



Office of Inspector General | United States Postal Service

Audit Report

Timecard Administration

Report Number 20-180-R21 | December 9, 2020



Table of Contents

Cover	
Highlights.....	1
Objective.....	1
Findings	1
Recommendations	2
Transmittal Letter	3
Results.....	4
Introduction/Objective.....	4
Background	4
Timecard Adjustments.....	4
Disallowance of Time.....	4
Timekeeping Enhancements.....	5
Finding #1: Improper Disallowed Timecard Adjustments.....	6
Disallowed Timecard Adjustments.....	6
Management Oversight.....	7
Recommendation #1.....	7
Recommendation #2.....	7
Finding #2: Hyper Electronic Badge Reader Replacement Strategies	8
Recommendation #3.....	8
Finding #3: TACS Enhancement System Controls.....	8
Recommendation #4.....	9
Management’s Comments	9
Evaluation of Management’s Comments.....	10
Appendices	11
Appendix A: Additional Information	12
Scope and Methodology.....	12
Prior Audit Coverage.....	13
Appendix B: Grievances and Lawsuits Analysis	14
Appendix C: OIG Investigations and Hotline Complaints Analysis	16
Appendix D: Disallowed Timecard Adjustments Analysis.....	18
Appendix E: Management’s Comments.....	20
Contact Information	23

Highlights

Objective

Our objective was to assess whether timecard adjustments were made in accordance with U.S. Postal Service policy and to assess enhancements to the timecard system.

Our fieldwork began before the president of the United States issued the national emergency declaration concerning the novel coronavirus disease (COVID-19) outbreak on March 13, 2020. The results of this audit do not reflect any timecard-related process changes that may have occurred as a result of the pandemic or recent operational changes.

The Postal Service uses the Time and Attendance Collection System (TACS) to capture the number of workhours employees spend working in various Postal Service operations. Employees record the times and types of operation they work by swiping their employee identification card on a badge reader at the facility. Each swipe updates their timecard record in TACS and is referred to as a clock ring.

Installation heads, such as Plant Managers and Postmasters, are responsible for ensuring the integrity and accuracy of time and attendance data reporting from their facilities. Managers and supervisors share the responsibility of correcting reporting errors and are required to enter all timecard adjustments for their employees.

A timecard adjustment occurs when a supervisor deletes, adds, or changes a clock ring in TACS to adjust an employee's combination of work and leave hours. Time is disallowed when a supervisor observes or has proven knowledge that an employee did not work while "on the clock" and makes an adjustment in TACS. Employees are not paid for disallowed time, which can affect their eligibility to receive overtime pay.

When an adjustment occurs, supervisors must prepare written timecard entries on Postal Service Form 1017-A, Time Disallowance Record. Supervisors are responsible for retaining these forms in hard copy at their facility for three years. On June 25, 2020, the Postal Service implemented a TACS enhancement to

digitize and electronically retain time disallowance records electronically. The goal of the enhancement was to ensure compliance with the time disallowance record retention policy.

From June to November 2019, we identified 137,560 disallowed timecard adjustments totaling 46,025 hours nationwide. We reviewed a judgmental sample of 313 disallowed timecard adjustments during this period for seven Postal Service facilities in the Capital, Chicago, and South Florida districts because they had a high number of clock ring counts and disallowed timecard adjusted hours.

Findings

Timecard adjustments are a recurring issue within the Postal Service. Postal Service supervisors did not maintain supporting documentation for disallowing time, as required by policy. Additionally, there were deficiencies in the new TACS enhancement that allow supervisors to bypass completing the required supporting documentation when disallowing time.

At the seven facilities we visited, we found that 34 of 36 (94 percent) managers and supervisors did not consistently complete and maintain proper supporting documentation for time disallowed through deleted, added, or adjusted clock rings. Specifically, supervisors did not properly complete the time disallowance records for 269 of 313 (86 percent) disallowed timecard adjustments.

Disallowed timecard adjustments were made without proper documentation because supervisors misinterpreted the time disallowance policy and installation heads did not provide adequate oversight. For example, of the 313 disallowed timecard adjustments, 96 were for mealtime, "out to lunch," adjustments. Supervisors could not provide the time disallowance records for 90 of the 96 (94 percent) lunch disallowed timecard adjustments. Additionally, there is

“From June to November 2019, we identified 137,560 disallowed timecard adjustments totaling 46,025 hours nationwide.”

no requirement for installation heads to regularly review the documentation supporting supervisors' adjustments.

We identified about 225 hours that equaled \$3,941 in unpaid wages at the seven visited sites due to supervisors not properly supporting disallowed timecard adjustments. Additionally, from fiscal years (FY) 2014 to 2019, employees filed 41 grievances nationwide related to disallowed time, resulting in \$532,708 in grievance payments. Improper disallowed timecard adjustments could also subject the Postal Service to fines and penalties under the Fair Labor Standards Act.

While the Postal Service recently updated TACS, it is not pursuing initiatives to update the time collection devices. The company that built the badge readers used by the Postal Service went out of business in August 2018. There are only 21,599 remaining readers in use, and management stated that if nothing is done, they will run out of serviceable units by Quarter 3, FY 2021. The Postal Service is at a critical decision point where it could retire the out-of-production devices and move the agency toward modern, more accurate timekeeping based on employee movements throughout the workday. However, rather than replacing badge readers with newer technology, the Postal Service's current strategy focuses on extending the use of the existing badge readers. When the Postal Service can no longer maintain the badge readers, the short-term solution would be to revert to manual timekeeping, which is labor intensive, more costly, and increases the risk of inaccurate TACS reporting.

In other matters, the June 2020 TACS enhancement had deficiencies that make it possible for supervisors to bypass completing the required electronic time disallowance records. If a supervisor bypassed the form, the corresponding disallowed timecard adjustment would be considered for pay purposes but not recorded on the employee's time disallowance record in TACS. These deficiencies create a risk of incomplete information, which could affect the accuracy of management reports generated through TACS and increase the risk of more grievances. The Postal Service acknowledged the deficiencies and has a plan to correct them once it performs higher priority TACS updates. Therefore, we are not making a recommendation on this matter at this time.

Recommendations

We recommended management:

- Reiterate disallowed time policy regarding lunch clock rings to supervisors and managers.
- Establish a formal oversight process to ensure periodic reviews of supervisors' documentation supporting disallowed timecard adjustments.
- Procure and test new, automated time collection devices for the Postal Service to implement throughout its facilities.
- Resolve system deficiencies that allow supervisors to bypass completing the time disallowance record in TACS to ensure disallowed timecard adjustments are reported in timekeeping reports.

Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

December 9, 2020

MEMORANDUM FOR: CARA M. GREENE
VICE PRESIDENT, CONTROLLER

JOSHUA D. COLIN Ph.D.
VICE PRESIDENT, DELIVERY OPERATIONS

A handwritten signature in black ink, appearing to read "Jason M. Yovich", is positioned above the "FROM:" field.

FROM: Jason M. Yovich
Deputy Assistant Inspector General
for Supply Management and Human Resources

SUBJECT: Audit Report – Timecard Administration
(Report Number 20-180-R21)

This report presents the results of our audit of the U.S. Postal Service's Timecard Administration.

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

Attachment

cc: Postmaster General
Corporate Audit Response Management

Results

Introduction/Objective

This report presents the results of our self-initiated audit of Timecard Administration (Project Number 20-180). Our objective was to assess whether timecard charges and adjustments were made in accordance with U.S. Postal Service policy and to assess enhancements to the timecard system.

Our fieldwork began before the president of the United States issued the national emergency declaration concerning the novel coronavirus disease (COVID-19) outbreak on March 13, 2020. The results of this audit do not reflect any timecard-related process changes that may have occurred as a result of the pandemic or recent operational changes. See [Appendix A](#) for additional information on this audit.

Background

The Postal Service uses the Time and Attendance Collection System (TACS)¹ to capture the number of workhours employees spend working in various Postal Service operations.² Employees are responsible for clocking in and out during their scheduled work time and recording the times and operations³ they work by swiping their employee identification card on a hyper electronic badge reader (HEBR) at the facility. Postal Service procedures also require employees to enter an operation code each time they begin a new operation. Each swipe updates their timecard record in TACS and is commonly referred to as a “clock ring.” There are four types of clock rings craft⁴ employees are normally required to have once each day: begin tour, out to lunch, in from lunch, and end tour.

Timecard Adjustments

Installation heads, such as Plant Managers and Postmasters, oversee managers and supervisors⁵ and are responsible for ensuring the integrity of time and attendance data. They are responsible for the time and attendance data reported

at their facility and ensure the recording of workhours is accurate and complete. Supervisors are responsible for correcting errors and are required to enter all timecard adjustments in TACS using the clock ring editor function. With the clock ring editor function, supervisors may add, change, or delete clock rings or operation codes to ensure employees have the correct combination of work and leave hours per their schedules. Supervisors are required to review clock ring reports and approve their employees’ clock rings daily.

The Fair Labor Standards Act (FLSA)⁶ states employees must be paid for all time worked, whether the work is authorized or not. For the Postal Service, supervisors at retail and mail processing facilities are responsible for ensuring employees complete their duties and clock out promptly for lunch and at the end of their tour and minimizing occurrences of unauthorized work hours, including overtime and penalty overtime.⁷

Disallowance of Time

Disallowance of time occurs when a supervisor deletes, adds, or changes a clock ring in TACS to reduce an employee’s work hours. Time is disallowed when a supervisor observes or has proven knowledge that an employee did not work while “on the clock.” Employees are not paid for disallowed time and having disallowed time can affect their eligibility to earn overtime pay. Nationally, the highest number of disallowed timecard adjustments by count and hours involves the end tour ring (see [Appendix D](#) for more data on nationwide timecard adjustment trends).

Whenever a supervisor disallows work time, the supervisor must complete Postal Service (PS) Form 1017-A, Time Disallowance Record, and retain that form for three years. The local timekeeping office generates disallowed time reports as a tool for supervisors and installation heads to track disallowed time. From June 1 to November 30, 2019, Postal Service supervisors made

1 TACS was established in 2003 as the primary time and attendance system used by the Postal Service.

2 Postal Service operations include mail collection, preparation, sortation, distribution, transportation, and delivery.

3 An operation is identified through a three digit number that designates uniquely defined activities performed in Postal Service facilities.

4 Employees whose work is negotiated through a collective bargaining agreement.

5 Throughout the report, when supervisors are referenced, this also includes managers.

6 FLSA establishes minimum wage, overtime pay, recordkeeping, and youth employment affecting employees in the private sector and in Federal, State, and local governments.

7 Penalty overtime is a premium paid to eligible employees at the rate of two times the base hourly straight time rate for overtime work.

137,560 disallowed timecard adjustments totaling 46,025 hours of disallowed time nationwide.

Timekeeping Enhancements

The Postal Service has two efforts in process to modernize their timekeeping practices: updating TACS and upgrading the HEBR used to track time. These efforts are in varying phases of development.

In 2018, we conducted an audit of timecard adjustments at Postal Service facilities in the Greater Boston District.⁸ We determined that supervisors did not complete or maintain PS Forms 1017-A as required when employee time was disallowed. To address one of the audit recommendations, in June 2020, the Postal Service implemented an enhancement to TACS to digitize and electronically retain PS Forms 1017A for all disallowed time. Previously, supervisors were responsible for retaining PS Forms 1017-A physically in their facilities for three years. The enhancement also enabled management to run reports detailing employees' and districts' disallowed timecard adjustments.

Another enhancement to TACS was the Postal Service's Virtual Timecard initiative. The Virtual Timecard provides near real-time access to clock rings, which gives employees increased visibility into their workhours and the opportunity to work with their supervisors to correct their workhours before the end of the pay cycle. The Postal Service initiated the Virtual Timecard technology in November 2019 nationwide. According to Postal Service management and the

“In June 2020, the Postal Service implemented an enhancement to TACS to digitize and electronically retain PS Forms 1017 A for all disallowed time.”

National Association of Letter Carriers, the Postal Service has received positive employee feedback on the Virtual Timecard.

The Postal Service is exploring multiple avenues to extend the life of its HEBRs. The Postal Service installed its electronic badge readers over 30 years ago and the company that built the readers went out of business in August 2018.⁹ From calendar year (CY) 2006 through CY 2011, the badge reader software was upgraded for the HEBR used today. The HEBR upgrade did not replace the physical badge reader itself, but it did enable them to connect to the internet. There are 21,599 HEBRs in Postal Service facilities nationwide. The current strategy to prolong the life of the HEBRs includes reallocating underused HEBRs, upgrading the HEBR hardware, and researching the use of Mobile Delivery Devices (MDD)¹⁰ to record carriers' time.

The Postal Service plans to continue removing underused readers from field offices and redeploy them as often-used units break.¹¹ Currently, broken HEBRs are repaired by a contractor and then redistributed to other facilities as replacement units. According to the Postal Service, the average repair cost is \$167.55. From October 2019 to September 2020, the Postal Service repaired a total of 1,447 broken HEBRs, totaling \$242,445 in repair costs. Redistributing underused HEBRs will provide the Postal Service with more replacement units in the short term, but it does not address the Postal Service's use of an HEBR that is out of production.

The Engineering, Maintenance, Information Technology, and Supply Management departments are working with a contractor to replace key components of the HEBR motherboards for those units that are unserviceable. This HEBR update entails creating a new operating system with extensive testing.

The Postal Service is also researching a plan to integrate timekeeping capabilities into the MDDs, which would allow letter carrier timekeeping to be completed through a device already used on their routes. The Postal Service is pursuing this option so HEBRs from the delivery units could be redeployed to other facilities.

⁸ *Timecard Adjustments at Facilities in the Greater Boston District* (Report Number [HR-AR-18-007](#), dated August 1, 2018).

⁹ The Postal Service purchased intellectual property rights for the HEBR, but it does not have the manufacturing capability to produce them.

¹⁰ The MDD is a handheld mobile scanning device utilized by the carrier to improve real-time delivery scanning capabilities.

¹¹ The Postal Service runs quarterly reports identifying the number of timestamps for each HEBR. Those readers that have none or few timestamps are targeted for return.

Using the MDD for timekeeping would be in line with competitors in the shipping industry. For reference, UPS uses the Delivery Information Acquisition Device¹² to optimize, record, and track deliveries throughout the day.

Finding #1: Improper Disallowed Timecard Adjustments

Timecard adjustments have been a recurring issue within the Postal Service. At the seven facilities we visited, Postal Service supervisors did not complete and maintain required supporting documentation for disallowing time and/or extending lunch times. Ensuring proper documentation¹³ is completed and maintained for these clock rings is important to ensure that Postal Service employees are accurately paid. When disallowing time, supervisors must make the adjustment in TACS and complete PS Form 1017-A to document the reason for the timecard adjustment. Even though the TACS enhancement now allows for PS Forms 1017-A to be completed and retained electronically, supervisors continue to not complete these forms.

Disallowed Timecard Adjustments

We reviewed 313 disallowed timecard adjustments at seven Postal Service facilities in the South Florida, Chicago, and Capital districts. We judgmentally selected these facilities because they had a high number of clock ring counts as well as a high number of disallowed timecard adjusted hours, potentially exposing the Postal Service to unnecessary risk of litigation and fines if proper documentation was not maintained.

We found that 34 of 36 (94 percent) supervisors did not consistently complete and maintain proper documentation for time disallowed through deleted, added, or changed clock rings. Specifically, supervisors at the selected facilities did not properly complete 269 of 313 (86 percent) disallowed timecard adjustments, totaling 224.40 hours (see [Appendix D](#)).

Of the 313 total disallowed timecard adjustments we reviewed, 96 were related to “out to lunch” clock rings (36 percent). Further, supervisors could not provide PS Forms 1017-A for 90 of the 96 (94 percent) lunch disallowed timecard adjustments (see Table 1).

Table 1. Summary of Lunch Disallowed Timecard Adjustments by Selected Facilities from June 1 through November 30, 2019

District	Facility	Disallowed Transactions Reviewed	Missing PS Form 1017-A	Percentage Missing PS Form 1017-A	Hours Disallowed
Capital	Site 1	5	5	100%	3.77
	Site 2	4	4	100%	2.50
Chicago	Site 3	21	16	76%	20.48
	Site 4	3	3	100%	2.05
	Site 5	5	5	100%	5.60
South Florida	Site 6	49	48	98%	31.51
	Site 7	9	9	100%	12.10
Total		96	90	94%	78.01

Source: U.S. Postal Service Office of Inspector General (OIG) analysis of TACS *Employee Everything* Report.

¹² The Delivery Information Acquisition Device informs the driver everything that is being done on a real-time basis. It collects signatures, stores parcel information, scans the barcodes and tracks how long it takes for the driver to scan the parcel.

¹³ Proper documentation is documentation that is complete, accurate and available for review to support the disallowed timecard adjustment.

Thirteen supervisors were responsible for the 90 unsupported lunch disallowed timecard adjustments. These unsupported adjustments occurred because the supervisors did not know that policy required a PS Form 1017-A for mealtime adjustments.¹⁴ Even though all 36 supervisors had taken the supervisor TACS training and TACS prompted them to complete documentation, until our discussions with these supervisors, they did not consider adding and deleting clock rings for mealtime as a disallowed timecard adjustment.

Management Oversight

According to policy, unless supervisors use PS Form 1017-A to document they have personally observed or have proven knowledge of employees not working while on the clock, the timecard adjustment is improper. Disallowed timecard and mealtime adjustments were made without proper documentation because Postal Service installation heads were not providing oversight of supervisors' recordkeeping for disallowed timecard adjustments. Specifically, there was no formal process in place for installation heads to review the required PS Forms 1017-A.

While district management enforces proper time and attendance policy, installation heads are responsible for the accurate reporting and documentation of disallowed time. Local timekeeping offices generate disallowed time reports to assist in this review.¹⁵ However, until the TACS enhancement was implemented in June 2020, disallowed timecard adjustment documentation was required to be stored in hard copy at each facility for three years, and installation heads could only evaluate that documentation through a manual review. The TACS enhancement on June 25, 2020, provided for maintaining PS Forms 1017-A for three years and allowing installation heads to review the electronic versions of those forms through TACS to ensure their facilities have proper documentation for disallowed timecard adjustments, as required by policy.

It is important that these adjustments are properly supported and have the proper management oversight to ensure that Postal Service employees are accurately paid. As a result of incorrectly documented disallowed timecard adjustments at the selected facilities, we identified 224.40 hours of improper disallowance of time, totaling \$3,941 in unpaid wages. Not properly paying employees could result in exposing the Postal Service to an increased risk of being subject to grievances, lawsuits,¹⁶ investigations, and complaints.¹⁷ The Postal Service could face fines and penalties of up to \$2,050 for each "repeat" or "willful" violation of the FLSA and be subject to enforcement action by the Department of Labor, which could result in the recovery of employee back wages and liquidated damages in the equivalent amount.

Recommendation #1

We recommend the **Vice President, Delivery Operations**, in coordination with **Capital, Chicago**, and **South Florida District Managers**, reiterate disallowed time policy regarding lunch clock rings to supervisors and managers.

Recommendation #2

We recommend the **Vice President, Controller**, establish a formal oversight process to ensure periodic reviews of supervisors' documentation supporting disallowed timecard adjustments.

¹⁴ Handbook F-21, *Time and Attendance*, Section 146.23, dated February 2016.

¹⁵ Handbook F-401, *Supervisor's Guide to Scheduling and Premium Pay*, Section 5-K, dated August 2000.

¹⁶ See [Appendix B](#) for nationwide information on grievances and lawsuits.

¹⁷ See [Appendix C](#) for nationwide statistics on timecard complaints and investigations.

Finding #2: Hyper Electronic Badge Reader Replacement Strategies

The company that built HEBRs went out of business in August 2018. There are only 21,599 remaining readers associated with about 12,500 finance numbers nationwide¹⁸ and, if the Postal Service does nothing, management stated that it will run out of serviceable units by Quarter 3, fiscal year (FY) 2021. The Postal Service's strategy focuses on extending the life of the HEBRs and it hopes to continue using the HEBRs for another two to 10 years. The current strategy to prolong the use of the HEBRs includes reallocating underutilized HEBRs, upgrading the HEBR hardware, and researching the use of MDDs to record carriers' time, which would allow the Postal Service to reallocate HEBRs from delivery units.

While using the carrier's delivery devices to conduct timekeeping is in line with companies in the shipping industry, redistributing the HEBRs to other Postal Service facilities does not bring the rest of the agency in line with current timekeeping technology. The Postal Service is at a critical decision point, where it could retire the out-of-production HEBRs and move the agency toward modern, more accurate timekeeping based on employee movements throughout the workday. The Postal Service developed their current strategy without conducting a cost-benefit analysis or finalizing a Decision Analysis Report to determine if investing in new time collection devices now would ultimately save the agency money. Also, while the current strategy delays the investment in a new time collection device, it does not eliminate the need.

According to the Postal Service, they are not pursuing the steps necessary to procure a new time collection device until management assesses whether they can extend the life of the current HEBRs. Although replacing the HEBRs will likely

“There are only 21,599 remaining readers associated with about 12,500 finance numbers nationwide.”

be a large investment – requiring the procurement of new devices, a deployment strategy, and training for all employees using the new time collection device – it appears to be a necessary investment. Proper planning will be critical to the success of the new time collection device's roll out. When the Postal Service can no longer maintain the badge readers, the short-term solution would be to revert to manual timekeeping, which is labor intensive, more costly, and increases the risk of inaccurate TACS reporting.

Recommendation #3

We recommend the **Vice President, Controller**, in coordination with the **Vice Presidents, Engineering Systems, Processing and Maintenance Operations**, and **Information Technology**, procure and test new, automated time collection devices for the Postal Service to implement throughout its facilities.

Finding #3: TACS Enhancement System Controls

The June 2020 TACS Enhancement replaced the hard copy PS Form 1017-A with an electronic version of the form. When a supervisor enters a disallowed timecard adjustment in the enhanced TACS, they are required to complete an electronic PS Form 1017-A, which is then stored in TACS.¹⁹ This electronic form serves as the permanent record of employee disallowed timecard adjustments. However, we identified the following system deficiencies in the enhanced TACS that allow supervisors to bypass completing the electronic form:

- When supervisors enter a disallowed timecard adjustment using the change time function in the TACS, they can bypass completing the electronic PS Form 1017-A, by selecting 'save' and 'close' after the electronic form automatically appears.
- When a supervisor makes a disallowed timecard adjustment by deleting a clock ring and then adding a new clock ring in TACS, the system does not initiate a prompt to complete PS Form 1017-A.

¹⁸ Finance numbers are six-digit codes that correlate accounting data with the related post office installation, headquarters/ management organization, or designated project.

¹⁹ Upon receiving the notification, the supervisor is then prompted to complete an electronic PS Form 1017-A in the TACS Clock Ring Editor module.

We found that Postal Service Finance did not perform necessary testing to identify these deficiencies. If a supervisor bypasses the form, the corresponding disallowed timecard adjustment would be considered for pay purposes but not recorded on the employee's time disallowance record in TACS. This could lead to incomplete information, which would affect the accuracy of management reports generated through TACS and increase the risk of grievances. Postal Service Finance acknowledged the deficiencies and has a plan to correct them once they perform higher priority system updates to TACS.

Recommendation #4

We recommend the **Vice President, Controller**, resolve system deficiencies that allow supervisors to bypass completing the time disallowance record when a supervisor uses the "Change", "Delete", and "Add" time functions in the time and attendance system to ensure disallowed timecard adjustments are reported in timekeeping reports.

Management's Comments

Management agreed with all the recommendations in this report.

Management stated in separate correspondence that they are correcting the TACS enhancement deficiencies to eliminate the need of maintaining a hard copy PS Form 1017-A and provide reasonable controls preventing unauthorized disallowed timecard adjustments. Additionally, management stated that they have successfully extended the serviceable units forecast from June 2021 to June 2022. Management stated that cost-effective actions are being taken to extend the life of the existing HEBRs to prevent impact to Postal Service timekeeping capabilities.

Regarding recommendation 1, management stated that they will reissue the policy regarding disallowed timecard adjustments for lunch clock rings to all supervisors and managers. The target implementation date is February 28, 2021.

Regarding recommendation 2, management stated that the incorporation of the electronic PS Form 1017-A in the June 2020 TACS enhancement will eventually eliminate the need to retain the hard copy of the form. Management indicated

that they are working on a software change request to correct the necessary gaps in the TACS enhancement. This request will ensure all disallowed timecard adjustments are reported in the timekeeping reports. The software change request will create an automated follow-up notification for employees to confirm that they were notified of the prior week's disallowed timecard adjustment to their clock rings. Further, management stated that they are already enhancing the Virtual Timecard to identify clock ring changes made by the employee's supervisor. Management indicated that the combination of these system changes will provide reasonable controls to prevent unauthorized disallowed timecard adjustments. The target implementation date is September 30, 2021.

Regarding recommendation 3, management stated that their original forecast that was developed which indicated the Postal Service would run out of serviceable HEBRs has been extended from June 2021 to June 2022. Management indicated that this forecast extension is from the success of repairing many of the key components in the serviceable units. Further, management will continue to pursue cost effective actions to ensure that Postal Service timekeeping capabilities are not impacted. Management will continue to ensure timekeeping capabilities are not impacted; however, prior to replacing, testing, and procuring replacement HEBRs, they plan to continue to repair key components in the HEBRs to extend the life and redeploy underutilized HEBRs to other Postal Service facilities. Additionally, management indicated that they intend to integrate timekeeping capabilities in the MDDs by March 31, 2022. Management will continue assessing the business need to replace the HEBRs with another time collection device. The target implementation date is September 30, 2021.

Regarding recommendation 4, management stated they will resolve the system deficiencies that allow supervisors to bypass completing the electronic PS Form 1017-A when entering disallowed timecard adjustments. Management stated that they are working on a software change request to correct these deficiencies to ensure all disallowed timecard adjustments are reported in the timekeeping reports. The target implementation date is September 30, 2021.

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

Evaluation of Management's Comments

The OIG considers management's comments responsive to the recommendations in the report. All recommendations require OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. Recommendations 1 through 4 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

Click on the appendix title below to navigate to the section content.

Appendix A: Additional Information.....	12
Scope and Methodology.....	12
Prior Audit Coverage.....	13
Appendix B: Grievances and Lawsuits Analysis.....	14
Appendix C: OIG Investigations and Hotline Complaints Analysis.....	16
Appendix D: Disallowed Timecard Adjustments Analysis.....	18
Appendix E: Management’s Comments	20

Appendix A: Additional Information

Scope and Methodology

The scope of our audit was timecard adjustments during June through November 2019. We judgmentally selected seven facilities at three districts based on high clock ring counts and adjusted hours, grievance data, and hotline complaints. We conducted interviews with 36 supervisors and managers at seven facilities.

To accomplish our objective, we:

- Reviewed Postal Service policies and guidance to determine the requirements and processes for disallowed timecard adjustments.
- Interviewed Postal Service managers and supervisors to determine causes for issues identified based on our review of time and attendance records.
- Interviewed TACS officials to identify training requirements and system controls and receive a walkthrough of the current TACS system and the TACS enhancement.
- Analyzed records of disallowed timecard adjustments in TACS for seven of the selected sites in the Capital, Chicago, and South Florida districts from June 1 through November 30, 2019.
- Reviewed OIG hotline complaints for nationwide timecard adjustments for CY 2017 to CY 2019.
- Reviewed OIG timecard investigations from December 2014 through November 2019 for grievances and lawsuits.
- Reviewed grievance data for FY 2014 through FY 2019.
- We reviewed prior audits from FY 2015 through Quarter 1, FY 2020.

- Interviewed Postal Service district management, labor relations specialists, and union officials to determine their process for settling grievances with erroneous timecard adjustments.
- Reviewed 313 disallowed timecard adjustments at facilities in the Capital, Chicago, and South Florida districts to determine whether timecards were adjusted in accordance with Postal Service policy.
- Reviewed training records for 36 supervisors and managers to determine if responsible personnel received TACS training to perform their roles and responsibilities.
- Interviewed industry officials to gain insight on industry timekeeping system and best practices.

We conducted this performance audit from January through December 2020 in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. We discussed our observations and conclusions with management on November 12, 2020 and included their comments where appropriate.

We assessed the reliability of disallowed timecard adjustment data by tracing to source Employee Everything reports from the TACS database. We used the TACS timecard adjustments in the disallowed timecard adjustment dashboard to help identify districts to conduct fieldwork. In Tables 1, 2, and 3, we identified which areas, districts, and facilities with the greatest quantity of hours and instances of disallowed timecard adjustments. We determined that the data were sufficiently reliable for the purposes of this report.

Prior Audit Coverage

In our prior reports, we found that the Postal Service did not always make disallowed timecard adjustments in accordance with Postal Service policy. We issued two reports and made five recommendations. Postal Service management took corrective actions on all recommendations.

We reviewed and summarized the results of the previous OIG audits covering FY 2015 through Quarter 1, FY 2020 related to disallowed timecard adjustments.²⁰ Additionally, we reviewed management responses to our recommendations and corrective actions taken as a result of those recommendations. The prior OIG reports resulted in \$20,345 monetary impact.

Report Title	Objective	Report Number	Final Report Date	Monetary Impact
<i>Timecard Adjustments at Facilities in the Greater Boston District</i>	Assess whether timecard adjustments were conducted in accordance with Postal Service policy.	HR-AR-18-007	8/1/2018	\$20,345
<i>Extra Hours Worked by Supervisors in the Greater Indiana District</i>	Determine whether EAS Level 17 supervisors accurately recorded extra hours they worked.	HR-AR-15-002	12/18/2014	None

²⁰ This audit focused on timecard adjustments related to disallowed time. We did not perform any testing related to incorrect charge codes.

Appendix B: Grievances and Lawsuits Analysis

Based on an analysis of grievances and lawsuits filled nationwide for FY 2014 to FY 2019, we determined that employees filed 41 grievances resulting in \$532,708 in grievance payments for disallowed timecard adjustments, as shown in Table 2.

Table 2. Timecard Grievances by Area from FY 2014 to FY 2019

Area ²¹	District	Number of Grievances	Grievance Payment Amounts
Eastern	Boston	17	\$400,000
Great Lakes	Chicago	19	122,708
Southern	Rio Grande	1	0
	Dallas	1	0
Pacific	San Diego	2	0
Capital Metro	Atlanta	1	10,000
Total		41²²	\$532,708

Source: Postal Service Labor Relations and OIG analysis.

In addition, there were 14 lawsuits related to timecard adjustments resulting in \$401,109 settlement payments (see [Table 3](#)).²³ Each lawsuit and grievance involved management, including supervisors, removing work hours from an employee. There were no grievances or lawsuits related to improper charge codes.

²¹ Timecard Administration audit fieldwork and analysis was performed before the Postal Service area reorganization from seven areas to four areas.

²² All 41 grievances were found in the Grievance Arbitration Tracking System (GATS).

²³ Two lawsuits were from the Capital Metro Area totaling \$396,109 and one was from the Western Area totaling \$5,000.

Table 3. Timecard Lawsuits Nationwide from FY 2014 to FY 2019

Area ²⁴	District	Number of Lawsuits	Lawsuit Payments
Capital Metro	Richmond	2	\$396,109
Western	Salt Lake City	1	5,000
Great Lakes	Detroit	1	0
	Chicago	1	0
Eastern	Philadelphia	1	0
	Western PA	1	0
Southern	Suncoast	1	0
	Rio Grande	1	0
	Alabama	1	0
	Gulf Atlantic	1	0
Northeast	Westchester	1	0
Western	Seattle	1	0
Pacific	Santa Ana	1	0
Total		14	\$401,109

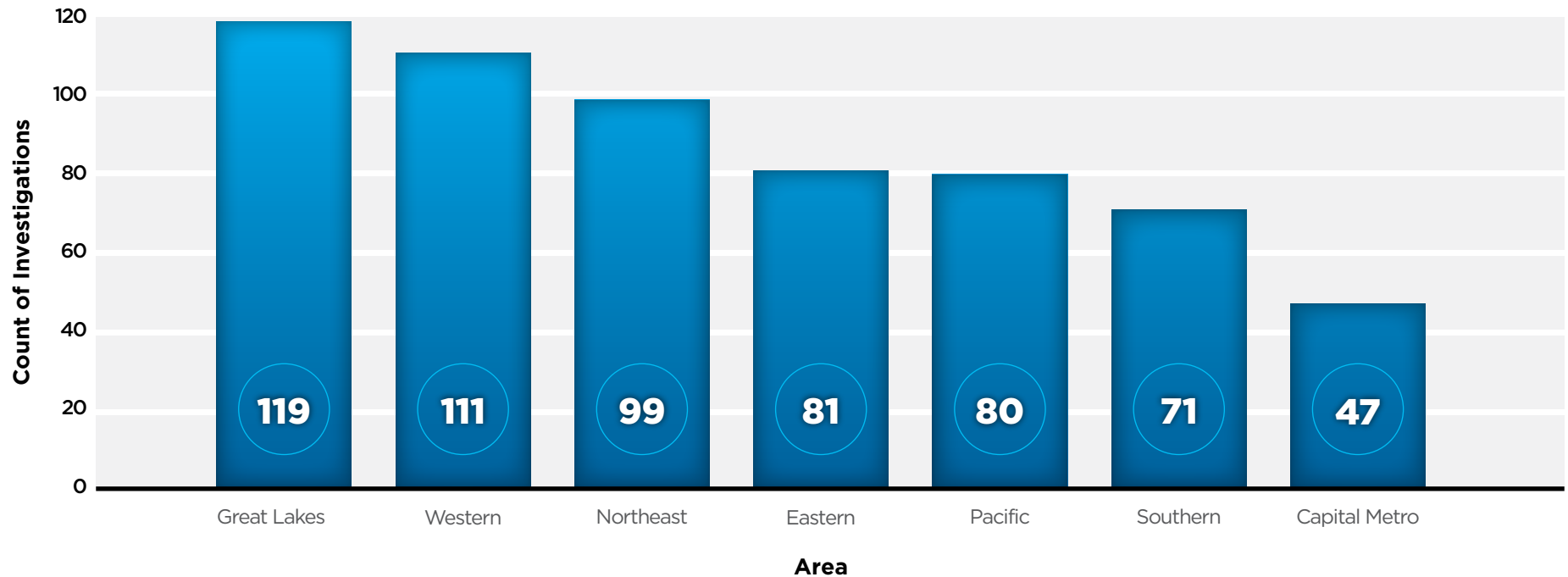
Source: OIG analysis.

²⁴ Timecard Administration audit fieldwork and analysis was performed before the Postal Service area reorganization from seven areas to four areas.

Appendix C: OIG Investigations and Hotline Complaints Analysis

Based on an analysis of CY 2014 to CY 2019 OIG Office of Investigations data for allegations of time and attendance misconduct,²⁵ we identified 608 total investigations that resulted in 410 administrative actions by the Postal Service. Of the 608 total investigations, the top three areas with the highest count of investigations were the Great Lakes, Western, and Northeast areas, as shown in Figure 1.

Figure 1. Number of OI Investigations Related to Timecards December 2014 through November 2019²⁶



Source: OIG analysis.

Additionally, from CYs 2017 to 2019, the OIG received 186 OIG hotline complaints related to timecard disallowances. The top three areas of complaint were the Southern, Capital Metro, and Eastern areas (see [Table 4](#)).

²⁵ This data includes general crimes related to the falsification of TACS data, timecards, leave requests, and payroll adjustments for the period December 1, 2014 through November 30, 2019.

²⁶ Timecard Administration audit fieldwork and analysis was performed before the Postal Service area reorganization from seven areas to four areas.

Table 4. Summary of Disallowed Timecard Adjustments OIG Hotline Complaints by Area from CY 2017 to CY 2019

Area ²⁷	2017	2018	2019	Total
Southern	10	38	4	52
Capital Metro	6	17	6	29
Eastern	2	22	3	27
Great Lakes	3	19	4	26
Western	4	16	2	22
Northeast	2	11	1	14
Pacific	4	9	0	13
Unidentified	2	1	0	3
Total	33	133	20	186

Source: OIG hotline data analysis.

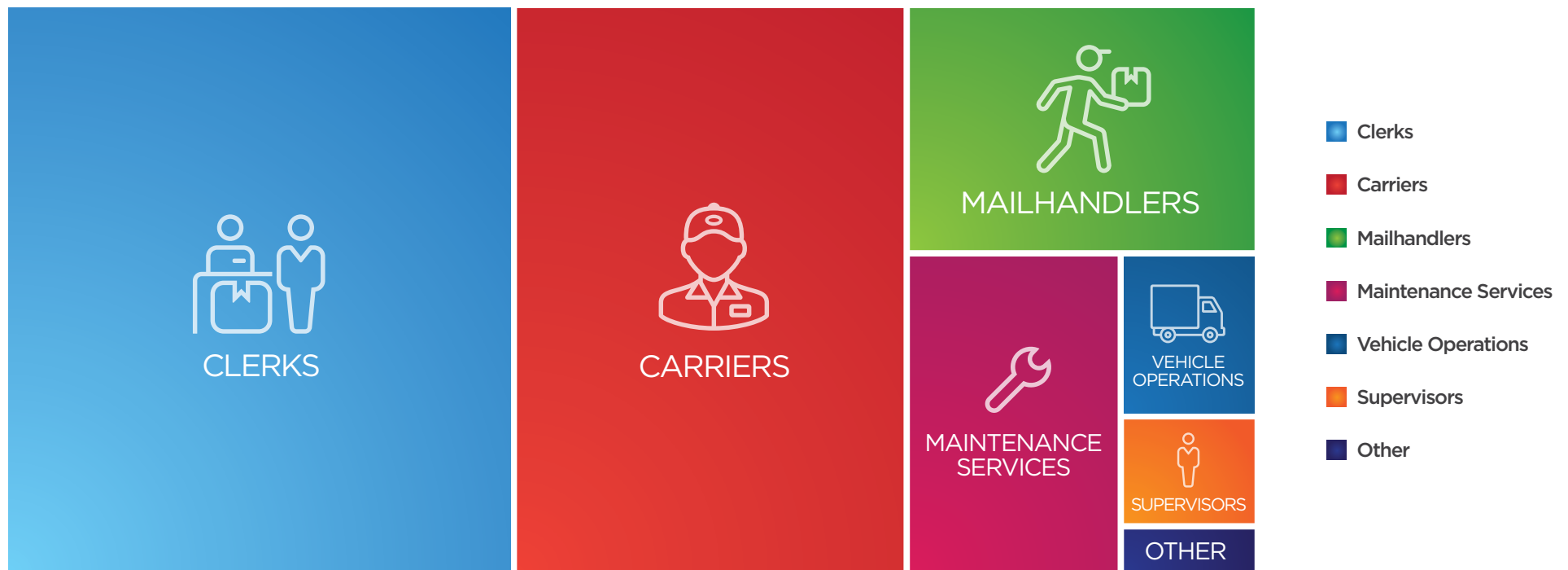
²⁷ Timecard Administration audit fieldwork and analysis was performed before the Postal Service area reorganization from seven areas to four areas.

Appendix D: Disallowed Timecard Adjustments Analysis

The top five employee positions with the most disallowed timecard adjustments between June 1, 2019, and November 30, 2019, were the following (see Figure 2):

- Clerks – 53,544 disallowed timecard adjustments;
- Carriers – 44,816 disallowed timecard adjustments;
- Mailhandlers – 16,881 disallowed timecard adjustments;
- Maintenance Services – 14,663 disallowed timecard adjustments; and
- Vehicle Operations – 3,941 disallowed timecard adjustments.

Figure 2. Count of Disallowed Timecard Adjustments by Employee Type Between June 1 and November 30, 2019



Source: TACS data and OIG analysis.

We reviewed disallowed timecard adjustments from June 1 through November 30, 2019. Nationally, the most disallowed timecard adjustments by count and hours involved the end tour ring (see [Table 5](#)).

Table 5. Summary of Disallowed Timecard Adjusted Hours by Clock Ring Type from June 1 through November 30, 2019

Clock Ring Type	Total Disallowed Adjustments	Total Disallowed Hours	Average Hour per Adjustment
End Tour	109,502	20,651	0.19
Out to Lunch	27,553	13,441	0.49
Begin Tour	253	6,003	23.73
In from Lunch	252	5,930	23.53
Total	137,560	46,025	0.33

Source: TACS data and OIG analysis.

Based on an analysis of disallowed timecard adjustments, we judgmentally selected seven facilities from the South Florida, Chicago, and Capital districts (see Table 6). We reviewed these facilities because they had a high number of clock ring counts and disallowed timecard adjusted hours.

Table 6. Summary of Disallowed Time by Selected Facilities from June 1 through November 30, 2019

District	Facility	Disallowed Transactions Reviewed	Missing PS Form 1017-A	Percentage Missing PS Form 1017-A	Hours Disallowed
Capital	Site 1	50	39	78%	19.53
	Site 2	41	41	100%	25.16
Chicago	Site 3	75	52	69%	60.01
	Site 4	22	22	100%	31.37
	Site 5	20	20	100%	16.56
South Florida	Site 6	70	60	86%	42.52
	Site 7	35	35	100%	29.25
Grand Total		313	269	86%	224.40

Source: OIG analysis of the TACS Employee Everything Report.

Appendix E: Management's Comments



December 2, 2020

LAZERICK POLAND
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Timecard Administration Report Number 20-180

Recommendation 1:

We recommend the Vice President, Delivery Operations, in coordination with Capital, Chicago, and South Florida District Managers, reiterate disallowed time policy regarding lunch clock rings to supervisors and managers.

Management Response/Action Plan:

Management agrees with the recommendation. The Vice President, Delivery Operations will reissue policy regarding disallowed time for lunch clock rings for all supervisors and managers.

Target Implementation Date:

February 2021

Responsible Official:

Director, City Delivery Operations

Recommendation 2:

We recommend the Vice President, Controller, establish a formal oversight process to ensure periodic reviews of supervisors' documentation supporting disallowed timecard adjustments

Management Response/Action Plan:

Management agrees with the recommendation. Integration of the 1017A and 1017B was completed on 06/25/2020 which requires documentation of employee notification within TACS which will eventually eliminate the need of maintaining the manual 1017A. The only gaps that remain are an automated follow-up for those employees who were not available to confirm notification prior to the week's closeout and the gap identified in Recommendation #4. A TACS software change request (SCR) is being written to address these gaps. Additionally, the Virtual Timecard that was deployed last year is being enhanced to identify clock ring changes that were made by the employee's supervisor. This change will be implemented by March 2021. Management believes that the combination of these two system changes provide reasonable controls to prevent unauthorized disallowed time.

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Washington, DC 20260-5222
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Page 1 of 3

Target Implementation Date:

September 2021

Responsible Official:

Manager, Accounting Services

Recommendation 3:

We recommend the Vice President, Controller, in coordination with the Vice President, Engineering Systems, Vice President, Processing and Maintenance Operations, and Vice President, Information Technology, procure and test new, automated time collection devices for the Postal Service to implement throughout its facilities.

Management Response/Action Plan:

Management agrees with the recommendation. The original forecast that was developed which indicated that the USPS would exhaust its inventory of operational automated time collection devices by June 2021 has been updated to June 2022. The extension of an additional year is due to the success of the Central Repair Facility in repairing many of the key component parts. Nonetheless, management will continue to ensure timekeeping capabilities of the USPS are not impacted. Prior to evaluating, testing and procuring a replacement timeclock, management plans to extend the life of the existing automated time collection devices by redeploying unused and underutilized timeclocks and assessing whether repairing key components in the existing timeclocks can also be a cost effective means to extend the life. Additionally, management intends to integrate timekeeping capabilities into the Mobile Delivery Device (MDD) by Quarter 2 Fiscal Year 2022 which will involve recouping thousands of the existing timeclocks for potential redeployment. As these cost-effective solutions are implemented, management will continue to assess the business need to replace the automated time collection devices with another device entirely.

Target Implementation Date:

September 2021

Responsible Official:

Manager, Accounting Services

Recommendation 4:

We recommend the Vice President, Controller, resolve system flaws that allow supervisors to bypass completing the time disallowance record when a supervisor uses the "Change", "Delete", and "Add" time functions in the time and attendance system to ensure disallowed timecard adjustments are reported in timekeeping reports.

Management Response/Action Plan:

Management agrees with the recommendation. This will be included in the SCR noted in Recommendation #2.

Target Implementation Date:
September 2021

Responsible Official:
Manager, Accounting Services



Dr. Joshua D. Colin
Vice President, Delivery Operations



Cara M. Greene
Vice President, Controller

cc: *Vice President, Engineering Systems*
Vice President, Processing and Maintenance Operations
Vice President, Information Technology
Corporate Audit & Response Management

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