



# OFFICE OF INSPECTOR GENERAL

UNITED STATES POSTAL SERVICE

## Extra Hours Worked by Supervisors in the Greater Indiana District

### Audit Report

Report Number  
HR-AR-15-002

December 18, 2014

No. \_\_\_\_\_  
Name \_\_\_\_\_

FIRST WEEK	
IN	OUT
SUNDAY	IN OUT
MONDAY	IN OUT
TUESDAY	IN OUT
WEDNESDAY	IN OUT

SOI \_\_\_\_\_  
F.I.C.A. \_\_\_\_\_  
Fed. WH Tax \_\_\_\_\_  
St. WH Tax \_\_\_\_\_

Reg. Time \_\_\_\_\_  
Overtime \_\_\_\_\_  
Tot. Time \_\_\_\_\_

TOTAL DEDUCTIONS \_\_\_\_\_

Hrs. @ \_\_\_\_\_  
Hrs. @ \_\_\_\_\_





# OFFICE OF INSPECTOR GENERAL

## UNITED STATES POSTAL SERVICE

### Highlights

***At the six post offices we visited, 13 of the 21 (62 percent) Executive and Administrative Schedule Level 17 supervisors did not always record extra hours worked.***

### Background

This audit responds to the National Association of Postal Supervisors' concern that U.S. Postal Service management prevented Executive and Administrative Schedule (EAS) Level 17 supervisors from receiving compensation for overtime hours worked. EAS Level 17 supervisors are non-union employees who oversee employees in a production operation.

Our objective was to determine whether EAS Level 17 supervisors accurately recorded extra hours they worked. To achieve this objective, we evaluated six judgmentally selected post offices in the Greater Indiana District, which accounted for nine of the 18 EAS Level 17 supervisory complaints received. Based on these and other complaints we received, we will begin a nationwide audit in fiscal year 2015 to review the accuracy and validity of employee time and attendance records.

### What the OIG Found

At the six post offices we visited, 13 of the 21 (62 percent) EAS Level 17 supervisors did not always record extra hours worked. In addition, management improperly deleted and/or changed clock ring entries for 10 of the 21 supervisors (48 percent). Furthermore, management did not always enter missed clock rings, which are entries that are recorded in the time and attendance system.

**At the six post offices we visited...**  
*Hover over the icons to reveal the totals.*

Supervisors believed management would not authorize extra hours worked unless approved in advance; therefore, the supervisors did not submit their extra hours worked. However, management can authorize extra hours worked without prior approval. In addition, management did not provide adequate oversight of and comply with time and attendance policies and procedures. In September 2014, management issued a memorandum to all district EAS employees emphasizing the importance of accurately recording workhours. If hours worked are not accurately recorded and policies and procedures are not followed, employees may not be properly paid. This could affect both employee morale and performance and subject the Postal Service to substantial legal and/or grievance costs.

## **What the OIG Recommended**

We recommended management implement procedures to ensure supervisors properly record hours worked. We also recommended management monitor justifications for changes to clock ring entries, ensure information from the appropriate forms are entered into the time and attendance system, and ensure forms to support disallowed time are prepared and retained. Finally, we recommended management investigate supervisors' claims of unpaid hours worked.

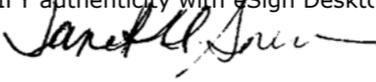
# Transmittal Letter



OFFICE OF INSPECTOR GENERAL  
UNITED STATES POSTAL SERVICE

December 18, 2014

**MEMORANDUM FOR:** LARRY W. DIEGEL  
DISTRICT MANAGER, GREATER INDIANA DISTRICT

E-Signed by Janet Sorensen  
VERIFY authenticity with eSign Desktop  


**FROM:** Janet M. Sorensen  
Deputy Assistant Inspector General  
for Revenue and Resources

**SUBJECT:** Audit Report – Extra Hours Worked by Supervisors in  
the Greater Indiana District  
(Report Number HR-AR-15-002)

This report presents the results of our audit of Extra Hours Worked by Supervisors in the Greater Indiana District (Project Number 14YG010HR000).

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

Attachment

cc: Corporate Audit and Response Management

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# Findings

## Introduction

This report presents the results of our audit of Extra Hours Worked by Supervisors in the Greater Indiana District (Project Number 14YG010HR000). This audit responds to the National Association of Postal Supervisors' (NAPS) concern that U.S. Postal Service management prevented Executive and Administrative Schedule (EAS)<sup>1</sup> Level 17 supervisors<sup>2</sup> from accurately recording extra hours worked, resulting in the supervisors not receiving compensation for overtime<sup>3</sup> and additional straight time.<sup>4</sup> Our objective was to determine whether EAS Level 17 supervisors accurately recorded extra hours they worked in the Greater Indiana District, which accounted for nine of the 18 (50 percent) EAS Level 17 supervisory complaints received.<sup>5</sup> See [Appendix A](#) for additional information about this audit.

In compliance with the Fair Labor Standards Act (FLSA), the Postal Service has classified its EAS positions as either exempt or nonexempt. Under the exempt classification, the Postal Service has categorized EAS Level 17 supervisors as special exempt. Special exempt supervisors are permanent supervisors, while nonexempt supervisors are detailed/temporary supervisors. Compensation for hours worked is determined differently for the two classifications:

- Special exempt employees are salaried employees who do not receive overtime pay; however, they are eligible for additional straight time pay for hours worked if they received authorization to work in excess of 8.5 hours on a scheduled day or for any hours worked on a nonscheduled day.
- Nonexempt employees are paid on an hourly basis and are entitled to overtime pay when they work more than 40 hours in a week.<sup>6</sup>

## Conclusion

At the six post offices we visited,<sup>7</sup> 13 of the 21 (62 percent) EAS Level 17 supervisors did not always record extra hours worked. In addition, management improperly deleted and/or changed clock ring entries<sup>8</sup> for 10 of the 21 (48 percent) supervisors. Also, management did not always enter missed clock rings for supervisors into the time and attendance system. These conditions occurred because supervisors believed that management would not authorize extra hours worked unless approved in advance; therefore, they did not submit the extra hours they worked. However, the manager, Post Office Operations (MPOO), stated that postmasters and officers-in-charge have the authority to approve extra hours worked without prior approval. In addition, management did not provide adequate oversight of and comply with time and attendance policies and procedures.

- 
- 1 EAS employees are career nonbargaining unit employees in supervisory, professional, technical, clerical, administrative, and managerial positions. EAS positions are classified into different levels (11 through 26).
  - 2 EAS Level 17 supervisors are employees who occupy frontline supervisory positions and are responsible for supervising bargaining unit employees in a production operation.
  - 3 Overtime pay is compensation paid to eligible FLSA-nonexempt employees; it is calculated by multiplying the employee's regular rate of pay for each hour worked over 40 hours in the pay week by one and one-half times.
  - 4 Additional straight time pay is compensation paid to eligible FLSA-exempt employees; it is calculated by dividing the annual salary by 2080 and applying this rate to extra hours worked.
  - 5 The U.S. Postal Service Office of Inspector General (OIG) will address the remaining nine complaints (which were in other districts) in a subsequent report addressing inaccurate time and attendance records.
  - 6 Handbook F-401, *Supervisor's Guide to Scheduling and Premium Pay*, pages 55-60, August 2000.
  - 7 The Hammond, Valparaiso, Michigan City, Hobart, Gary, and Laporte post offices and associated branches and stations in the state of Indiana.
  - 8 Time entries recorded when employees swipe time cards/badges to record their workhours in the time and attendance system.

***Thirteen of the 21 (62 percent) supervisors reported to work earlier than their scheduled time, worked through lunch breaks, and/or worked past the end of their tour without recording the extra hours worked.***

If hours worked are not accurately recorded and policies and procedures are not followed, employees may not be properly paid. This could affect both employee morale and performance. The Postal Service may also incur substantial costs related to legal actions and/or grievances if it does not properly pay employees.

## **Hours Worked Were Not Accurately Recorded**

Supervisors did not always record extra hours worked. In addition, management improperly deleted and/or changed clock ring entries for 10 of 21 supervisors (48 percent) in our review. Also, management did not always enter supervisors' missed clock ring entries into the Time and Attendance Collection System (TACS).<sup>9</sup> Supervisors believed management would not authorize extra hours worked unless approved in advance; therefore, they did not submit the extra hours they worked. Furthermore, management did not provide adequate oversight of and comply with time and attendance policies and procedures.

### **Extra Hours Worked**

Thirteen of the 21 (62 percent) supervisors interviewed reported to work earlier than their scheduled time, worked through lunch breaks, and/or worked past the end of their tour without recording the extra hours worked. We noted:

- One nonexempt supervisor stated she reported to work earlier than the scheduled time each day for over 15 months in order to learn the operations from more experienced supervisors.
- Five nonexempt supervisors and six special exempt supervisors frequently worked through their lunch breaks, without recording their hours worked. In some instances, supervisors were given up to 4 hours for lunch breaks and continued to work during the extended breaks.
- The supervisors worked through lunch without recording their time more often on Saturdays when managers were off duty and the nonexempt supervisors had to provide coverage from opening to closing at their facility. This caused supervisors to be on duty for 12 or more hours, including the extended lunch breaks. Management believed Saturdays were unproductive for supervisors; therefore, the extended lunch practice was implemented to eliminate additional overtime and straight time pay and increase productivity.
- Another special exempt supervisor stated that she frequently worked after hours for a significant amount of time after clocking out.

Postal Service management must pay nonexempt supervisors for time worked whether or not the work was authorized.<sup>10</sup> In addition, when the employer provides a meal period for nonexempt employees, the period is not considered work time as long as the employee is completely relieved of duties for the purpose of eating a meal.<sup>11</sup> If, however, management knows or has reason to believe work-related activities are occurring during meal periods, they must credit those periods as time worked.<sup>12</sup> Furthermore, special exempt supervisors are eligible for additional straight time pay if they received authorization to work in excess of 8.5 hours on a scheduled day or anytime on a non-scheduled day.<sup>13</sup>

<sup>9</sup> TACS is a web-based automated payroll program that collects and processes time and attendance data and provides "real time" workhour data to help run day-to-day operations.

<sup>10</sup> Handbook F-401, page 3.

<sup>11</sup> 29 Code of Federal Regulations, Part 785.19(a).

<sup>12</sup> *Employee and Labor Relations Manual*, Section 432.712.

<sup>13</sup> Handbook F-401, pages 3 and 56.

***Management improperly deleted and/or changed clock ring entries for 10 of the 21 supervisors in our review.***

Supervisors were required to use time clock badges to record their time. In addition, supervisors who were placed on automatic clock rings were required to use time clock badges when their workhours deviated from their assigned schedules. Alternatively, supervisors can provide their managers with completed Postal Service (PS) Forms 1260, Non-Electronic Badge Reader Cards, which document missed clock rings. Managers are required to enter the correct clock rings for hours worked in TACS. However, the supervisors did not use their clock badges or complete PS Forms 1260 to record extra hours worked because they believed management would not authorize these hours unless approved in advance by the MPOO. However, the supervisors could not provide documentation supporting this assertion.

**Modified Clock Ring Entries**

Management improperly deleted and/or changed clock ring entries for 10 of the 21 supervisors in our review. We noted two instances where inappropriate adjustments were made:

- A manager deleted 18 clock rings that showed a nonexempt supervisor worked during 18 lunch breaks from December 2013 through February 2014. In those instances, the manager manually re-entered different clock rings to charge the employee for lunch breaks ranging from 30 minutes to 2 hours. The manager stated he disallowed the workhours because he observed the supervisor taking lunch breaks on the days in question. However, the manager could not provide a PS Form 1017-A, Time Disallowance Record, documenting the clock ring modification.
- Management entered clock rings into TACS for a carrier who was temporarily assigned as a nonexempt EAS Level 17 supervisor. After realizing the initial entries resulted in overtime, management deleted and re-entered different clock rings to eliminate the employee's overtime pay. Management stated the entries were based on a PS Form 1260 submitted by the carrier; however, management could not provide a copy of the form. The MPOO indicated this issue would be investigated and corrective action would be taken.

All time recorded by clock rings is considered work time unless specifically disallowed by the manager. The manager must document on PS Form 1017-A<sup>14</sup> how he or she knows the employee did not work during the time disallowed. The form serves as a permanent and cumulative record of disallowed time.<sup>15</sup> In addition, employees must document their missed clock ring entries on PS Form 1260. Management is required to maintain the completed PS Forms 1017-A and 1260 for at least 3 years.<sup>16</sup>

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<sup>14</sup> Handbook F-21, *Time and Attendance*, Sections 146.21 and 146.25.

<sup>15</sup> Handbook F-21, Sections 146.21 and 146.25.

<sup>16</sup> Electronic Records and Information Management System.

***Management did not always enter supervisors' missed clock rings into Time and Attendance Collection System according to policies and procedures; therefore, supervisors' extra hours worked were not recorded in the system for payment.***

### **Missed Clock Ring Entries**

Management did not always enter missed clock rings into TACS according to policies and procedures; therefore, supervisors' extra hours worked were not recorded in the system for payment. We noted:

- A special exempt supervisor submitted 16 PS Forms 1260 for management to enter the clock ring data into TACS. Some forms submitted were over 1 year old. The supervisor worked 16 different Saturdays (non-scheduled work days) in order to complete assignments. According to the supervisor, management did not enter the data into TACS because they did not want to incur additional straight time pay. During our fieldwork, the finance manager in the Greater Indiana District contacted the supervisor in an effort to resolve the issue.
- A nonexempt supervisor mistakenly did not clock out after completing her tour. Clocking out would have allowed TACS to automatically record the supervisor's hours worked. However, the next day, the supervisor submitted the required PS Form 1260 with the corrected clock rings for the postmaster to enter into the system. The postmaster did not accept the form and notified the supervisor that the extra hours were unauthorized and resulted from the supervisor's mismanagement of letter carrier responsibilities.

Employees are required to submit completed PS Forms 1260 to management for approval when one or more basic clock rings are missed. Management is required to enter the correct clock rings in TACS after approval.<sup>17</sup>

If hours worked are not accurately recorded, employees may not be properly paid, which could affect both employee morale and performance. In addition, the Postal Service may incur substantial costs related to legal actions and/or overtime grievances if it does not properly pay employees.

In September 2014, the finance manager of the Greater Indiana District issued a memorandum to all district EAS employees (supervisors and managers) that emphasized the importance of accurately recording hours worked. The memorandum communicated the Postal Service's policies and procedures related to overtime and additional straight time, missing or omitted clock rings, and disallowed workhours.

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<sup>17</sup> Course 31267-01, *TACS Supervisor Training, Participants Handbook*, page 5.

# Recommendations

***We recommend management implement procedures to monitor supervisors properly record hours worked; managers' justifications for changes to clock rings and retain the supportive appropriate forms used to enter into the time and attendance system; and investigate and address supervisors' claims of unpaid hours worked.***

We recommend the district manager, Greater Indiana District, direct the Post Office Operations manager for the Service Area Team in Gary, IN, to:

1. Implement procedures for managers to monitor that supervisors properly record extra hours worked.
2. Implement procedures to monitor managers' justifications for changes to supervisors' clock ring entries; input of Postal Service (PS) Forms 1260, Non-Electronic Badge Reader Cards into the Time and Attendance Collection System; and preparation and retention of PS Forms 1017-A, Time Disallowance Record.

We recommend the district manager, Greater Indiana District, direct the finance manager, Greater Indiana District, to:

3. Investigate and address supervisors' claims of unpaid hours worked.

## Management's Comments

Management agreed in part with our findings and generally agreed with our recommendations and provided an action plan to fully implement all three recommendations. They issued a policy statement during our audit emphasizing the importance of accurately recording workhours. In addition, management planned to provide TACS training to all users beginning in November 2014. The required training would be completed by December 6, 2014. Furthermore, management has initiated a review process at the district level that will randomly review selected locations to ensure proper recording, monitoring, and documentation of hours worked. Management indicated that they have or will take steps to implement the recommendations by December 12, 2014.

In addition, management initiated a process to investigate and address claims of unpaid hours worked. They also plan to take administrative action where deliberate manipulation of time entries were made to not properly pay supervisors for all hours worked. Furthermore, management plans to meet with NAPS representatives after the investigation to share the results and ensure timekeeping issues have been addressed.

Management agreed with the finding that managers and/or supervisors improperly deleted and/or changed clock ring entries but limited their agreement to a few instances they committed to investigate. They expressed concern with the finding that supervisors did not always record extra hours worked because the supervisors believed management would not authorize the extra hours unless approved in advance. They indicated the finding was unfounded and primarily based on statements from the employees. Management also identified during their investigation that supervisors were compensated for extra hours worked 99.97 percent of the time and the percentages in the report did not represent a true picture of their efforts.

See [Appendix B](#) for management's comments, in their entirety.

## Evaluation of Management's Comments

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

Management stated that improperly deleted and/or changed clock ring entries occurred only in a few instances, implying that the finding was immaterial. However, the deficiencies impacted compensation of at least 10 of the 21 supervisors (48 percent) interviewed. This percentage and any issues that impact employees' compensation is significant and should not be minimized.

Management expressed concern with our finding that supervisors did not always record extra hours because the supervisors believed the extra hours would not be authorized without prior approval. Management stated the finding was based on employee statements and not supported by documentation. We corroborated the supervisors' assertions with communications, which emphasized that this situation has been an issue for a prolonged period of time. We believe the tone was previously set by the MPOO, and followed by other managers. For example, the MPOO denied a supervisor extra hours worked without providing an explanation for the denial in an email dated January 2009. Although this time period was outside our scope, it highlights supervisors' concerns. In addition, the local NAPS president consistently brought these issues and the refusal to pay supervisors for hours worked to the attention of management during leadership meetings.

Management also noted that, during their investigation, they determined supervisors were compensated for extra hours worked 99.97 percent of the time and indicated the percentages used in the report do not represent a true picture of their efforts. While we did not validate management's calculations, their focus should be on resolving the deficiencies that could clearly jeopardize both employee morale and performance and could bring about substantial costs related to legal actions and/or grievances. Our overall findings impacted compensation for 13 of 21 supervisors (62 percent) we reviewed and management needed to address the supervisors' concerns timely and accurately. As previously stated, any issues which impact employees' compensation is significant and should not be minimized. Because of ongoing concerns in this area, we will be conducting a nationwide review of clock ring accuracy in the future.

The OIG considers all the recommendations significant, and therefore requires OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. Management provided documentation to confirm they implemented recommendations 1 and 2; therefore, these recommendations will be closed with the issuance of this report. Recommendation 3 should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendations can be closed.

# Appendices

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## Appendix A: Additional Information

### Background

The NAPS was concerned that Postal Service management was preventing EAS Level 17 supervisors from accurately recording extra hours worked, resulting in supervisors not receiving compensation for overtime hours worked. Specifically, NAPS representatives received complaints that management had taken away time clock badges from EAS Level 17 supervisors in an effort to control overtime. The Postal Service's EAS supervisor overtime pay increased from about \$201 million in fiscal year (FY) 2011 to about \$261 million by FY 2013.

The FLSA requires employers to classify employees either as exempt or nonexempt depending on the amount and way employees are paid. In compliance with the FLSA, the Postal Service has classified its EAS positions as either exempt or nonexempt. Under the exempt classification, the Postal Service has categorized EAS Level 17 supervisors as special exempt. Special exempt supervisors are certified/permanent supervisors, while nonexempt supervisors are detailed/temporary supervisors. The compensation for hours worked is determined differently for the two classifications:

- Special exempt employees are salaried employees who do not receive overtime pay; however, they are eligible for additional straight time pay for hours worked if they received authorization to work in excess of 8.5 hours on a scheduled day or anytime on a non-scheduled day.
- Nonexempt employees are paid on an hourly basis and are entitled to overtime pay when they work more than 40 hours in a week.<sup>18</sup>

Supervisors are required to use time clock badges to record their time; however, at the discretion of local management, EAS Level 17 supervisors may be placed on automatic clock rings. Supervisors on automatic clock rings are given credit in TACS for working a full week and must swipe their Postal Service time badges at the electronic badge reader<sup>19</sup> (EBR) when they work time other than their assigned schedule in TACS, including holidays and scheduled days off. The time badge swipes at the EBR override those automatically generated by TACS. Alternatively, the EAS Level 17 supervisors can provide their managers with completed PS Forms 1260, which document missed clock rings. Managers are required to enter the correct clock rings in TACS.

### Objective, Scope, and Methodology

Our objective was to determine whether EAS Level 17 supervisors accurately recorded extra hours they worked in the Greater Indiana District. Our scope included hours worked for EAS Level 17 supervisors for the period December 29, 2012, through February 28, 2014.

To accomplish our objective, we reviewed:

- FLSA provisions and regulations; and Postal Service policies and procedures relating to time and attendance, employee classification, and compensation.
- Complaints from NAPS and six judgmentally selected post offices, associated branches, and stations in the Greater Indiana District, which accounted for nine of the 18 (50 percent) EAS Level 17 supervisory complaints received.

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<sup>18</sup> Handbook F-401, pages 55-60.

<sup>19</sup> EBR records employees' clock ring data used by TACS and other Postal Service systems.

- The TACS Employee Listing Reports<sup>20</sup> generated on March 17, 2014. We also consulted with management at the selected facilities to identify the universe of EAS Level 17 supervisors assigned to the facilities during the scope of our audit.
- The universe of 21 EAS Level 17 supervisors who worked at the selected facilities and were available during our fieldwork.<sup>21</sup> Eleven of the 21 supervisors were classified as special exempt and seven were nonexempt during the scope of our review. The remaining three were nonexempt, but converted to special exempt status. We reviewed TACS Employee Everything Reports<sup>22</sup> for the supervisors and interviewed the supervisors and their managers to determine whether the supervisors' hours worked were accurately recorded.

We conducted this performance audit from March through December 2014, 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 the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. We discussed our observations and conclusions with management on November 5, 2014, and included their comments where appropriate.

We relied on data obtained from district officials and TACS. We determined the data were sufficiently reliable for the purposes of this report by interviewing supervisors who had modified and missed clock rings and their managers.

## Prior Audit Coverage

Report Title	Report Number	Final Report Date	Monetary Impact
<i>Allegations of Inaccurate Time and Attendance Records</i>	<a href="#">HR-AR-11-001</a>	3/31/2011	None

**Report Results:** Management's controls over time and attendance at selected locations were not adequate to ensure employees' workhours were reported accurately, so we could not determine with certainty the reasons supervisors altered employee time and attendance records. Specifically, we found Postal Service supervisors did not complete the required PS Forms (1017-A or 3971, Request for or Notification of Absence); and questionable deletions of clock rings by supervisors at Dover, NH; Gastonia, NC; and Parkville, MO, post offices. In addition, supervisors did not follow procedures for documenting employees' out-of-schedule changes in TACS. Furthermore, we found supervisors at the Parkville, MO, Post Office improperly charged safety talks and informational meetings to operation code 782, Training. We recommended management establish and implement controls in TACS to document supervisors' justification for changes to employees' time, issue supplemental guidance emphasizing the importance of completing PS Forms 1017-A and 3971, establish a review and approval process for time disallowances, and establish periodic monitoring of clock ring deletions to ensure employee workhours are recorded accurately. We also recommended management provide periodic refresher training to managers, postmasters, supervisors, and acting supervisors on TACS and issue supplemental guidance to supervisors and managers regarding the appropriate use of operation codes in TACS. Management agreed with our recommendations.

<sup>20</sup> The Employee Listing Report lists the employee in the office.

<sup>21</sup> Some supervisors and managers were not available due to attrition.

<sup>22</sup> The Employee Everything Report lists almost everything in the TACS database for a particular employee for a particular year, pay period, and week.

## Appendix B: Management's Comments



November 28, 2014

Lori Lau Dillard  
Director, Audit Operations  
U.S. Postal Service Office of the Inspector General

**Subject: Response to Draft Audit Report – Extra Hours Worked by Supervisors in the Greater Indiana District (Report Number HR-AR-15-DRAFT)**

The following is the Greater Indiana District response to the findings and observations made pertaining to the Draft Audit Report – **Extra Hours Worked by Supervisors in the Greater Indiana District (Report Number HR-AR-15-DRAFT)**.

Management agrees in part with the findings as written.

We agree that there were a few instances of inappropriate clock ring modifications/time disallowances for extra hours worked by supervisors. Management commits to follow up appropriately with these cases.

While our focus will remain on correcting the deficiencies recognized by the OIG, during our internal review we have identified discrepancies in this report that have cause for concern.

Our first issue is based on the claim that employees failed to properly record their time because they believed they wouldn't be compensated unless the extra time was approved in advance. Other than through employee statements (not provided) this claim is otherwise unfounded. The Draft Audit Report concludes in page 3 that "the supervisors could not provide documentation supporting their assertion". In addition, no documentation was provided at any point of this investigation to demonstrate any instructions were given to imply that only extra straight time and overtime approved in advanced would be paid. There was also no documentation provided that individual supervisors, or their representatives, asked for clarification and were informed incorrectly.

Our investigation has also determined that for the time period included in the OIG investigation, the six offices that were reviewed paid out over 6,600 hours of extra time to the supervisors of those locations during the scope period of December 29, 2012 through February 28, 2014. After investigation, if every claim of hours worked but not properly paid provided by the OIG for this investigation is found to be accurate, the number of hours at risk total less than 115 hours (approximately \$2,800). Those same employees shared by the OIG that claimed they failed to be compensated properly were actually paid over 3,200 hours of extra time (approximately \$92,000) during that same time period. This calculation was not included in the report. This demonstrates that based on the OIG findings, the supervisors in those six 6 locations were compensated properly for extra hours worked 99.97% of the time.

This information is also not found anywhere in this report. So while Management agrees that we must strive to be 100% accurate, the percentages used by the OIG in this draft do not appear to represent a true picture of the actual accuracy achieved and tend to skew the overall liability outlined in the Draft Report.

While Management only agrees in part to the findings as stated above, Management is committed to ensure all supervisors understand the requirements and receive appropriate compensation for extra hours worked. Management also is committed to ensure timecard modifications/disallowances are performed and documented, per postal regulations.

The following is the Greater Indiana District follow up responses to the recommendations made pertaining to the Draft Audit Report – **Extra Hours Worked by Supervisors in the Greater Indiana District (Report Number HR-AR-15-DRAFT)**.

**Recommendation #1 – District Manager, Greater Indiana District direct the Post Office Operations manager for the Service Area Team in Gary, IN to: Implement procedures for managers to monitor supervisors properly record extra hours worked.**

**Management Response/Action Plan** - Management conditionally agrees with the recommendation. Due to the issue described and to provide consistency throughout the Greater Indiana District, Management has directed the following course of action across the entire District rather than just the Gary IN area, as recommended:

1. A policy statement titled: Responsibilities for Payroll, Time & Attendance was developed and provided to all Greater Indiana District EAS employees on September 11, 2014. This document provided standard operating instructions for the qualification and documentation requirements for extra hours worked, as well as the proper methods for recording such time.
2. TACS training was required for all TACS users to complete in the Greater Indiana District beginning in November 2014. This training covered the Supervisor, Manager TACS Responsibilities, TACS reports, Unauthorized Overtime (ELM and FLSA laws), PS Form 1017-A: Unauthorized Overtime, PS Form 1017 B: Time Disallowance Record, Overtime and Extra Straight time for EAS and 204B's, Overtime and Extra Straight time for eligible EAS employees, Compensation for Higher level details, 1260 documentation when a BT, OL, IL or ET is modified/changed and Time Keeping records retention. There was a strong emphasis placed on utilizing both PS Form 1017 A as well as the 1017 B and examples were provided demonstrating when each should be used. The EAS Extra Straight Time segment touched on FLSA Exempt employees, Special Exempt and Nonexempt employees in regards to their entitlement for extra straight time or overtime compensation.
3. A monthly TACS review process has been initiated at the District level that will randomly select locations (9 per month) to ensure that proper recording, monitoring,

and documentation of hours worked has taken place. Primary focus during initial roll out will be the Gary IN (463-464) area to ensure immediate compliance.

**Target Implementation Date** – The policy statement was issued September 11, 2014. The required training will be finalized for all TACS users by December 6, 2014. The TACS review process has already been initiated as of the date of this report and will be on-going.

**Responsible Official** – District Manager - Finance, District Manager - Human Resources, Manager - Post Office Operations

**Recommendation #2 – District Manager, Greater Indiana District, direct the Post Office Operations Manager for the Service Area Team in Gary, IN to implement procedures to monitor managers' justifications for changes to supervisors' clock ring entries; input of Postal Service (PS) Forms 1260, Non-Electronic Badge Reader Cards into the Time and Attendance Collection System; and preparation and retention of PS Form 1017-A, Time Disallowance Record.**

**Management Response/Action Plan** – Management conditionally agrees with the recommendation. Due the issue described, and to provide consistency throughout the Greater Indiana District, we have directed the following course of action across the entire District area rather than just the Gary IN area as recommended:

1. A policy statement titled: Responsibilities for Payroll, Time & Attendance was developed and provided to all Greater Indiana District EAS employees on September 11, 2014. This document provided standard operating instructions for the qualification and documentation requirements (PS Form 1260) for extra hours worked as well the required process for Time Disallowance PS1017-A.
2. Training has been developed to include the proper procedures for supervisors to properly record extra hours worked and the monitoring requirements. This training also includes responsibilities surrounding the modification of employee clock rings and documentation requirements. This training is being required for all employees with Time and Attendance Collection System access throughout the Greater Indiana District.
3. A monthly TACS review process has been initiated at the District level that will randomly select locations (9 per month) to ensure that proper recording, monitoring, and documentation of clock ring adjustment have taken place. Primary focus during initial roll out will be the Gary IN (463-464) area to ensure compliance. This will include reviews of time entry changes as well as PS Form 1017 A utilization and compliance.

**Target Implementation Date** – The policy statement was issued September 11, 2014. The required training will be finalized for all TACS users by December 6, 2014. The TACS review process has already been initiated as of the date of this report and will be on-going.

**Responsible Official** – District Manager - Finance, District Manager - Human Resources,  
Manager - Post Office Operations

**Recommendation #3 – Recommend the District Manager, Greater Indiana District,  
direct the finance manager, Greater Indiana District to investigate and address  
supervisors' claims of unpaid hours worked.**

**Management Response/Action Plan** - Management agrees with the recommendation. After obtaining the names of the supervisors that made claims to the OIG we have initiated a process to investigate and address claims of unpaid hours worked. We are also investigating the root causes of any issues surrounding extra work hours unpaid and will take appropriate action to properly pay the individuals. We will also take appropriate administrative action where deliberate manipulation of time entries were made to not properly pay supervisors for all hours worked. Meetings with NAPS officials will be scheduled at the conclusion of the investigation to share results and ensure timekeeping issues have been addressed.

**Target Implementation Date** – The investigation process and meeting with NAPS officials is to be completed by 12/12/14.

**Responsible Official** – District Manager - Finance, District Manager - Human Resources,  
Manager - Post Office Operations

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

  
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Greater Indiana District

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