



OFFICE OF
**INSPECTOR
GENERAL**
UNITED STATES POSTAL SERVICE

*Employee and Labor Relations
Manual Revisions*

Audit Report

August 20, 2013

Report Number HR-AR-13-005



HIGHLIGHTS

BACKGROUND:

The *Employee and Labor Relations Manual* (ELM) contains policies and regulations governing U.S. Postal Service employment, including organizational structure, pay administration, employee benefits, employee relations, training and development, safety, health and environment, and labor relations. Management periodically revises sections of the ELM to reflect changes to Postal Service policies or regulations. The ELM is frequently cited by both internal and external stakeholders in matters concerning Postal Service employment; therefore, it is vital that it contains information that is current and in agreement with Postal Service policy.

Our objective was to assess the process Postal Service officials use to update the ELM.

WHAT THE OIG FOUND:

The process for updating the ELM needs improvement. Specifically, overall guidance governing ELM revisions had not been updated since 1996 and various sections contained obsolete information. Also, management had not comprehensively reviewed and updated the ELM since its publication in 1978 to ensure that all changes have been properly included and the document is

current, accurate, and complete. Finally, the Postal Service has not clearly identified functional organizations responsible for specific ELM content to ensure they authorize revisions as appropriate because the overall guidance governing ELM revisions does not require that level of detail.

Policy guidance must contain information that is current, accurate, complete, and in agreement with Postal Service policy. Properly updating the ELM minimizes the possibility of expensive and embarrassing consequences to the Postal Service.

WHAT THE OIG RECOMMENDED:

We recommended management implement procedures to update the ELM on a regular basis and clearly identify functional organizations responsible for specific content and communicate that information to appropriate stakeholders. Management updated the overall guidance for revising the ELM to incorporate suggestions made by the OIG and other stakeholders effective June 26, 2013. As a result, we did not make any recommendations regarding ELM policy guidance.

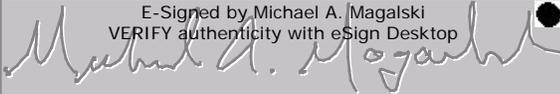
[Link to review the entire report](#)



August 20, 2013

MEMORANDUM FOR: ROSEMARIE FERNANDEZ
ACTING VICE PRESIDENT, EMPLOYEE RESOURCE
MANAGEMENT

JUDITH A. DE TOROK
ACTING VICE PRESIDENT, CORPORATE
COMMUNICATIONS

E-Signed by Michael A. Magalski
VERIFY authenticity with eSign Desktop


FROM: Michael A. Magalski
Deputy Assistant Inspector General
for Support Operations

SUBJECT: Audit Report – *Employee and Labor Relations Manual*
Revisions (Report Number HR-AR-13-005)

This report presents the results of our audit of *Employee and Labor Relations Manual* Revisions (Project Number 13YG018HR000).

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Andrea Deadwyler, deputy director, Human Resources and Support, or me at 703-248-2100.

Attachment

cc: Jeffrey C. Williamson
Douglas A. Tulino
Corporate Audit and Response Management

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Introduction

This report presents the results of our audit of *Employee and Labor Relations Manual* (ELM) Revisions (Project Number 13YG018HR000). Our objective was to assess the process U.S. Postal Service officials use to update the ELM. This self-initiated audit addresses operational risk. See [Appendix A](#) for additional information about this audit.

The ELM contains policies and regulations governing Postal Service employment, including organizational structure, job evaluation, placement, pay administration, employee benefits, employee relations, training and development, safety, health and environment, and labor relations. Management revises sections of the ELM, as needed, to reflect changes in policies or regulations.

Conclusion

The process for updating the ELM needs improvement. Specifically, overall guidance governing ELM revisions had not been updated since 1996 and certain sections contained obsolete information. Also, management had not comprehensively reviewed and updated the ELM since its initial publication in 1978. Finally, management had not clearly identified functional organizations responsible for ELM section and chapter contents (content owners) to ensure they authorize revisions when appropriate.

Policy Guidance

The Postal Service has not updated guidance¹ used to publish electronic and paper documents containing corporate policies, procedures, and forms, including the ELM, since 1996. As a result, it contains outdated information. For example:

- The guidance stated that electronic and paper documents containing corporate policies and procedures must be published through Corporate Publishing and Information Management (CPIM), Information Systems, and maintained as part of the corporate directives repository for tracking and easy access. According to the manager, Brand and Policy, CPIM was transferred from Information Systems to Corporate Communications and renamed Brand and Policy in fiscal year (FY) 2000.
- The guidance stated that vice presidents who issue policies and procedures in memorandums should ensure those memorandums are managed with other corporate policy documents by using the Local Area Network (LAN) memo template designated 'Policy Memo' and provide a copy to CPIM (now Brand and Policy). This information is obsolete and no longer applicable because the LAN 'Policy Memo' template no longer exists.

¹ Management Instruction (MI) AS 310-96-3, *Management of Policy and Procedure Information – Paper and Online*, May 1996.

- Although the online forms used to update the ELM were revised, the forms in the management instruction have not been similarly revised.

The manager, Brand and Policy, stated that the required revisions were minor² but could not explain why they have not been made. The manager stated that, based in part on inquiries made by the U.S. Postal Service Office of Inspector General (OIG) and other internal Postal Service personnel, management revised the guidance effective June 26, 2013.³ Because management updated the guidance to incorporate suggestions made by the OIG and other stakeholders, we are not making any recommendations regarding policy guidance.

Comprehensive Review and Update

Management has not comprehensively reviewed and updated the ELM since its initial publication in 1978 because there is no requirement to do so. Officials generally update the ELM to incorporate policy⁴ changes when they are aware of them but, since there are no procedures for regularly reviewing and updating the ELM, critical changes may be significantly delayed or overlooked. For example:

- The Postal Service implemented a new job category, Postal Support Employee, in FY 2011, but have not implemented planned changes to the ELM.
- The ELM does not include the eCareer application implemented in 2008 and noted in Postal Service Handbook EL-312.⁵

Also, officials do not immediately update the ELM for non-regulatory or editorial changes because these changes occur frequently and the clearance process can take up to 60 days.⁶ As a result, information becomes obsolete. For example, the Organizational Design and Management office was changed to Organizational Effectiveness in FY 2011, but the ELM does not currently reflect this change. We also found similar examples of obsolete information, including:

- Section 436 references MI EL-430-2012-2, which was superseded by MI EL-430-2012-4 in November 2012.
- Sections 511.21 and 516.23 reference Handbook F-22,⁷ which was obsolete as of May 10, 2002.
- Section 512.71 references Postal Service (PS) Form 2246, Terminal Leave Worksheet, which was obsolete as of October 20, 1989.

² These include non-regulatory and editorial changes.

³ MI AS-310-2013-6, *Management of Policy and Procedure Information*, June 26, 2013.

⁴ These include changes to union contracts and regulatory provisions.

⁵ Handbook EL-312, *Employment and Placement*, March 2013.

⁶ The Postal Service has a contractual obligation to notify its unions of proposed ELM changes related to bargaining unit employees. This allows time for the unions to respond to the proposed changes.

⁷ Handbook F-22, *Time and Attendance*.

- Sections 541.3, 547.58, 547.73, and 547.74 reference PS Form 2557, Employee's Third-Party Recovery Statement, which was obsolete as of February 2012.
- Section 596.522 states that the maximum length of time for a Thrift Savings Plan (TSP) general purpose loan is 4 years; however, the general information and instructions for TSP Form TSP-20, Loan Application, April 2012, state that the minimum and maximum times to repay general purpose loans are 1 and 5 years, respectively.
- Section 868.131 refers to Handbook M-19,⁸ which became obsolete in FY 1991 and superseded by Handbook PO-702.⁹

In addition, in our survey, four of 10 area Human Resources managers and analysts stated that the ELM is not up to date and relevant.¹⁰ One respondent suggested conducting regularly scheduled reviews and updates of the ELM.

During the course of our audit, personnel began reviewing and comprehensively updating their respective sections and chapters of the ELM. A thorough periodic ELM review ensures that all changes have been properly included and the document is current, accurate, and complete.

Employee and Labor Relations Manual Section and Chapter Content Owners

Management has not clearly identified ELM content owners. When officials revise the ELM, they forward authorized revisions to the Brand and Policy office¹¹ for publication. Personnel in that office verify that the revisions were authorized by a Postal Career Executive Service manager, as required. However, since management has not identified ELM content owners, there is no way to verify, when appropriate, that the relevant content owner authorized the revisions.

The manager of Brand and Policy stated that the vice president, Employee Resource Management, has overall responsibility for the ELM. In addition, Postal Service policy states that when there are legal or labor relations consequences to be managed, representatives of accountable organizations must authorize revisions via signature. However, the policy does not specify individual content owners responsible for authorizing revisions. Instead, it gives each vice president delegation of authority for that responsibility.

Identifying content owners provides an added control that relevant content owners authorize revisions. It also provides added assurance that the impact of a change in one

⁸ Handbook M-19, *Accident Investigating Tort Claims*.

⁹ Handbook PO-702, *Tort Claims Administration*, May 2007.

¹⁰ We invited 25 area Human Resources managers and analysts to participate in a survey regarding their use of the ELM and whether the information in the ELM is current. We received 10 responses.

¹¹ The Brand and Policy office is responsible for publishing new and revised documents and removing obsolete documents, including those related to the ELM.

chapter is carried through to all other affected chapters. Finally, it reduces the risk of inaccurate information or employee actions that could potentially result in negative legal, contractual or other business consequences to the Postal Service. Since the ELM contains policies and regulations governing Postal Service employment, it is frequently cited by both internal and external stakeholders. The Postal Service's own guidance states that it is vital that the ELM contain information that is correct, up-to-date, and in agreement with official Postal Service policy to minimize the possibility of expensive and embarrassing consequences to the Postal Service.

Recommendations

We recommend the acting vice president, Employee Resource Management, in coordination with the acting vice president, Corporate Communications:

1. Implement procedures to update the *Employee and Labor Relations Manual* on a regular basis to ensure that it is current, accurate, and complete.

We recommend the acting vice president, Employee Resource Management:

2. Identify functional organizations responsible for *Employee and Labor Relations Manual* section and chapter contents and communicate that information to appropriate stakeholders.

Management's Comments

Management agreed with the findings and recommendations.

Regarding recommendation 1, management stated that Employee Resource Management (ERM) will develop an ELM revision process to ensure the ELM is current, accurate, and complete. Management also stated that ELM reviews will be conducted as organizational changes or other initiatives occur that warrant an ELM update.

Regarding recommendation 2, management stated ERM will also identify functional organizations responsible for ELM section and chapter contents and communicate the identified organization content owners to the appropriate stakeholders.

Management expects to implement corrective actions for recommendations 1 and 2 by December 31, 2013. See [Appendix B](#) for management's comments, in their entirety.

Evaluation of Management's Comments

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

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

Appendix A: Additional Information

Background

The ELM contains policies and regulations governing Postal Service employment, including organizational structure, job evaluation, placement, pay administration, employee benefits, employee relations, training and development, safety, health and environment, and labor relations. Management periodically revises sections of the ELM as needed to reflect changes in policies or regulations.

Objective, Scope, and Methodology

Our objective was to assess the process Postal Service officials use to update the ELM. Our scope included Postal Service policies and procedures for revising the ELM; contents in the ELM, Issue 33, dated December 2012; and revisions made to the ELM from January 2008 through December 2012.

To accomplish our objective, we:

- Identified Postal Service functional areas responsible for ELM content.
- Reviewed Postal Service guidance to understand the process for revising the ELM.
- For Chapters 1 through 5 and 8 and 9 of the ELM, Issue 33, dated December 2012:
 - Identified and verified that revisions approved within the last 5 years (FYs 2008 through 2012) and year-to-date were published in the ELM.
 - Reviewed documentation to ensure the revision process was followed and revisions were properly approved.
 - Reviewed for obsolete information, references, and terminology.
- Interviewed three Postal Service officials responsible for specific chapters in the ELM to understand their process for revising it and determine whether they were aware of any necessary revisions.
- Invited 25 area Human Resources managers and analysts to participate in a survey regarding their use of the ELM and whether the information in the ELM is current and analyzed the 10 responses received.
- Interviewed three Human Resources managers regarding their use of the ELM and whether the information in the ELM is current.

We conducted this performance audit from February through August 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. We did not rely on computer-generated data to support the audit findings. We discussed our observations and conclusions with management on July 24, 2013, and included their comments where appropriate.

[Prior Audit Coverage](#)

The OIG has not issued any prior audits or reviews directly related to our objective in the past 3 years.

Appendix B: Management's Comments



August 15, 2013

JUDITH LEONHARDT
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Employee and Labor Relations Manual Revisions
(Report Number HR-AR-13-DRAFT)

Thank you for the opportunity to review and comment on the subject draft report. Management is in agreement with the findings in this report.

Recommendation 1: Implement procedures to update the Employee and Labor Relations Manual (ELM) on a regular basis to ensure that it is current, accurate, and complete.

Management Response/Action Plan: The Acting Vice President, Employee Resource Management and the Acting Vice President, Corporate Communications are in agreement with this recommendation.

Employee Resource Management will develop an ELM revision process to ensure the ELM is current, accurate, and complete. ELM reviews will be conducted as needed as organizational changes or other initiatives occur that warrant an ELM update.

Target Implementation Date: Implementation of the ELM revision process will be completed December 31, 2013.

Responsible Official: Vice President, Employee Resource Management

Recommendation 2: Identify functional organizations responsible for Employee and Labor Relations Manual section and chapter contents and communicate that information to appropriate stakeholders.

Management Response/Action Plan: The Acting Vice President, Employee Resource Management is in agreement with this recommendation.

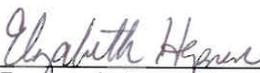
Employee Resource Management will identify functional organizations responsible for the section and chapter ELM contents. The identified functional organization content owners will be communicated to the appropriate stakeholders.

-2-

Target Implementation Date: Implementation of the ELM content owner identification will be completed by December 31, 2013.

Responsible Official: Vice President, Employee Resource Management

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

for 

Rosemarie Fernandez
Acting Vice President
Employee Resource Management



Judy de Torok
Acting Vice President
Corporate Communications

cc: Jeffrey C. Williamson
Douglas A. Tulino
Corporate Audit and Response Management