



August 9, 2006

LILY JUNG BURTON  
MANAGER, TRIBORO DISTRICT

SUBJECT: Audit Report – Management of Retail Workhours in Relation to  
the Workload – New York Area, Triboro District  
(Report Number DR-AR-06-006)



This report presents the results of our self-initiated audit of the management of retail hours in relation to workload in the New York Area, Triboro District (Project Number 05YG020DR001), one of a series of such audits. The information in this report will be included in a nationwide capping report that will provide an assessment of how effectively the U.S. Postal Service manages retail workhours in relation to workload. Our objective was to determine whether retail managers are effectively managing workhours with the related workload to reduce operating costs and improve customer service in the New York Area, Triboro District.

Opportunities exist for Postal Service officials in the New York Area, Triboro District, to improve the management of workhours in relation to workload by implementing best management practices from the Southwest Area, Rio Grande District. From January through May 2005, retail managers in the [REDACTED] [REDACTED] postal facilities could not support approximately 46 percent of their retail associates' window service workhours with the related workload. The local postal unit management officials indicated they did not consider retail counter activities a primary focus and directed work efforts to the delivery programs. Further, local postal unit management officials were not adequately reviewing applicable reports to (1) match workhours to the related workload for optimum staffing and (2) determine correct workhour charges. In addition, local postal unit management officials did not adequately utilize the Point-of-Service (POS) ONE machines to record the number and types of transactions by time of day. As a result of the window service employees incurring overtime hours before and after the retail counter window was actually open, the Triboro District incurred overtime expenses not supported by the workload totaling approximately \$20,166 for 75 days for a 5-month period. We will report \$20,166 as unsupported unrecoverable questioned costs in our *Semiannual Report to Congress*.

The manager, Triboro District, implemented corrective action during our audit. Actions included requiring retail managers in the [REDACTED] [REDACTED] postal facilities to review POS ONE Window Operations Survey (WOS) reports daily; establish schedules to match workhours in relation to workload; and achieve optimum staffing and earned hour goals. District officials also began requiring retail managers to monitor Time and Attendance Collection System reports to reduce unsupported workhours charged to window services. Further, district management directed local postal officials to use POS ONE machines consistently to record non-revenue transactions for accurate workload accountability. Therefore, we are making no recommendations in this report.

Management agreed with our findings and the \$20,166 in unsupported unrecoverable questioned costs. Management implemented procedures to better manage workhours with the related workload to achieve optimum staffing and earned hour goals. The U.S. Postal Service Office of Inspector General (OIG) considers the actions taken by management responsive and they should correct the issues identified in the findings. Management's comments in their entirety are included in Appendix C of this report.

We appreciate the cooperation and courtesies provided by your staff during the audit. If you have any questions or need additional information, please contact Rita F. Oliver, director, Delivery and Retail, or me at (703) 248-2300.

E-Signed by Colleen McAntee   
[VERIFY authenticity with Approve]  


Colleen A. McAntee  
Deputy Assistant Inspector General  
for Core Operations

#### Attachments

cc: William P. Galligan  
E. Lynn Smith  
David L. Solomon  
Fred J. Hintenach  
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## INTRODUCTION

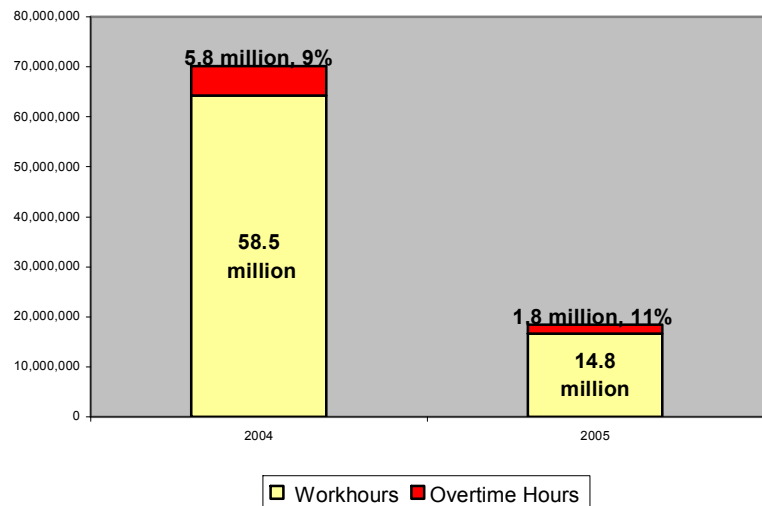
### Background

Efficiently matching workhours to a changing workload at the U.S. Postal Service's 33,000 post offices, stations, and branches is critical for success. The Postal Service is striving to improve customer service and reduce operating costs through optimum staffing of retail postal units by managing workhours to the related workload and driving the right behavior at postal units.

As illustrated below in Chart 1, during fiscal year (FY) 2004, retail associates' actual workhours totaled 64.3 million hours nationwide, with 9 percent in overtime for labor distribution code (LDC) 45. During the first quarter FY 2005, the hours totaled 16.6 million nationwide, with 11 percent in overtime. The total nationwide hours exceeded plan hours by nearly 1 percent (510,000 hours above the plan 63.8 million hours) during FY 2004 and by over 2 percent (376,000 above the plan 16.2 million) during the first quarter of FY 2005.

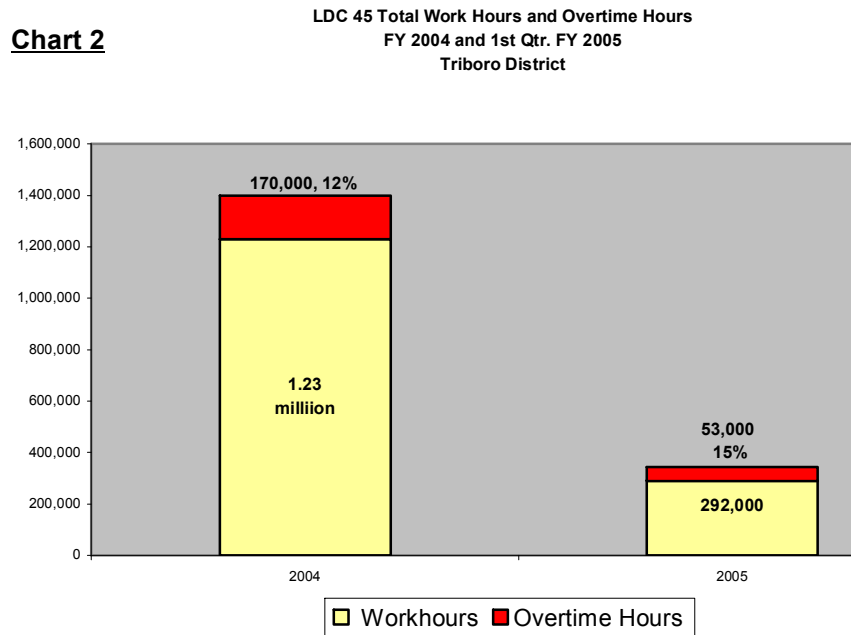
**Chart 1**

**LDC 45 Total Work Hours and Overtime Hours  
FY 2004 and 1st Quarter FY 2005  
Nationwide**



Source: Postal Service Enterprise Data Warehouse and Time and Attendance Collection System

As illustrated below in Chart 2, during FY 2004, New York Area, Triboro District, retail associates' actual workhours totaled 1.4 million hours, with 12 percent in overtime hours. During the first quarter FY 2005, the hours totaled 345,000 hours, with 15 percent in overtime hours. The total district hours exceeded plan hours by nearly 1 percent (13,600 hours above the plan 1.4 million hours) during FY 2004 and by 12 percent (37,000 above the plan 307,000) during the first quarter of FY 2005.



Source: Postal Service Enterprise Data Warehouse and Time and Attendance Collection System

The Postal Service is continually evaluating its network of postal retail facilities to both meet current and future customer needs and reduce workhours for Function 4 operations.<sup>1</sup> In August 2004, the Postal Service redesigned its Standardized Function 4 Review process to target postal facilities for on-site reviews where opportunities exist for workhour reductions. These on-site reviews, which include the Function 4 Window Operations Survey (WOS), analyze retail postal units to determine the retail workload based on

<sup>1</sup> Function 4 operations include customer service activities – both supervisory and nonsupervisory – of employees at post offices, stations, and branches involved in automated, mechanized, manual, and post office box distribution of mail, post office window and vending equipment services, and miscellaneous administrative and Central Forwarding System operations.

the number and types of transactions conducted at the retail counter.<sup>2</sup> Postal officials use the Function 4 WOS information to convert the retail workload information to earned workhour data and use the results to determine productivity levels and proper staff scheduling to meet customer demands and attain established annual workhour budget goals.<sup>3</sup>

The Postal Service uses the Point-of-Service (POS) ONE system to efficiently collect the number and types of transactions conducted at the retail counter for the retail associates by time of day. POS ONE generates a report with details on the number and type of transactions retail associates conduct. The Postal Service is in the process of developing additional reporting tools to generate exception reports that will rank opportunities to reduce retail workhours, based on actual performance versus earned workhours.

Postal officials also use the Retail Analysis Program, a research and marketing survey, and the new Automated Workforce Projection System, a planning model on automation and workload, to determine the optimum staffing of retail postal units to meet customer demands.

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**Objective, Scope,  
and Methodology**

Our objective was to determine whether retail managers are effectively managing workhours in relation to workload to reduce operating costs and improve customer service in the New York Area, Triboro District.

We obtained data from the Postal Service's Enterprise Data Warehouse (EDW)<sup>4</sup> database system for FYs 2004 through 2005 to analyze total workhours, earned hours, and transaction data. We obtained workhour data from the Postal Service's Time and Attendance Collection System (TACS) for FY 2005<sup>5</sup> to analyze total workhours, overtime, penalty overtime, and retail operation code moves.

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<sup>2</sup> The types of transactions include Priority and Express Mail®, stamp and money order purchases, passports, and mailboxes. Postmasters assign mobile units, at their discretion, to retail postal units to provide limited retail activity in remote locations such as retirement homes and community centers.

<sup>3</sup> The workhours associated with performing the various window transactions are captured in LDC 45.

<sup>4</sup> The EDW provides a single repository for managing the Postal Service's corporate data assets.

<sup>5</sup> The TACS provides for daily and weekly capture of employee time and attendance data. The system calculates operational hours by employee, in offices where employees use automated equipment to enter clock rings rather than manual time cards.

We selected the Southwest Area, Rio Grande District, Lockhill postal facility as the best practice location, based on the smallest variance between actual and planned workhours. We selected the New York Area, Triboro District, [REDACTED] [REDACTED] postal facilities based on the largest variance between actual and planned workhours. We also selected a random sample of 75 days of retail counter transactions conducted on the 125 days with window operations between January and May 2005 to assess retail managers' effectiveness in managing workhours in relation to workload.

We conducted this audit from February 2005 through August 2006 in accordance with generally accepted government accounting standards, and included such tests of internal controls, as we considered necessary under the circumstances. We relied on data obtained from Postal Service database systems. We did not directly audit the systems, but performed a limited data integrity review to support our data reliance. We reviewed a sample of source documentation from the systems to determine if the data was sufficiently reliable to meet the objectives of this audit. We interviewed postal officials and reviewed documentation, applicable policies, and procedures pertaining to the audit objectives. We discussed our observations and conclusions with management officials and included their comments where appropriate.

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**Prior Audit Coverage**

We identified one prior audit related to the objective of this audit:

*Function 4 – Customer Service Operations* (Report Number DR-AR-04-014, dated September 30, 2004). The Postal Service can improve the effectiveness and efficiency of the Function 4 customer service process in meeting or exceeding its program goals of monitoring and measuring the potential savings of customer service operations. Specifically, Postal Service managers could improve customer service operations by fully using the Standardized Function 4 Reviews and sharing proven practices.

## AUDIT RESULTS

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### Workhours in Relation to Workload - Triboro District

Opportunities exist for Postal Service officials in the New York Area, Triboro District, to improve the management of workhours in relation to workload at the [REDACTED] postal facilities by implementing best management practices from the Southwest Area, Rio Grande District.

Retail managers were not effectively managing workhours with the related workload. As illustrated in Appendix A, POS ONE WOS and TACS reports for 75 workdays between January 1 and May 31, 2005, indicated that retail managers in the New York Area, Triboro District, [REDACTED] postal facilities could not support approximately 46 percent (9,854 of 21,307) of their retail associates' workhours with related workload.<sup>6</sup> Overtime hours totaled 25 percent (5,273 of 21,307).

The postal facilities' unsupported hours also included 11 percent (1,050 of 9,854) of hours incorrectly charged<sup>7</sup> to the retail associate LDC. Of these hours, 60 percent (627 of 1050) were overtime hours. We consider all 627 hours unsupported overtime hours for retail associates' LDC 45. As a result of the window service employees incurring these overtime hours before and after the retail counter window was actually open, the Triboro District incurred operating costs in LDC 45 overtime expenses not supported by the workload totaling approximately \$20,166 for 75 days of the 5-month period. We will report this amount as unsupported unrecoverable questioned costs in our *Semiannual Report to Congress*. (See Appendix B).

The local postal unit officials indicated they did not consider the retail counter activities a primary focus and directed work efforts to the delivery programs. The local postal unit officials were not focusing on management of workhours. Specifically, they were not:

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<sup>6</sup> These workhours also include retail workhours associated with mobile units used for retail activities in the Triboro District. Additionally, the workload includes time attributed to mobile unit transactions.

<sup>7</sup> These hours were charged to window services before and after the retail counter windows were opened.

- Reviewing daily WOS reports to improve staff planning by better matching workhours to the related workload, thereby helping to achieve earned hour goals.
- Monitoring TACS reports to determine if retail associates charged the appropriate workhours to LDC 45.
- Using POS ONE machines to timely record the number and types of transactions by time of day.

In the local postal unit, officials indicated that they made staffing assignments by the hour on an “as needed basis.” They based these staffing assignments on daily lobby observations. However, reviewing WOS reports would assist managers in determining optimum staffing for the workload. In addition, officials used mobile data collection devices to record confirmation of mail picked up at the postal facilities service door or at the retail counter. However, they did not timely enter these transactions in POS ONE machines to record the number and types of transactions by time of day for an accurate accountability of the workload during that period.<sup>8</sup> Officials indicated POS ONE input delays were due to the potential adverse impact on customer service<sup>9</sup> if the associates left their counters to input this data.

In the mobile units, the local postal unit officials indicated managers might not accurately match workhours to the related workload because the mobile units<sup>10</sup> are not equipped with POS ONE machines. Without these machines, there is no record of the number and types of transactions by time of day for an accurate accountability of the workload during that period. Retail associates used integrated retail terminal (IRT)<sup>11</sup> machines to record revenue generated from retail transactions processed at the mobile units, which record all transactions in a one-batch transaction at the end of each day. Postal headquarters officials are currently in the process of developing standard

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<sup>8</sup> When a POS ONE machine is not available at the dutch door, district officials must record each individual non-revenue transaction on a manual tracking sheet and input the information in POS ONE every 30 minutes.

<sup>9</sup> The retail associates are required to enter data into POS ONE every 30 minutes; however, delays occur due to focus placed on customers to help reduce the wait time in line.

<sup>10</sup> District officials indicated that the Triboro District operates 57 mobile units, none of which are equipped with the POS ONE machines.

<sup>11</sup> The IRT machines record financial transactions; however, the machines do not capture transactions by time of day for an accurate accountability of the workload during that period.



operating procedures for the mobile units. We plan to perform a future audit of the Postal Service mobile units.

Retail managers are responsible for monitoring window operations daily to determine proper window staffing using the POS WOS reports. Using these management tools would allow retail managers to match staffing to related workload — and increase or decrease staff assigned in order to reduce operating costs and improve customer service.

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**Workhours in  
Relation to Workload  
- Rio Grande District**

POS ONE WOS and TACS reports generated from January through May 2005 indicated that retail managers in the Southwest Area, Rio Grande District, [REDACTED] postal facility adequately matched workhours in relation to workload. Retail associates incurred 2,505 workhours, which the workload supported, based on their earned workhour requirement of 2,585. The 2,505 workhours included 17 percent (428 of 2,505) overtime hours that were also supported by the workload. As a result, the Rio Grande District incurred operating costs that were adequately supported by the workload for this 5-month period.

Rio Grande District officials at the facility indicated that they focused on both the delivery programs and retail counter activities. In the postal facilities, district officials indicated that they effectively managed the workhours to workload by:

- Reviewing daily POS ONE WOS reports to improve staff planning by better matching workhours to the related workload, thereby achieving earned hour goals.
- Monitoring TACS reports to determine if retail associates charged the appropriate workhours to LDC 45.
- Using POS ONE machines to timely record the number and types of transactions by time of day from mobile data collection devices.

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**Corrective Action  
Implemented  
- Triboro District**

The manager, Triboro District, implemented corrective actions during our audit. Actions included requiring retail managers in the [REDACTED] [REDACTED] postal facilities to review POS ONE WOS reports daily; establish schedules to match workhours to the related workload; and achieve optimum staffing and earned hour goals. District officials also began requiring retail managers

to monitor TACS reports to reduce unsupported workhours charged to LDC 45. Further, district management directed local postal officials to use POS ONE machines consistently to record non-revenue transactions for accurate accountability of the workload. Therefore, we are making no recommendations.

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<b>Summary of Management's Comments</b>	Management agreed with the findings, suggested corrective actions and monetary benefits. Management implemented procedures to match workhours to workload to achieve optimum staffing and earned hour goals. Management's comments in their entirety are included in Appendix C.
<b>OIG Evaluation of Management's Comments</b>	Management's comments are responsive and the actions taken should correct the issues identified in the findings.

**APPENDIX A**

**POSTAL SERVICE OFFICE OF INSPECTOR GENERAL  
COMPARISON OF WORKHOURS TO WORKLOAD  
TRIBORO DISTRICT**

**(For 75 days between January and May 2005)**

	2,529.93	426.13	16.8%	1,809.90	720.03	28.5%
	2,985.55	735.51	24.6%	1,730.60	1,254.95	42.0%
	11,170.36	2,693.29	24.1%	5,233.50	5,936.86	53.1%
	4,621.56	1,418.16	30.7%	2,679.30	1,942.26	42.0%
<b>Grand Total</b>	<b>21,307.40</b>	<b>5,273.09</b>	<b>24.7%</b>	<b>11,453.30</b>	<b>9,854.10</b>	<b>46.2%</b>

## APPENDIX B

### POSTAL SERVICE OFFICE OF INSPECTOR GENERAL CALCULATION OF UNSUPPORTED UNRECOVERABLE QUESTIONED COSTS

The U.S. Postal Service Office of Inspector General (OIG) identified \$20,166 in unsupported unrecoverable questioned costs for the [REDACTED] postal facilities reviewed in the New York Area, Triboro District. The OIG made the following assumptions in their calculation:

- The analyses calculated the LDC 45 hours used outside of retail window operating hours and paid at an overtime rate for 75 randomly selected days of retail counter transactions during the period January 1 through May 31, 2005, for each of the four facilities.
- The hours were converted into costs using an estimated overtime rate of \$32.18 per hour.

Selected Postal Locations	Total Overtime Hours
[REDACTED]	147.80
[REDACTED]	133.43
[REDACTED]	107.17
[REDACTED]	238.27
Total hours	626.67
Overtime rate for level 05 clerk, 2005	\$32.18
75 days of a 5-month period for the four selected postal facilities in the Triboro District	\$20,166

- On a given day, for the purpose of calculation, the window opening time was the earlier of either the publicly published time or the mid-point of the half-hour segment in which the first POS ONE transaction occurred. An additional 15 minutes were allowed for window opening procedures.
- On a given day, for the purpose of calculation, the window closing time was the later of either the publicly published time or the mid-point of the half-hour segment in which the last POS ONE transaction occurred. An additional 15 minutes were allowed for window closing procedures.
- We will report \$20,166 in unsupported unrecoverable questioned costs in our *Semiannual Report to Congress*.

## APPENDIX C

### MANAGEMENT'S COMMENTS

DISTRICT MANAGER  
TRIBORO DISTRICT



May 5, 2006

KIM H. STROUD  
DIRECTOR  
AUDIT REPORTING  
1735 N LYNN ST  
ARLINGTON, VA 22209-2020

SUBJECT: REVISION TO RESPONSE - RETAIL WORK HOURS TO WORK  
LOAD MANAGEMENT

After reviewing the revised discussion draft report of Retail Work Hours to Work Load Management, New York Area, Triboro District (Project Number 05YG020DR001), we are in agreement at this time in regards to the monetary impact of unsupported costs in the reviewed stations.

Triboro District has implemented procedures to review RDM (WOS) reports with station management and utilize the information to address productivity along with increased focus on badge control to properly credit workhours.

We appreciate your courtesy and professionalism. If you have any questions, feel free to contact Edward Panzone, A/Mgr., Finance (718)321-5382 or Robert Guglielmo, Route Examination & Adjustment Team Leader (718) 321-5271.

A handwritten signature in black ink, appearing to read "Lily Jung Burton".

Lily Jung Burton

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