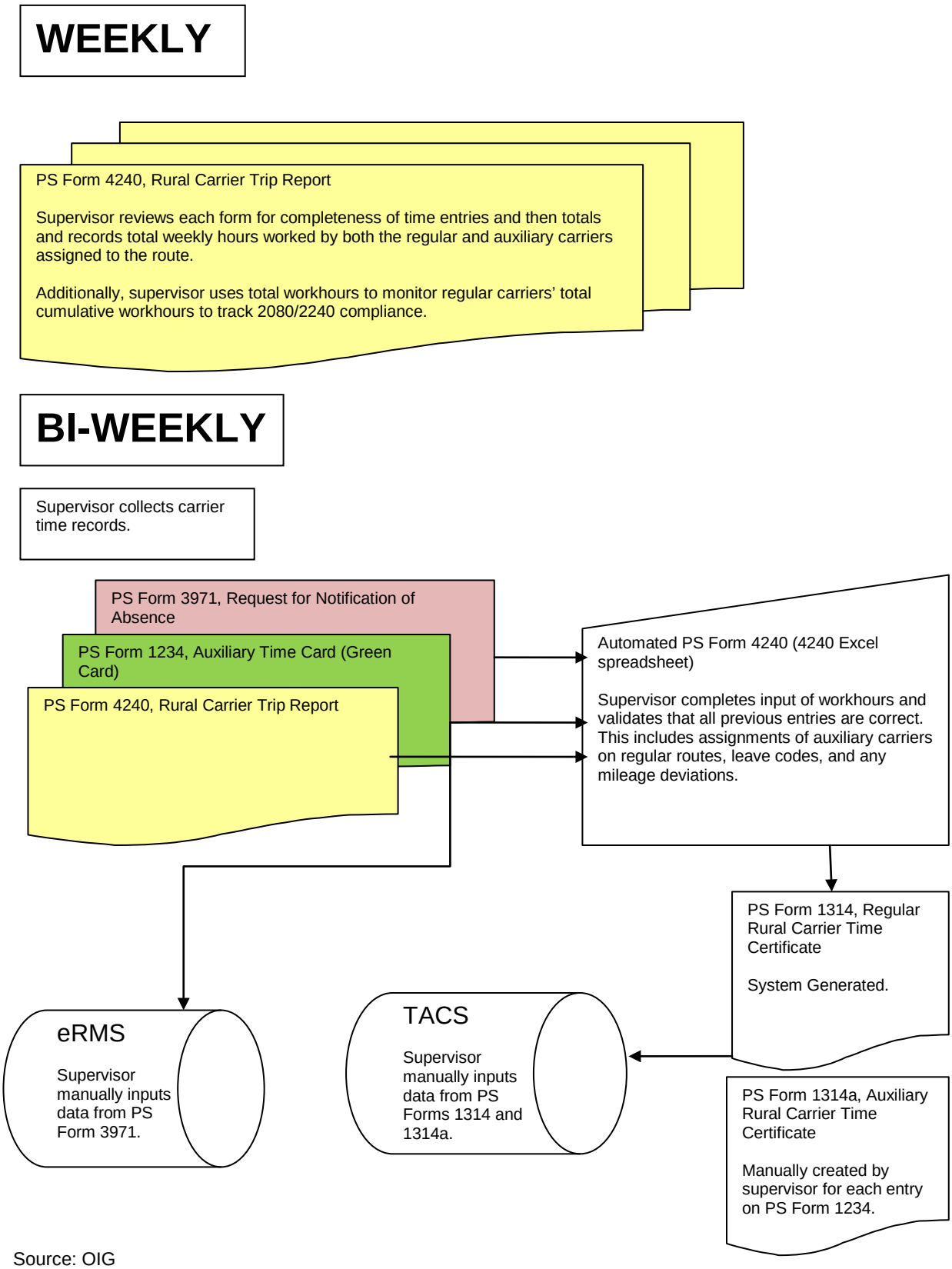
We calculated funds put to better use for reallocating management workhours using the fully loaded hourly rate of an Executive and Administrative Schedule -17 supervisor of $53.76 for FY 2014 for the 2-year projection.

We calculated the savings of 2:10 minutes per route per day by multiplying the 1,152 average workhour per day by 60 minutes, which equals 69,121 minutes. We then divided 69,121 minutes by 31,853 rural routes[15] and then divided by 303 annual delivery days.

[15] Number of rural routes in offices with 11 or more rural routes that were part of the Postal Service as of August 2013.

Appendix C: Flowchart of Rural Timekeeping Daily Process




WEEKLY
PS Form 4240, Rural Carrier Trip Report
Supervisor reviews each form for completeness of time entries and then totals and records total weekly hours worked by both the regular and auxiliary carriers assigned to the route.
Additionally, supervisor uses total workhours to monitor regular carriers' total cumulative workhours to track 2080/2240 compliance.
BI-WEEKLY
Supervisor collects carrier time records.
PS Form 3971, Request for Notification of Absence
PS Form 1234, Auxiliary Time Card (Green Card)
PS Form 4240, Rural Carrier Trip Report
Automated PS Form 4240 (4240 Excel spreadsheet)
Supervisor completes input of workhours and validates that all previous entries are correct. This includes assignments of auxiliary carriers on regular routes, leave codes, and any mileage deviations.
PS Form 1314, Regular Rural Carrier Time Certificate
System Generated.
eRMS
Supervisor manually inputs data from PS Form 3971.
TACS
Supervisor manually inputs data from PS Forms 1314 and 1314a.
PS Form 1314a, Auxiliary Rural Carrier Time Certificate
Manually created by supervisor for each entry on PS Form 1234.

Source: OIG

Appendix D: Index of Rural Timekeeping Forms

- PS Form 1234, Auxiliary Time Card – This form is used to record any type of work performed by a relief rural carrier other than when the relief carrier is working a full day on either a regular or an auxiliary rural route. Examples include casing mail, performing office work, performing street time on a route, delivering Express Mail, making collection runs, and so forth. The type of work the relief carrier performs must be recorded on the form on the proper day and date and with the proper clock rings.

- PS Form 1314, Regular Rural Carrier Time Certificate – Time credits and equipment maintenance information is transferred to this document from PS Form 4240 for both the regular rural carrier and any replacement carriers. The certificate is then submitted to the designated site for processing.

- PS Form 1314a, Auxiliary Rural Carrier Time Certificate – Time credits and equipment maintenance information are transferred to this document from PS Form 4240 for all time used on an auxiliary route. This form is used to document all auxiliary assistance performed by relief carriers.

- PS Form 3971, Request for Notification of Absence – Carriers prepare this leave form in writing and in duplicate. Supervisors approve or disapprove applications for leave by signing the form and giving a copy to the employee.

- PS Form 4240, Rural Carrier Trip Report – Carriers complete this form daily to record actual hours and minutes worked each day. Any deviation from the official route mileage and/or the reasons for any delay must be explained in the “Remarks” section.

Appendix E: Management's Comments

UNITED STATES POSTAL SERVICE

November 15, 2013

JUDITH LEONHARDT
DIRECTOR AUDIT OPERATIONS

SUBJECT: Rural Delivery Operations – Mail Count and Timekeeping Processes
Draft Audit Report Number DR-AR-14-DRAFT dated
October 31, 2013

Thank you for the opportunity to review and comment on the subject Draft Audit Report. While we dispute the majority of the findings, we agree with a limited part of the recommendation.

In particular, we are not in agreement with your monetary findings relating to manual completed timecards as expressed in Appendix B. The audit was based on a judgmental non-representative sampling method, deemed inappropriate to determine or quantify any monetary findings. It is therefore, reasonable to assume that if the methodology was deemed inappropriate, this would extend throughout the entire audit. The integrity and credibility of the audit is compromised.

The United States Postal Service (USPS) has reviewed the report and expresses the following reservations with OIG observations/assumptions:

The report seems to infer that the Rural Carrier Electronic Badge Reader (EBR) pilot was terminated due to an 'absence of upper management support'. On page 5 of the Draft Audit Report is a statement about the pilot project for the Rural EBR:

> "This pilot program operated for 10 years before being terminated in FY 2012. Management expressed that there was an absence of upper management support in the past and adequate funding for an automated system".

We do not know who the 'management' is that is being referred to in the statement, but believe the statement gives an incorrect impression. In fact, the Rural EBR program was suspended after an extensive pilot because of the experience gained and the many system issues encountered. In addition, Rural

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Work Hour Tracker (RWHT) was being designed by Delivery with assistance from HQ Payroll, so there was no need to have competing applications with the same end result, i.e. efficient timekeeping and daily reporting for Operations.

To continue with the EBRs will require the additional purchase of a substantial amount of EBR devices for those units without a reader and will require associated cost for the continued maintenance of said reader(s).

With regard to *Appendix B: Monetary Impact*, we disagree with the $18.8 million estimate of *Funds Put to Better Use*. First, the 'savings' of a few minutes a day by supervisors cannot be captured. Second, there are no offsetting 'costs' in the OIG estimate for the time Supervisors use an automated system, or system development costs, or the additional salaries and benefits that would be required for Rural Carriers to swipe/record their time. One cannot proclaim a cost savings of $18M+ and not incorporate annual expenditures associated with the program, start up, equipment and maintenance. All of these issues/concerns conveyed to the OIG on Monday, August 26, 2013. The OIG continues to fail to take into account additional cost associated with their findings. For example, Rural Carriers currently receive eighteen (18) seconds per scan – multiplied by five (5) scans per day - would equivocate to nine (9) minutes per route, per week, at a cost of approximately $20M annually. The OIG is simply suggesting a shift from supervisory hours to craft hours. This shift would inflate cost without any time savings for supervisors.

As a final point, it was also noted to the OIG that any changes or elimination to the 4240 would mandate an Article 19 review in accordance with the applicable national agreement and appropriate labor organization.

RECOMMENDATION

We recommend the vice president, Delivery and Post Office Operations, in coordination with the vice president, Controller:

1. Develop a strategy to fully automate the rural timekeeping process.

MANAGEMENT RESPONSE

1. Delivery and Post Office Operations will work with the Controller to explore, evaluate, and implement automated solutions that are cost-effective for the Postal Service.

2. USPS will continue to move forward with the development of the Rural Work Hour Tracker (RWHT) application which was conceived in Fiscal Year (FY) 2012 and funds committed in FY 2013.

Again, thank you for the opportunity to respond to the findings/recommendation pertaining to the subject Draft Audit Report – conducted by the Office of the Inspector General.

Edward F. Phelan, Jr.
Vice President
Delivery and Post Office Operations

Timothy O'Reilly
Vice President
Controller

cc: James J. Boldt, Manager Customer Service Operations
Philip F. Knoll, Manager Delivery Programs Support
Jean D. Parris, Manager Accounting Services
Elizabeth A. Schaefer, Manager Delivery Operations
CARM