



March 31, 2011

DEAN J. GRANHOLM  
VICE PRESIDENT, DELIVERY AND POST OFFICE OPERATIONS

VINCENT H. DEVITO, JR.  
VICE PRESIDENT, CONTROLLER

SUBJECT: Audit Report – Allegations of Inaccurate Time and Attendance Records  
(Report Number HR-AR-11-001)

This report presents the results of our audit of allegations of inaccurate time and attendance records (Project Number 10YG017HR000). Our objective was to assess whether the U.S. Postal Service has adequate controls to ensure the accuracy of employees' workhours. We are conducting this audit as a result of a congressional request and other inquiries we received regarding postal locations in Salem, OR; Dover, NH; Kansas City, MO; Gahanna, OH; and Gastonia, NC. This audit addresses financial and operational risks. See [Appendix A](#) for additional information about this audit.

The Eagan Information Technology and Accounting Service Center (IT/ASC) supports the Postal Service's payroll system and processes the employee payroll. The Postal Service uses the Time and Attendance Collection System (TACS) to collect time and attendance information. TACS transmits that data to the Host Computing Service Mainframe in Eagan, MN, for payment processing. We received allegations that supervisors were altering time and attendance records and employees were not receiving the pay they were entitled to.

## Conclusion

Management controls over time and attendance at the locations included in our audit were not adequate to ensure employees' workhours were reported accurately. As a result, we could not determine with certainty the reasons supervisors altered employee time and attendance records. Specifically, we found that Postal Service supervisors did not complete the required Postal Service (PS) Form 1017-A, Time Disallowance Record, or PS Form 3971, Request for or Notification of Absence, from the Enterprise Resource Management System (eRMS)<sup>1</sup>. We also found questionable deletions<sup>2</sup> of

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<sup>1</sup> Unscheduled leave is called into the eRMS, which is directly linked to TACS. Supervisors must print out PS Form 3971 from eRMS for signatures.

clock rings by supervisors in the Dover, NH; Gastonia, NC; and Parkville, MO Post Offices. In addition, supervisors did not follow procedures for documenting employees' out-of-schedule changes<sup>3</sup> in TACS. Furthermore, we found supervisors at the Parkville, MO Post Office improperly charged safety talks and informational meetings to operation code 782, Training.

### Supervisors not Completing PS Form 1017-A

In Gastonia, NC; Dover, NH; and Gahanna, OH, we found that supervisors did not complete PS Forms 1017-A as required. In addition, there was no requirement for employees to sign the form, indicating that they have been notified of disallowed time. At the Gastonia and Dover locations, the managers stated that completing PS Form 1017-A was not a priority. At the Gahanna location, the manager stated that supervisors forgot to print out the forms. Postal Service Handbook F-21<sup>4</sup> states that PS Form 1017-A serves as a permanent and cumulative record of disallowed time. The supervisor must prepare a PS Form 1017-A when disallowing employee time. Because supervisors did not complete the required documentation, we were not able to determine with certainty the reasons for disallowed time. At the Dover, NH Main Post Office (MPO) employees were awarded overtime, penalty overtime, and punitive damages because supervisors did not maintain PS Forms 1017-A. See [Appendix B](#) for our detailed analysis of this topic.

### Leave Documentation

Postal Service supervisors at the Gastonia, NC; Salem, OR Main; Salem, OR Vista; and Carol Stream, IL Post Offices did not adhere to TACS management procedures. Specifically, supervisors did not consistently print PS Forms 3971 from the eRMS and ensure they obtained both supervisor and employee signatures as required. This occurred because Postal Service officials at locations we visited stated that either they did not have a process in place to ensure the form was printed, other duties took priority or the forms were misfiled.

The *Employee Labor Relations Manual* (ELM)<sup>5</sup> states that a supervisor will provide a PS Form 3971 to the employee upon his or her return to duty and the supervisor must approve or disapprove the leave. In addition, Handbook F-21<sup>6</sup> states that supervisors are responsible for ensuring that they complete a PS Form 3791 for every period of

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<sup>2</sup> Questionable deletions include deleting employees' clock rings when the deleted workhours exceeded the 8-hour scheduled tour, including the 5-minute leeway for congestion at the time clock; supervisors correcting employee clock rings to an 8-hour day because, according to the supervisor, the employee either swiped too early to avoid overtime or forgot and swiped too late; and adjusting employees' clock rings to meet Delivery Operations Information Systems (DOIS) reports or established hours for various operations.

<sup>3</sup> An eligible full-time bargaining unit employee receives out-of-schedule premium pay for time worked outside of, and instead of, their regularly scheduled workday or work week when the employee is working on a temporary schedule at the request of management.

<sup>4</sup> Handbook F-21, *Time and Attendance*, Section 146.25.

<sup>5</sup> ELM, Section 512.412.

<sup>6</sup> Handbook F-21, Sections 323.1 and 323.2.

annual leave taken. In emergency situations, employees must notify appropriate authorities as soon as possible as to the emergency and the expected duration of their absence. As soon as possible after returning to duty the employee must submit a PS Form 3971 and explain the reason for the emergency to their supervisor. See [Appendix B](#) for our detailed analysis of this topic.

### Deletion of Clock Rings by Supervisors

In Gastonia NC; Dover, NH; and Parkville, MO, controls over deletion of employee clock rings need improvement. We noted that employee clock rings were deleted to conform to Delivery Operations Information Systems DOIS reports or established hour limits for operation codes 769 and 241.<sup>7</sup> In addition, supervisors deleted any employee time over the 5-minute leeway part- and full-time regular employees are allowed.<sup>8</sup> Some supervisors stated they deleted the rings because they were incorrect. In other cases, a manager stated that she adjusted the clock rings to conform to expectations and some supervisors did not provide reasons for the deletions. Handbook F-21 states that “If an employee works in an “overtime” status by exceeding the scheduled tour hours by more than 5 minutes, they are paid for their actual clock time, unless the time is disallowed.”<sup>9</sup> When management does not follow policies and procedures over time and attendance the Postal Service has an increased risk for grievances. In addition, in some cases the Postal Service may have incorrectly paid employees paid. See [Appendix B](#) for our detailed analysis of this topic.

We recommend the vice president, Controller:

1. Establish and implement controls in the Time and Attendance Collection System to document supervisors' justification of changes to employees' time.

We recommend the vice president, Delivery and Post Office Operations:

2. Issue supplemental guidance emphasizing the importance of completing Postal Service Form 1017-A, Time Disallowance Record, and PS Form 3971, Request for or Notification of Absence.
3. Establish a review and approval process to ensure time disallowances are appropriate and documented as required.
4. Establish periodic monitoring of clock ring deletions to ensure employee workhours are recorded accurately.

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<sup>7</sup> Code 769 is generally the distribution of mail to post office boxes or detached box units. Code 241 is generally the distribution and spreading of mail and sorted bundles.

<sup>8</sup> Handbook F-21, Section 145.12, says a deviation may be allowed from the schedule time for each clock ring of up to .08 hour (5 minutes); however, part-time flexible, casual, and temporary employees are paid based on their actual recorded time.

<sup>9</sup> Handbook F-21, Section 146.22.

## Out-of-Schedule

Supervisors at the Salem, OR Vista Station; Salem, OR MPO; and Salem, OR Hollywood Annex did not follow established procedures to document employees' out-of-schedule changes in TACS. Specifically, supervisors manually entered the out-of-schedule code and calculated the number of out-of-schedule hours versus letting TACS calculate the hours. The Postal Service's *TACS Timecard User Guide* states that if the out-of-schedule block is checked, an employee will automatically receive out-of-schedule hours. Supervisors stated that they did not have sufficient TACS training and did not understand the effects of changes they made in the TACS. Postal Service employees were improperly paid and there is no assurance that supervisors understand how to properly use TACS.

We recommend the vice president, Delivery and Post Office Operations:

5. Provide periodic refresher training to managers, postmasters, supervisors, and acting supervisors on the Time and Attendance Collection System.

## Supervisors Improperly Charged Safety Talks to Training Code

Parkville, MO Post Office officials improperly charged safety and informational meetings to operation code 782, Training. This occurred because the manager and supervisor stated they thought it was appropriate to charge these meetings to training. Handbook M-32<sup>10</sup> states the Postal Service does not consider informal operational meetings (such as safety talks or stand-up sessions) conducted on the workroom floor to be meeting time and employees should charge those hours to "operations on the workroom floor." As a result, the National Association of Letter Carriers (NALC) filed a class action grievance for Kansas City carriers alleging that supervisors improperly charged employees' time to code 782 when they conducted safety talks and informational meetings, thereby reducing employees' "productive time." See [Appendix B](#) for our detailed analysis of this topic.

We recommend the vice president, Delivery and Post Office Operations:

6. Issue supplemental guidance to supervisors and managers regarding the appropriate use of operation codes associated with recording safety talks and informational meetings in the Time and Attendance Collection System.

## Management's Comments

Management agreed with all of the recommendations, stating with regard to recommendation 1, they believe the proper completion of PS Form 1017-A is an adequate control for providing a permanent and cumulative record of disallowed time for

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<sup>10</sup> Handbook M-32, Appendix A-2, March 2009.

each employee. Management stated the Payroll Manager will investigate the costs associated with creating a TACS-based electronic record of reasons for clock ring changes by January 2012, and if it is not cost prohibitive, the system could be used to augment and review proper usage of PS Form 1017-A.



Regarding recommendations 2, 5, and 6 management stated they will develop a training webinar by May 31, 2011, which they will use in the future to ensure managers exercise adequate control over time and attendance matters. Lastly, in response to recommendations 3 and 4, management stated that they will collaborate with Finance and Payroll to develop a review process for installation heads and/or their delegates to ensure time disallowances are appropriately applied and documented; and to monitor clock ring deletions and investigate issues related to timekeeping to ensure employee work hours are recorded accurately. Management expects to implement corrective actions for recommendations 3 and 4 by July 1, 2011. See [Appendix C](#) for management's comments, in their entirety.

### **Evaluation of Management's Comments**

Overall, the OIG considers management's comments responsive to the recommendations, and planned corrective actions should resolve the issues identified in the report. With regard to recommendation 1, we do not agree that completing PS Form 1017-A is an adequate control to ensure supervisors document justifications for changes to employee's time because many supervisors did not complete the forms as required. As a result, we were unable to determine the reasons for changes to employees time. However, we do believe that management's commitment to research the feasibility of making the necessary programming changes in TACS meets the intent of the recommendation.

The OIG considers all recommendations significant, and therefore requires OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions 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.

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

E-Signed by Mark Duda   
VERIFY authenticity with e-Sign  


Mark W. Duda  
Deputy Assistant Inspector General  
for Operations

**Attachments**

cc: Paul C. Sullivan  
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Corporate Audit and Response Management

## APPENDIX A: ADDITIONAL INFORMATION

### BACKGROUND

The Postal Service processes payroll for more than 500,000 employees. To handle this monumental task, it gathers time and attendance information through TACS, which then transmits the data to the mainframe run by the Eagan, MN IT/ASC for payment processing.

The information in TACS is entered manually or electronically. Normally, employees record their time electronically through an Electronic Badge Reader. TACS then polls the information and displays the polled clock rings<sup>11</sup> in its Clock Ring Editor module. The TACS administrator gives access only to users who require the ability to add, change or delete time and attendance records.

Supervisors responsible for their employees' time and attendance use TACS to enter, adjust, authorize or monitor employee schedules and changes, leave, higher level authorization, overtime, and pay adjustments. Supervisors can also delete or edit time and attendance information once it has been entered. Anytime a record is changed, TACS records the employee identification number of the individual who changed it. In addition, when a supervisor observes, or has reason to know, that an employee did not work while "on the clock," the supervisor may disallow any of that time the employee recorded. However, supervisors must document the basis for any such disallowance on PS Form 1017-A. Supervisors must also complete PS Forms 1017-B, Unauthorized Overtime Record for employees who have unauthorized overtime.

The Postal Service OIG received a congressional request from an Oregon Congressman on behalf of his constituent, the vice president of the Salem Associated Postal Workers Union Local 604. The union vice president alleged that the same or similar revelations produced by investigations in Manchester, NH, are also happening in Oakland, CA, and Salem, OR, and that the problem is widespread and systemic within the Postal Service. He requested the OIG audit of time and attendance procedures in Salem, OR to determine if workers are being paid incorrectly due to supervisors manipulating timecards, built-in flaws in TACS, or the fact that TACS was not administered properly.

We interviewed the union vice president during the audit and he stated that there were two concerns: recording of employees' out-of-schedule time and adherence to employees' bid schedules. In addition, there was a congressional request from the president of the New Hampshire NALC Local 44 alleging that supervisors were improperly deleting time from carriers, improperly moving codes, and deleting "no lunch" designations. The union president estimated there were approximately 30 violations found during the last year (2009) at the Dover, NH branch.

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<sup>11</sup> A clock ring is the recorded time by ring type; begin tour end tour, out to lunch, in from lunch and move, which records time spent on various work transactions.



We received additional congressional requests from a Missouri Senator on behalf of her constituent, the president of the Kansas City NALC Branch 30 and an Ohio Senator on behalf of his constituent, a Postal Service employee. In Kansas City, there were concerns that various post offices in the Kansas City area were changing employees' clock rings and changing office and street time to training and carrier miscellaneous duties. In Ohio, an employee was concerned about harassment and retribution as a result of a grievance alleging manipulation of employee time.

In 2009, the OIG Office of Investigations (OI) received information from New Hampshire Congresspersons and the NALC regarding alleged time and attendance fraud by Postal Service managers at three post offices and two stations in New Hampshire. OI investigations disclosed instances where either a postmaster or supervisor made entries into TACS which apparently deprived employees of paid time or failure to maintain proper documentation for disallowance of employee time.

### **OBJECTIVE, SCOPE, AND METHODOLOGY**

Our objective was to assess whether the Postal Service has adequate controls to ensure the accuracy of employees' workhours.

To accomplish our objective, we reviewed the TACS *Employee Everything Reports* for:

- Calendar year (CY) 2008 (pay periods 1-4) and CYs 2009 and 2010 (pay periods 1-10) for the Salem MPO;
- CYs 2009 and 2010 (pay period 1-6, week 2) for the Dover MPO; and
- CYs 2009 and 2010 (pay periods 1-14) for the Gastonia Post Office for deletions and disallowances made by supervisors to employees' workhours.

We also reviewed CYs 2008 (pay period 1 through pay period 8, week 1), 2009, and 2010 (pay periods 4-10) *Employee Everything* reports for the Salem Vista Station and statistically sampled 391 clock rings (196 deletions and 195 all clock rings) for Gahanna Carrier Annex and 377 clock ring (196 deletions and 181 all clock rings) for Parkville Post Office for CYs 2009 and 2010 (pay periods 1-20). In addition, at both locations, we reviewed the disallowances of employee workhours for CYs 2009 and 2010 (pay periods 1-20).

We also reviewed a sample of CY 2010 employee leave requests for the Salem, OR MPO; the Salem, OR Vista Station Post Office; the Carol Stream, IL Processing and Distribution Center; and the Gastonia, NC Post Office.



We received allegations of misconduct at the Salem, OR MPO; the Salem, OR Vista Station Post Office; the Dover, NH MPO; the Gahanna, OH Carrier Annex; and the Parkville, MO Post Office. To validate the allegations of misconduct, we interviewed:

- The president of the New Hampshire NALC Local 44;
- The vice president of the Salem Associated Postal Workers Union Local 604;
- The Salem-Vista Station Post Office manager;
- The Salem MPO postmaster and supervisor;
- The Gastonia Post Office manager;
- The Dover MPO postmaster;
- The president of the Columbus Ohio NALC Local 78; and
- The president of the Kansas City, MO NALC Branch 30.

We discussed overtime and deletion of clock rings; changes to employees' clock rings; completion of PS Forms 1017, 1017-A, and 1017-B; schedules changes; and leave documentation.

We also interviewed Postal Service managers and supervisors to determine cause(s) for issues identified based on our review of time and attendance records. We interviewed a sample of employees at the Gastonia, Dover, Parkville Post Offices; and the Gahanna Carrier Annex to identify any issues with time and attendance. In addition, we interviewed area TACS managers to discuss monitoring of TACS data.

We reviewed Handbook F-21 and the ELM to determine Postal Service supervisors' responsibilities related to time and attendance. We also reviewed and evaluated OIG Hotline complaints related to time and attendance. In addition, we hosted a blog on the OIG's external website to gather public opinion about issues with time and attendance records.

We conducted this performance audit from March 2010 through February 2011 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(s). We discussed our observations and conclusions with management on January 18, 2011, and included their comments where appropriate.

**PRIOR AUDIT COVERAGE**

Report Title	Report Number	Final Report Date	Monetary Impact	Report Results
<i>Function 4 Overtime Hours</i>	MS-AR-10-002	4/26/2010	\$79.6 million	The report stated that management should strengthen time and attendance procedures to reduce Function 4 unauthorized overtime costs. Some Function 4 employees clocked in before and clocked out after their assigned workhours, resulting in 1.2 million and 965,000 unauthorized overtime workhours for FYs 2008 and 2009, respectively. In addition, the report stated preventing employees from clocking in before and clocking out after their assigned workhours is a more effective and cost efficient control mechanism than detecting unauthorized workhours after they occur. Management disagreed with the finding and recommendation to implement an automated solution to prevent employees from clocking in before and clocking out after their assigned scheduled tours of duty without supervisory approval.
<i>Control over Supervisor Leave</i>	CRR-AR-09-002	1/23/2009	\$7.2 million	The report stated that controls over manual processing of supervisors' leave were insufficient to ensure management approved the leave, recorded it in TACS, and appropriately charged it to the supervisor's leave balance. The report stated management did not put supervisor leave into TACS for 46 out of 124 (or 37 percent) of the In-Office Cost System/TACS discrepancies noted. In addition, for 24 of the 46 exceptions, leave slips were not on file, while in the other 22 exceptions cases, leave slips were on file but management did not enter the leave into TACS. Management agreed with the findings and recommendations.

Report Title	Report Number	Final Report Date	Monetary Impact	Report Results
<i>Application Control Review of Time and Attendance Collection System</i>	IS-AR-08-014	8/14/2008	N/A	The report found that the Postal Service should strengthen its least privilege controls, access controls, and security of sensitive information. The report also indicated that TACS has sufficient application controls in place to ensure automated clock rings entered into the application are accurately accepted and processed. The <i>Employee Everything Report</i> was operating as intended and accurately reported transaction results. The scope did not include manual controls and supervisory responsibilities related to clock rings.

## APPENDIX B: DETAILED ANALYSIS

### Supervisors not Completing PS Form 1017-A

At the Salem, OR MPO and the Salem, OR Vista Station, the managers were able to provide the requested PS Forms 1017-A. However, supervisors at three post offices (Gastonia, NC, Dover, NH, and Gahanna, OH) did not complete PS Form 1017-A as required. In addition, there was no requirement for employees to sign the form to ensure they were notified that their workhours were disallowed. Our review of the employee everything reports from TACS revealed:

- At the Gastonia, NC Post Office there were a total of 43 “time disallowed” error messages. Twenty of these were supervisors’ deletions of employees’ entry of time. The remaining 23 were supervisors’ correction of their own entry of employees’ time. We requested copies of the 20 PS Forms 1017-A, but Postal Service officials did not provide any of the disallowed time records. Gastonia should have completed 20 PS Forms 1017-A for CYs 2009 and 2010.
- At the Dover, NH Post Office there were a total of 14 “time disallowed” error messages. Six of these were supervisors’ deletions of employees’ entry of time. The remaining eight were supervisors’ correction of their own entry of employees’ time. We requested copies of the six PS Forms 1017-A, but Postal Service officials did not provide any of the disallowed time records. Dover should have completed six for CY 2009.
- At the Gahanna, OH Carrier Annex there were a total of 107 “time disallowed” error messages. Sixty-one of these were supervisors’ deletions of employees’ entry of time and the remaining 46 were supervisors’ correction of their own entry of employees’ time. We requested copies of 61 PS Forms 1017-A, but the Postal Service provided only 43 of the disallowed time records. Of the 43 PS Forms provided, 31 were incomplete. The incomplete forms did not include the reason the time was disallowed and the supervisor’s initials. Supervisors in Gahanna should have completed 61 PS Forms 1017-A — 33 for CY 2009 and 28 for CY 2010.

PS Form 1017-A can be printed from the TACS. In addition, TACS prompts supervisors when they are disallowing time that they should complete a PS Form 1017-A. The form includes the reason and the date the employee was notified. Managers and postmasters are responsible for ensuring that supervisors follow time and attendance policies. The managers and postmasters at the sites visited stated that completing the form was not a priority. In addition, one manager stated that supervisors forgot to print out the missing forms and they had problems with the TACS and could not print the forms. As a result, the union can file a grievance and request the Postal Service pay affected employees for disallowed time. Recently, a grievance filed at the Dover MPO awarded employees overtime and penalty overtime pay totaling \$712, in addition to a

punitive award of \$6,250 (\$250 each per employee), when the Postal Service could not support disallowed time with PS Forms 1017-A.

### Leave Documentation

Supervisors at the Gastonia, NC; Salem, OR Main; Salem, OR Vista Station; and Carol Stream, IL, Post Offices did not consistently print out PS Forms 3971 from eRMS as required and ensure that they and the employees signed the form. We reviewed leave forms for selected random pay periods for 137 employees at the four locations and found that 94 of the employees (or 68 percent) were missing PS Forms 3971 for leave taken.

The supervisors at the offices we visited stated that either they had no process in place to ensure the forms were printed, other duties took priority or the forms were misfiled. The vice president of the Salem Associated Postal Workers Union Local 604 stated that they recently filed a grievance because PS Forms 3971 were not signed.

### Deletion of Clock Rings by Supervisors

Controls over the deletion of employee clock rings need improvement. We noted that employee clock rings at Parkville, MO, were deleted to conform to DOIS reports or established hour limits for various operations. In addition, at Dover, NH and Gastonia, NC, supervisors deleted any employee time over the 5-minute leeway allowed for part-time and full-time regular employees. Supervisors stated they deleted the rings for a variety of reasons, including employees working at higher levels, employees not swiping their badges at the correct time, and employees swiping their begin time too early. In some cases supervisors provided no reason or stated that they were adjusting the clock rings to conform to expectations. These changes resulted in unsupported deletions of employees' time and exposed the Postal Service to increased risk for grievances. The following items describe examples of clock rings deletions:

- At the Dover, NH Post Office we noted a supervisor entered an end time of 3:00 p.m. for a part-time flexible employee working at a higher level. The employee badge was then swiped at 3:30 p.m., 30 minutes after the time the supervisor entered. This resulted in the employee having two end times. The supervisor deleted the clock ring at 3:30 p.m., disallowing the 30 minutes of time. There is no support for this deletion of 30 minutes. The supervisor stated that he was not sure why the time was deleted. He further stated that because the employee was working at a higher level, he should have had a 1-hour lunch or should not have had overtime.<sup>12</sup>

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<sup>12</sup> Handbook F-21, Section 421.224, states that if the employee's permanent position is nonexempt and more than 50 percent of the actual workhours are spent in the exempt work, the employee is eligible for either overtime, personal absence or another premium applicable to the assigned position in which the overtime service is performed or the premium earned. In addition, Section 421.222 states that bargaining unit employees retain their permanent work schedule when temporarily assigned to another position.

However, because the time was deleted, the employee was not paid for the 30 minutes of overtime.

- A full-time regular employee swiped an end time of 5:45 p.m., which the supervisor deleted and re-entered at 5:39 p.m., thereby keeping the employee's total daily hours to 8. The supervisor was not able to explain the deletion. If the employee had stayed until 5:45 p.m., they would have received overtime pay for 6 minutes and additional pay would have been granted unless a PS Form 1017-A was completed to disallow the time. Instead, the employee was underpaid and should have received overtime. The TACS did not flag this as disallowed time, but as a deleted clock ring. Therefore, the employee would not have been notified and it would not have shown up on the *Disallowance Error Report*, which postmasters and managers stated they reviewed. Most employees we interviewed stated that they would not notice deletions of time under 1 hour.
- An employee swiped out for lunch at 12:06 p.m. and in from lunch at 12:39 p.m. (for a total of 33 minutes) but the supervisor deleted the in lunch time and reentered the clock ring at 1:21 p.m., thereby deleting 42 minutes from total daily workhours. The postmaster stated she was not sure why the time was deleted. As a result, the employee received overtime pay of 8 minutes instead of 50 minutes. The disallowance of time error did not display, only the deleted clock ring did. We contacted the Integrated Business Systems Solution Center in Eagan regarding this issue and they are looking into why the error message "disallowed time" did not display in TACS.<sup>13</sup>
- Another example is a part-time, flexible employee who had end time swipes at both 5:15 p.m. and 5:16 p.m. Both were deleted and a supervisor made an entry end time of 4 p.m. Two end times creates a fatal error, allowing the supervisor to delete one clock ring. However, when both were deleted and an earlier time was entered, the time did not show up as disallowed. The supervisor did not keep the daily work schedule and therefore, he was not able to provide an explanation for this deletion. As a result, the employee was underpaid for 1 hour and 15 minutes.

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<sup>13</sup> TACS was not properly flagging disallowed time, but identifying it as deleted. The integrated business systems solution center has corrected the code in the calculation program to fix the problem. The solution was effective September 15, 2010.

- At Parkville, MO we noted nine deletions from our statistical sample of deleted clock rings that were employees' swipes. The manager stated that they needed to correct the clock rings because they did not conform to DOIS reports and other established time limits for each operation. For example, swipes to operation codes 769, Station Branch Box Section and 241, F4 Allied Distribution, were deleted because only 1 hour per day can be charged per clerk, despite employees stating they spent more time on this operation. In addition, changes were made based on the amount of time that could be charged to operation code 240, Manual Distribution Branch.

## Out-of-Schedule

Supervisors did not follow procedures when documenting employees' out-of-schedule<sup>14</sup> status in TACS. In our discussion with the vice president of the Salem Associated Postal Workers Union Local 604 he expressed concern that employees' out-of-schedule time was not calculated correctly. We noted during the audit that supervisors manually entered the out-of-schedule code and calculated the number of hours that employees worked out-of-schedule in the clock ring editor. They also checked the out-of-schedule box in TACS. Because supervisors manually calculated out-of-schedule hours in the clock ring editor and checked the out-of-schedule box in TACS, the system could not calculate the employee's out-of-schedule premium hours. A supervisor at the Hollywood Annex told us he checked with the district TACS manager about entering the out-of-schedule and was told the correct way to enter out-of-schedule in TACS was to check the out-of-schedule box and the system will calculate the out-of-schedule hours.

In our interviews with supervisors, they stated they did not have sufficient TACS training and did not understand the effects of changes they made in TACS. In addition, managers stated they did not monitor other TACS error messages, such as "check out-of-schedule premium" to ensure that supervisors correctly entered out-of-schedule time.

At the Salem, OR Vista Station we noted that out-of-schedule was manually entered and incorrectly calculated. For example, an employee started 2.50 hours earlier than base schedule. The out-of-schedule hours of 2.50 were manually entered and the supervisor changed the base in TACS to out-of-schedule. However, the employee worked 10 hours that day and TACS automatically calculated 2 hours of overtime, which was an overpayment because the individual was already receiving out-of-schedule pay.<sup>15</sup>

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<sup>14</sup> Out-of-schedule is when an eligible full-time bargaining unit employee receives out-of-schedule premium pay for time worked outside of, and instead of, their regularly scheduled workday or work week when the employee is working on a temporary schedule at the request of management.

<sup>15</sup> Handbook F-21, Section 232.15, provides an example of out-of-schedule computation.



At the Salem, OR Hollywood Annex, we noted that one employee had 101 “check out-of-schedule premium” error messages from 2009 through 2010 (pay period 1-14). We looked at a sample of this employee’s clock rings for the 2010 pay periods and determined that the supervisor incorrectly calculated out-of-schedule premium hours and underpaid the employee by 9 hours. The supervisor stated that he entered the out-of-schedule premium in the clock ring editor as well as checking the box in the employee maintenance module.

### **Supervisors Improperly Changed Safety Talks To Training Code**

At the Parkville, MO Post Office, we noted supervisors improperly charged safety talks and informational meetings to operation code 782, Training. This occurred because the manager and the supervisor stated they thought it was appropriate to charge these meetings to training. There were a total of 310 entries for code 782 in CYs 2009 and 2010. According to a senior Postal Service official, 15 minutes or less is considered a safety talk and more than 15 minutes is considered training; however, there is no criteria to support this statement. The NALC filed a class action grievance for Kansas City Carriers that stated supervisors improperly charged employee’s time to operation code 782, for safety talks and informational meetings thereby reducing employees “productive time”.

### **Blog Comments**

We published an external blog on our OIG website seeking input from the public with regard to any problems they have had with time and attendance records. We also conducted a survey associated with the blog and respondents expressed a great deal of frustration with supervisors as a result of this issue.

## APPENDIX C: MANAGEMENT'S COMMENTS

DEAN J. GRANHOLM  
VICE PRESIDENT  
DELIVERY AND POST OFFICE OPERATIONS



March 10, 2011

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**SUBJECT:** Revised Management Response to  
Draft Audit Report – Allegation of Inaccurate Time and Attendance  
Records (Report Number – HR-AR-11-Draft)

Thank you for the opportunity to respond to the recommendations contained in Draft Audit Report – Allegation of Inaccurate Time and Attendance Records (Report Number – HR-AR-11-Draft) recently conducted by the Office of the Inspector General (OIG). We have reviewed the report and agree with the findings and recommendations.

### **Recommendation 2:**

Issue supplemental guidance emphasizing the importance of completing Postal Service Form 1017-A, Time Disallowance Record, and the PS Form 3971, Request for or Notification of Absence.

### **Management Response:**

Delivery and Post Office Operations will develop a training webinar on the specific items addressed in Recommendations 2. We will record the webinar event so that it can be used in the future to ensure managers exercise adequate control over time and attendance matters. The expected completion date for development and presentation of the webinar training is May 31.

### **Recommendation 3:**

Establish a review and approval process to ensure time disallowances are appropriate and documented as required.

Delivery and Post Office Operations will collaborate with Finance and Payroll to develop a review process for installation heads and/or their delegates to ensure time disallowances are appropriately applied and documented as required. The sample selection process will be driven by data to ensure resource requirements are minimized. Expected completion date July 1.

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**Recommendation 4:**

Establish a periodic monitoring of clock ring deletions to ensure employee work hours are recorded accurately.

Delivery and Post Office Operations will collaborate with Finance and Payroll to set thresholds, monitor clock ring deletions and investigate issues related to timekeeping to ensure employee work hours are recorded accurately. The sample selection process will be driven by data to ensure resource requirements are minimized. Expected completion date July 1.

**Recommendation 5:**

Provide periodic refresher training to managers, postmasters, supervisors, and acting supervisors on the Time and Attendance Collection System.

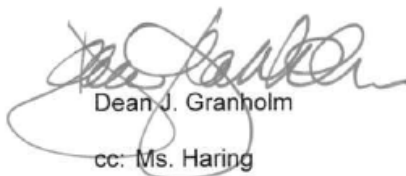
Delivery and Post Office Operations will develop a training webinar on the specific items addressed in Recommendations 5. We will record the webinar event so that it can be used in the future to ensure managers exercise adequate control over time and attendance matters. The expected completion date for development and presentation of the webinar training is May 31.

**Recommendation 6:**

Issue supplemental guidance to supervisors and managers regarding the appropriate use of operation codes associated with recording safety talks and informational meetings in the Time and Attendance Control System.

**Management Response:**

Delivery and Post Office Operations will develop a training webinar on the specific items addressed in Recommendations 6. We will record the webinar event so that it can be used in the future to ensure managers exercise adequate control over time and attendance matters. The expected completion date for development and presentation of the webinar training is May 31.



Dean J. Granholm  
cc: Ms. Haring

VINCENT DeVITO  
VICE PRESIDENT, CONTROLLER



February 24, 2011

LUCINE WILLIS

SUBJECT: Management Response–10YG017HR000 Time & Attendance/Response to  
Deletion of Clock Rings by Supervisors

Recommendation #1 to Vice President, Controller; Establish and implement controls in the Time & Attendance Collection System to document supervisors' justification of changes to employees' time.

The Vice President, Controller believes the proper completion of PS Form 1017-A is an adequate control for providing a permanent and cumulative record of disallowed time for each employee. However, as discussed in the exit interview, the Payroll Manager will investigate the costs associated with creating a TACS-based electronic record of reasons for clock ring changes. If this programming change is not cost prohibitive, this system could be used to augment and review proper usage of the PS Form 1017-A.

Target date of completion is January 2012 under David Stauffer.

A handwritten signature in black ink, appearing to read "Vincent DeVito".

Vincent DeVito

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