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SUBJECT: Audit Report – Associate Supervisor Program in the
Great Lakes Area (Report Number LH-AR-02-005)

This report presents the results of our review of the Associate Supervisor Program (Project Number 01JA004LB000). This audit was self-initiated and conducted in the seven districts of the Great Lakes Area.

The audit revealed that while the Postal Service in the Great Lakes Area was successful in training over 900 employees through the Associate Supervisor Program as of June 2001, program performance had not been fully assessed to determine its impact on labor-management relations and Postal Service operations. Specifically, we found that procedures for screening applications and selecting program candidates were adequate, however, they were not always followed. In addition, while eligibility requirements were applied to all applicants, the requirements used to determine program suitability were not equitably applied to all applicants. Also, Great Lakes Area management had not maximized the benefits of the Associate Supervisor Program by determining the appropriate number of executive and administrative schedule level 15 positions needed; and by placing graduates, when and where they were needed. We also were unable to determine the cost of the Associate Supervisor Program because Postal Service management did not have a budget nor did they track expenditures for the program. Finally, we found that oversight had not been provided to ensure the program was implemented efficiently, effectively, and properly.

The report included nine recommendations to help Postal Service management improve the Associate Supervisor Program. Management agreed with 7 of the 9 findings and recommendations, and the actions taken and planned should correct the issues identified in this report. Management disagreed, however, with our recommendations to assess the impact of the Associate Supervisor Program on improving labor-management relations and Postal Service operations, and to establish a budget and

cost center to capture the Associate Supervisor Program expenditures Postal Service-wide. The Office of Inspector General (OIG) considers recommendations 1 and 8, as unresolved and plans to pursue them through the formal audit resolution process. Management's comments and our evaluation of these comments are included in this report.

The OIG considers recommendations 1, 2, 3, 7, 8, and 9 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 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 during the audit. If you have any questions or need additional information, please contact Chris Nicoloff, director, Labor Management, at (214) 775-9100, or me at (703) 248-2300.

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Attachment

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EXECUTIVE SUMMARY

Introduction

This report presents the results of our self-initiated audit of the Postal Service's management of the Associate Supervisor Program in the Great Lakes Area. The program was established in response to a recommendation made by the General Accounting Office in September 1994, "that the Service select and train supervisors who could serve as facilitators/counselors and who would have the skills, experience, and interest to treat employees with respect and dignity, positively motivate employees, recognize and reward them for good work, promote teamwork, and deal effectively with poor performers."

Results in Brief

The audit revealed that as of June 2001 the Great Lakes Area trained over 900 employees through the Associate Supervisor Program. We also found that some assessments of program performance had been done; and that the procedures for screening applications to the program were adequate. In addition, we determined that program eligibility requirements were objective.

We determined, however, that program performance had not been fully assessed to determine its impact on labor-management relations and Postal Service operations. In addition, we found that improvements or full implementation of procedures were needed in the areas of applicant screening and candidate selection, suitability requirements, placement of graduates, budgeting and tracking of costs, and program oversight.

During the course of our audit, Postal Service management took several actions to correct some of the conditions we found in the area of graduate placement. We believe further corrective actions will help the Postal Service to meet the program's primary objective to improve labor-management relations and Postal Service operations. In addition, improvements to the program will help the Postal Service attract, select, and train applicants who best meet the requirements of the associate supervisor position.

Summary of Recommendations

We made nine recommendations to Postal Service management to improve the Associate Supervisor Program. Recommendations include an assessment of the impact the program has had on improving labor-management relations and Postal Service operations, additional program

oversight, and a reassessment of the suitability requirements to ensure they are consistently and equally applied to all applicants. We also recommended improvements to the screening and selection process, the placement of graduates, and the establishment of a budget and cost center to capture program expenditures, Postal Service-wide.

**Summary of
Management's
Comments**

Management agreed with our recommendations to ensure review committee members and district coordinators receive appropriate training to increase their knowledge/awareness of program responsibilities and that district coordinators were implementing oversight controls of program activities. They also agreed to determine the cause for high turnover in the district coordinator position and assess the workload of district coordinators. Management further agreed to reassess the suitability requirements in the Associate Supervisor Program Guide and the Employee and Labor Handbook, and ensure that the manuals were in alignment with one another. They also agreed to ensure that the appropriate number of executive and administrative level 15 and 16 positions were determined using Organizational Management Staffing System reports. In addition, management's comments clarified their agreement that the area office must have a certain level of oversight responsibility for the district programs.

Management disagreed, however, with our recommendations to assess the impact of the Associate Supervisor Program on improving labor-management relations and Postal Service operations, and to establish a budget and cost center to capture the Associate Supervisor Program expenditures, Postal Service-wide. Management's comments, in their entirety, are included in Appendix D of this report.

**Overall Evaluation of
Management's
Comments**

Management's comments to recommendations 2 through 7, and 9 were responsive and the actions taken and planned should correct the issues identified in this report. Management's response to recommendations 1 and 8 were not responsive and did not meet the full intent of our recommendations to assess the impact of the Associate Supervisor Program on labor-management relations; and establish a budget and cost center to capture the Associate Supervisor Program expenditures Postal Service-wide, respectively. The Office of Inspector General considers

recommendations 1 and 8 unresolved and plans to pursue them through the formal audit resolution process.

INTRODUCTION

Background

In a 1994 General Accounting Office (GAO) report,¹ the Postal Service's corporate culture was characterized as a highly structured system of work rules and highly autocratic management styles. The GAO report disclosed the presence of policies, practices, and values that needed to be changed in an effort to encourage, facilitate, and reward more productive labor-management relations at the Postal Service. To address this condition, the GAO recommended that the Postal Service select and train supervisors who could serve as facilitators/counselors, and who would have the skills, experience, and interest to:

- Treat employees with respect and dignity.
- Positively motivate employees.
- Recognize and reward employees for good work.
- Promote teamwork.
- Deal effectively with poor performers.

In response to this recommendation, the Postal Service established the Associate Supervisor Program in 1995 to develop qualified applicants for initial level supervisory vacancies and to ensure that prospective supervisors were provided with the technical, administrative, and leadership skills necessary to be effective in all aspects of a first line supervisory job. The overall goal of the program was to help the Postal Service improve labor-management relations and Postal Service operations.²

The Associate Supervisor Program was comprised of a comprehensive selection process followed by an in-depth 16-week training program. Trained coordinators monitored the program from start to finish and worked closely with district human resources personnel to administer it. Applicants were selected based on their ability to meet critical job requirements, as demonstrated through an examination, a review of applications, and structured interviews. At the conclusion of the program, graduates were placed directly into an associate supervisor position, executive and administrative schedule level 15, within customer services or distribution operations. Opportunities

¹ U.S. Postal Service: Labor-Management Problems Persist on the Workroom Floor (GAO/GGD-94-201A, September 1994).

² The term Postal Service operations as used here means the reduction in overtime costs and wages paid to temporary supervisors referred to as 204B supervisors.

also existed for graduates to be promoted to the executive and administrative schedule level 16 supervisor positions.

As of September 2001, more than 10,000 employees had graduated from the Associate Supervisor Program Postal Service-wide. Approximately 57.9 percent of the graduates (5,849) were promoted to the level 16, supervisor position, and 29.4 percent (2,968) were in associate supervisor, level 15 positions. Another 6.3 percent (637) of the graduates went back to a craft position, and the remaining 6.4 percent (651) left the Postal Service.

Objective, Scope, and Methodology

Our overall objective was to determine whether the Postal Service was effectively managing the Associate Supervisor Program in the Great Lakes Area. We judgmentally selected the Great Lakes Area after completion of our survey work in one of its seven districts³ (Chicago). To accomplish our objective we assessed program administration, as well as the applicant screening and candidate selection process, and graduate placement. We also attempted to determine the program costs. Our scope and methodology are discussed in Appendix A.

This audit was conducted from April 2001 through September 2002 in accordance with generally accepted government auditing standards and included such tests of internal controls as were considered necessary under the circumstances. Specifically, we reviewed controls designed to identify the applicants best suited for the Associate Supervisor Program, as well as the controls in place to monitor and track program costs. We discussed our conclusions and observations with appropriate management officials and included their comments, where appropriate.

Prior Audit Coverage

U.S Postal Service: Labor-Management Problems Persist on the Workroom Floor, (GAO/GGD-94-201A, September 1994). This report showed the labor-management conflict that existed on the workroom floor of mail processing and delivery operations; and past and current efforts by the Postal Service, employee unions, and management associations to improve relations and end the conflict. The GAO reported the presence of policies, practices, and values that needed to be changed in an effort to encourage, facilitate, and reward more productive

³ The Postal Service geographic areas of operation were restructured in September 2001, and the number of districts in the Great Lakes Area was increased from seven to nine districts.

relations at the Postal Service. To address this condition, the GAO recommended that the Postal Service select and train supervisors who could serve as facilitators/counselors, and who would have the skills, experience, and interest to improve labor-management relations and facility operations.

U.S. Postal Service: Little Progress Made in Addressing Persistent Labor-Management Problems (GAO/GGD-98-1, October 1997). This report followed up on the Postal Service's response to the recommendations made in the GAO's 1994 report. The report found that little progress had been made in improving the persistent labor-management problems. As a result of the 1994 report, the Postal Service reported to the GAO that one of its initiatives was the establishment of the Associate Supervisor Program. The GAO did not evaluate the program at that time because of its recent implementation in 1995. No recommendations were made in this report.

AUDIT RESULTS

Management and Oversight of Program Needs Improvement	<p>The audit revealed that while the Postal Service in the Great Lakes Area was successful in training over 900 employees as of June 2001, through the Associate Supervisor Program, the program had not been fully assessed to determine its impact on labor-management relations and Postal Service operations. In addition, we identified the following program areas in need of improvement:</p> <ul style="list-style-type: none">• Screening and selection process• Suitability requirements• Placement of graduates• Budgeting and tracking costs• Oversight
Program Impact Not Fully Assessed	<p>While headquarters had taken some steps to assess the program's effectiveness, neither headquarters nor Great Lakes Area management had fully assessed the impact of the Associate Supervisor Program on labor-management relations and Postal Service operations. With regard to assessment steps taken, we found that in fiscal year (FY) 2001, the headquarters, Human Resources office contracted with a vendor to conduct a mail survey of managers and Associate Supervisor Program graduates that included an assessment of new associate supervisors' skills. As a result of the survey, the vendor reported that over 70 percent of the graduates met or exceeded the managers' expectations for beginning supervisors. In addition, to determine if the program was providing a sufficient number of graduates to meet the needs of the organization, program officials tracked the progress of participants in the program to determine how many successfully completed the program and where the graduates were ultimately placed.</p> <p>In response to a 1997 GAO report⁴ on the continued existence of labor-management problems, Postal Service management committed to additional assessment measures, however, they did not follow through on those commitments. Specifically, the Postal Service advised GAO of plans to evaluate the Associate Supervisor Program by surveying managers to determine the quality of job performance for associate supervisors compared to supervisors who had not participated in the program. The</p>

⁴ U.S. Postal Service: Little Progress Made in Addressing Persistent Labor-Management Problems (GAO/GGD-98-1, October 1997).

Postal Service had also planned to ask managers to evaluate associate supervisors' communication and leadership skills as well as their ability to promote and maintain a safe working environment for employees. To determine the impact the Associate Supervisor Program has had on the overall performance of facilities, the Postal Service also advised the GAO it planned to compare External First-Class Measurement System scores⁵ before and after the placement of associate supervisors in facilities.

Associate Supervisor Program officials in headquarters told us they were not aware of the Postal Service's commitment to evaluate the Associate Supervisor Program as reported in GAO's 1997 report.

We believe the Postal Service should follow through with its plans as outlined in their response to GAO. Also, to fully assess the impact of the Associate Supervisor Program, we believe that an assessment of workplace climate indicators⁶ should be included in this evaluation. The Postal Service's Threat Assessment Team Guide, Publication 108, defines these indicators and their relevance when making determinations on workplace climate. Using information from these evaluations, Postal Service officials should be able to better assess whether the program has achieved its objective to positively impact labor-management relations and Postal Service operations.

Recommendation

We recommend the senior vice president, Human Resources:

1. Assess the impact of the Associate Supervisor Program on improving labor-management relations and Postal Service operations. This assessment should include:

⁵ External First-Class Measurement is an external measurement system of collection box to mailbox delivery performance. It is not a system-wide measurement of all First-Class Mail performance; instead it continuously tests a panel of 465 ZIP Code areas selected on the basis of geographic and volume density from which 90 percent of First-Class volume originates and 80 percent destines.

⁶ Among these indicators are grievances, Equal Employment Opportunity complaints, referrals to the Employee Assistance Program, and Voice of the Employee surveys.

- A survey of managers to compare the quality of job performance of associate supervisors to supervisors who had not participated in the program.
- An evaluation of associate supervisors' communication and leadership skills as well as their ability to promote and maintain a safe working environment for employees.
- A comparison of facility performance scores and workplace climate indicators before and after the placement of associate supervisors.

**Management's
Comments**

Management disagreed with the finding and recommendation and stated the recommendation was based on the belief that the primary objective of the Associate Supervisor Program was to improve labor-management relations. They stated that the primary objective was to attract, select, and train the best possible candidates for first-line supervisory positions; and that the expected benefits, among other things, included a safer work environment and improved labor-management relations and Postal Service operations. They said the report misstated the program's objective and requested that we change it.

Management also stated the improved labor-management relations was only one component of the program and there were many variables that could impact the workplace climate. They said the labor-management component could not be used to adequately assess a change in that climate. Management further stated that in June 2000 they surveyed Associate Supervisor Program participants and their managers; and more recently (April 4, 2002) implemented the Universal Associate Supervisor Program that would fill all supervisor vacancies thus discontinuing the initial level supervisor system. They said that due to these events it was not necessary to compare associate supervisors to supervisors who have not participated in the program.

Management also stated they will continue their efforts to work with field Human Resources and Operations to improve the Associate Supervisor Program and identify future enhancements to the program.

Evaluation of Management's Comments	<p>Management's planned actions are not responsive and do not meet the intent of our recommendation. As stated in our report, the Postal Service's development of the program was a direct result of the 1994 GAO recommendation to improve labor-management relations and Postal Service operations. We believe the objective to attract, select, and train the best possible candidates for first line supervisory positions, was a means to achieve program benefits (goal) of improving labor-management relations and operations.</p> <p>We disagree that because many variables can impact labor-management relations that an assessment cannot be done to determine the impact the program had on improving labor-management relations. We also disagree that it is not necessary to compare associate supervisors to supervisors who have not participated in the program. As stated in the report, an assessment is necessary to determine whether the program has achieved its goal to positively impact labor management relations. Also stated is that a significant amount of resources have been expended on this program without a proper and accurate accounting. Given the Postal Service's continued need to identify cost savings, management should make the effort to quantify the benefits of the program and to determine whether it is worth the continued investment of resources. The Office of Inspector General (OIG) considers this recommendation unresolved and plans to pursue it through the formal audit resolution process.</p>
Candidate Selection Procedures Not Followed	<p>The procedures for screening Associate Supervisor Program applications and selecting program candidates,⁷ by review committees⁸ and district coordinators, were adequate; however, they were not always followed. As a result, there may have been a lack of equity in the program in that all applicants⁹ may not have been held to the same standard and the best candidates may not have always been selected.</p>

⁷ A candidate is an Associate Supervisor Program applicant who has been accepted into the training program, but has not yet graduated.

⁸ A review committee is an advisory panel of members or their designees whose purpose is to screen and interview applicants, and select candidates for the associate supervisor, executive and administrative schedule level 15 position.

⁹ An applicant is an individual who has applied for the Associate Supervisor Program but has not yet been accepted.

The Associate Supervisor Program screening and selection procedures required review committees to ensure that internal applicants met suitability requirements in the following areas:

- Supervisor evaluations
- Sick time/leave of absence
- Discipline
- Safety

We found, however, that in five of the seven districts we reviewed, the committees deviated from the procedures when they processed applications and selected candidates for the program without having all of the information needed to determine their suitability. For example, 102 of the 333 application packages we reviewed in these districts did not contain information related to at least one of the suitability requirements.

In addition, in three of the five districts, review committees did not keep records to support the decisions they made, including a register of eligible applicants and their scores. We also found that district coordinators did not maintain organized official candidate selection files making it difficult to locate pertinent information.

The Associate Supervisor Program, Program Coordinator's Guide, assigned review committees the responsibility for screening and interviewing applicants, and selecting Associate Supervisor Program candidates. It further required that the district coordinator ensure that suitability information for each applicant was included in the application package.

In response to questions about why procedures were not followed, we found that review committee members and district coordinators did not fully understand what their responsibilities were. We also learned there was a high turnover rate in the district coordinator position which may have affected the continuity of how the program was administered. For example, since the program's inception five of the seven districts changed their program

coordinators at least once. Further, district coordinators' stated that their workload may have precluded them from performing their Associate Supervisor Program responsibilities, which was a collateral duty.

Recommendation	We recommend the vice president, Great Lakes Area Operations: 2. Ensure review committee members and district coordinators receive the appropriate training to increase their knowledge/awareness of their program responsibilities.
Management's Comments	Management agreed with the finding and recommendation. They stated that each performance cluster will be required to certify that all current review committee members have been trained during the last year on the Associate Supervisor Program selection and review committee procedures. Additionally, they stated they would hold a meeting with Associate Supervisor Program coordinators and their training contacts to ensure they properly understand the Associate Supervisor Program, and to determine opportunities for improving the program. They said this would occur by November 30, 2002.
Evaluation of Management's Comments	Management's planned actions are responsive and meet the intent of our recommendation.
Recommendations	3. Ensure the district coordinators implement oversight controls to ensure that review committee activities are conducted in accordance with program procedures. 4. Determine the cause for the high turnover rate in the district coordinator position and take the appropriate actions to ensure continuity in program administration. 5. Assess the workload of the district coordinators to ensure coordinators have sufficient time to perform their program responsibilities.

Management's Comments	<p>Management agreed with the findings and recommendations. They stated that each performance cluster will designate an executive and administrative schedule level 17 or higher personnel services specialist fully knowledgeable of selection and evaluation procedures to chair the Associate Supervisor Program review committees, and serve as a district coordinator. They stated this would occur by November 30, 2002. Management also stated that the delegation of this personnel services specialist would also alleviate the turnover in the district coordinator position that was previously handled on an ad hoc basis and in addition to regular duties. They also stated that the manager, Personnel Services would be in a much better position to adjust the workload during the times that the Associate Supervisor Program committee is functioning, as opposed to the Operations managers, who had previously held the oversight responsibility.</p>
Evaluation of Management's Comments	<p>Management's planned actions are responsive and meet the intent of our recommendation.</p>
Eligibility Requirements Applied to All, Suitability Requirements Were Not	<p>We found that the eligibility requirements used to select candidates for the Associate Supervisor Program were applied to both internal and external applicants. These requirements included citizenship status and geographical area of consideration. In addition, the requirements were fairly consistent with other Postal Service criteria regarding the hiring and selection of employees. We found, however, that some of the suitability requirements were applied to internal applicants only. As a result, some internal applicants were held to a higher standard and thus not treated equitably when they were disqualified from the program because of these requirements. For example, in one district we found five internal applicants were disqualified for not meeting one of the suitability requirements, which were not applied to external candidates. We believe this questions the equity of the program.</p> <p>The Employee and Labor Handbook (EL-312), Chapter 5, <u>Suitability</u>, states that the suitability screening process must be applied consistently to applicants who are likely to be selected for all positions, regardless of the type of appointment. It also states that suitability screening is an</p>

essential component of the hiring process for all applicants, from all recruitment sources including former employees.

We found, however, that the Associate Supervisor Program, Program Coordinator's Guide and the Employee and Labor Handbook (EL-312), Chapter 75, Associate Supervisor Positions, did not require that the suitability requirements used to assess internal applicants, also be used for external applicants. One district official told us they had no reliable method of obtaining some of the suitability information for external applicants and, therefore, did not require it. A headquarters official told us she did not believe it was unfair to use different requirements for internal and external applicants because they were balanced in their approach. She believed background investigations and probationary periods for external applicants achieved the same purpose as the requirement from internal applicants for attendance, safety, and disciplinary records.

We do not agree the internal and external suitability requirements are equivalent because internal applicants also receive a background investigation and meet a probationary time period at the start of their employment.

Recommendation

We recommend the vice president, Employee Resource Management:

6. Reassess the suitability requirements in the Associate Supervisor Program, Program Coordinator's Guide and the Employee and Labor Handbook, (EL-312) Chapter 75, to ensure they are aligned with the Employee and Labor Handbook, (EL-312), Chapter 5, particularly as it relates to the requirement that suitability determinations must be consistently and fairly applied to all applicants.

**Management's
Comments**

Management agreed with the finding and recommendation. They stated they would review and align both manuals to ensure their consistency and fair application to all applicants. They stated the process would begin in October 2002 and be completed by January 1, 2003.

Management disagreed with our conclusion and stated that internal applicants were not at a disadvantage compared to external applicants. They said that external applicants are required to pass an extensive suitability investigation

conducted by the Office of Personnel Management, and they believe this provides a comparable set of standards as those applied to the career workforce. In addition, they said external applicants must meet a 6-month probationary period in order to be retained and that during that period, supervisors observe the new employee's behavior with the same Postal Service standard and expectancy that is applied to the career workforce.

Evaluation of Management's Comments	Management's planned actions are responsive and meet the intent of our recommendation. However, we continue to believe that internal and external suitability requirements are not equivalent because internal applicants also receive a background investigation and meet a probationary time period at the start of their employment.
Placement of Graduates Not Maximized	<p>Great Lakes Area and district management had not determined the appropriate number of executive and administrative schedule level 15 positions needed; and had not placed all graduates when and where they were needed. As a result, the Postal Service may not be maximizing the opportunity for the program to improve labor-management relations and improve Postal Service operations. In addition, we found that promotions and selections of nongraduates to executive and administrative schedule level 16 positions resulted in missed opportunities for the Postal Service to realize a return on the training funds invested in the program and its graduates.</p> <p>We found a surplus of associate supervisor graduates in four districts, while associate supervisor vacancies existed in the remaining three districts. For example, as of June 2001, in the Chicago District, we found there were 42 more graduates than level 15 positions authorized. However, in the Detroit District there were 18 less graduates than positions authorized. (See Appendix B.) We also found that during the period December 1996¹⁰ through June 2001, almost 40 percent (334) of the level 16 positions (857) were filled by promoting nongraduates, even though associate supervisor graduates were available to fill them. (See Appendix C.)</p>

¹⁰ This is the date of graduation for the first associate supervisors in the Great Lakes Area.

The Associate Supervisor Program, Program Coordinator's Guide, required that a complement¹¹ of executive and administrative schedule level 15 associate supervisor positions be available to place program graduates. The guide also provided that the number of level 15 positions should be based on the number of level 16 positions authorized in the Postal Service's Organizational Management Staffing System.¹² At the time of our audit, the guide also stated that promotions of level 15 associate supervisor graduates to level 16 supervisor positions, was not automatic.

We found in two of the seven districts we reviewed, officials did not have the Organizational Management Staffing System reports needed to effectively monitor and plan for the placement and promotion of associate supervisors into level 15 and 16 vacancies. In another district, the reports were available, but were not always used; and in one other district, the reports were not current.

We also found, that nongraduates were promoted to fill level 16 positions because: (1) graduates did not apply for the positions, and (2) managers were not required to select graduates that did apply, over nongraduates.

Corrective Actions
Taken

During the course of our audit, Postal Service management took several actions to correct some of the conditions we found regarding the placement of program graduates. Specifically, in December 2001, the following changes were made to the Associate Supervisor Program:

- Graduates were required to apply for executive and administrative schedule level 16 vacancies within 18 months after graduation or they would be automatically advanced to any open level 16 vacancy, within the track for which they trained without competition.
- Existing graduates who had not been promoted within 18 months from September 8, 2001, would automatically be promoted into executive and administrative schedule level 16 positions.

¹¹ Associate Supervisor Program complements are the number of executive and administrative schedule level 15 and 16 positions authorized.

¹² The Organizational Management Staffing System is a computerized Postal Service system that provides information on authorized positions and incumbents.

- Authorized executive and administrative schedule level 16 supervisory positions would be immediately filled.

We believe these program changes, if properly implemented, should improve the Postal Service's ability to maximize the benefits of the Associate Supervisor Program by placing graduates when and where they are needed. These changes, however, do not address the need for district and area management to adequately determine the districts' requirements for executive and administrative schedule level 15 and 16 positions. In that regard, the following recommendation is provided.

Recommendation	We recommend the vice president, Great Lakes Area Operations: 7. Ensure district management determine the appropriate number of executive and administrative schedule level 15 and 16 positions needed in their district, using current Organizational Management Staffing System reports.
Management's Comment's	Management agreed with the finding and recommendation. They stated that with the implementation of the Associate Supervisor Program Universal Program there will be a direct correlation between the number of Associate Supervisor Program supervisors and supervisory vacancies. They also stated that by November 30, 2002, they will use historical supervisor attrition data and Organizational Management Staffing System reports to forecast the number of employees to enter into the Associate Supervisor Training Program. They said this data will be used to ensure that the Associate Supervisor Program supervisors are promoted into existing vacancies within 18 months of their graduation.
Evaluation of Management's Comments	Management's planned actions are responsive and meet the intent of our recommendation.
Program Cost Not Determined	We could not determine the cost of the Associate Supervisor Program in the Great Lakes Area because Postal Service management at the district, area, and headquarters levels did not have a budget nor did they track the cost for the program.

Good business practices required the use of effective management controls. This included the use of sound methodologies for budgeting, recording, and reporting financial data about Postal Service programs and operations. In addition, two of the four phases of the Postal Service's *CustomerPerfect!* Management Cycle,¹³ deploying resources and reviewing and assessing progress toward goals, required the use of budgeting and accounting and financial data, respectively.

A headquarters, human resources official told us that a budget was not established and program costs were not recorded for the Associate Supervisor Program, because there was only one full-time headquarters position assigned to work on the program, and thus the costs were minimal so no cost center or finance number was needed. In addition, he said that the Associate Supervisor Program was a district effort, and the costs were incurred and paid for by the districts.

Because the training program lasts for 16 weeks and instructors are Postal Service employees, we believe a significant amount of resources have been expended on this program without a proper and accurate accounting to determine the program costs. Accounting and financial information not properly recorded and classified can result in distorted reporting and unreliable data used to manage programs and operations. In addition, without an accurate reporting of the Associate Supervisor Program costs, Postal Service management cannot accurately identify areas for potential cost savings.

Recommendation	We recommend the senior vice president, Human Resources: 8. Establish a budget and cost center to capture the Associate Supervisor Program expenditures, Postal Service-wide.
Management's Comments	Management disagreed with the finding and recommendation. They stated they did not believe it was practical to establish a budget and cost center for the

¹³ The *CustomerPerfect!* Management Cycle of planning, implementation, and review consisted of four distinct phases of activities intended to give direction to the organization and to build and sustain improved performance against the goals that are set.

Associate Supervisor Program on a national level because it was not in line with other management training programs developed by Postal Service Headquarters. They said the costs incurred at the national level were primarily for training and selection materials. They also said the program administrative costs were included in the performance cluster budget.

**Evaluation of
Management's
Comments**

Management's planned actions are not responsive and do not meet the intent of our recommendation. As stated in our report, accounting and financial information not properly recorded and classified can result in distorted reporting and unreliable data used to manage programs and operations. In addition, without an accurate reporting of costs, Postal Service management cannot accurately identify areas for potential cost savings, which are important given the Postal Service's current financial condition.

In addition, we find management's comments inconsistent with their agreement to a similar recommendation made in our report on the Postal Service's Corporate Succession Planning Process.¹⁴ Specifically, we found that Postal Service Headquarters was unable to identify all the training costs associated with the development of potential successors. We recommended that management establish a centralized system to monitor and analyze potential training costs to determine, among other things, that overall business goals were achieved. Management agreed with the finding and recommendation in that report. The OIG considers recommendation 8 as unresolved and plans to pursue it through the formal audit resolution process.

**Program Oversight
Improvements Needed**

Great Lakes Area management had not provided oversight that ensured the Associate Supervisor Program was implemented efficiently, effectively, and properly in each of its seven districts. We found, however, that area office management had worked with area personnel to approve district Associate Supervisor Program complements and provided assistance and guidance to district coordinators in program administration.

The Associate Supervisor Program, Program Coordinator's Guide assigned oversight responsibility to the area program

¹⁴ Postal Service's Corporate Succession Planning Process, (Report Number LH-AR-02-004) (September 3, 2002).

coordinator for coordinating the program to ensure that the program was implemented properly within each district in the area. Area and headquarters officials told us, however, that their interpretation of the guide was that district coordinators were responsible for program oversight.

A misunderstanding about oversight may have contributed to inconsistencies in district implementation of the program. Specifically, as previously discussed, the districts differed in their hiring procedures, establishment of applicant suitability requirements, and processing of external and internal applicants. For example, in four of the seven districts we reviewed, Associate Supervisor Program officials did not use the documentation required to fill executive and administrative schedule level 16 positions by competitive promotion. This documentation was needed to insure accountability as it relates to the number of applicants that applied and who they were. We also found that one district established a unique suitability requirement that an applicant should have a sick leave balance that equaled or exceeded 60 percent of what they earned during their Postal Service career.

We believe oversight of Associate Supervisor Program activities at the area level is necessary to help ensure that management's directives are consistently carried out, and to help identify and address major performance challenges in areas at greatest risk for waste and mismanagement.

Recommendation

We recommend the senior vice president, Human Resources:

9. Provide clarification to headquarters and area officials responsible for the Associate Supervisor Program, that oversight responsibility for district program activities is at the area level.

**Management's
Comments**

Management agreed with the finding and recommendation. They stated they agreed that the area office must have a certain level of oversight responsibility for their districts. They also stated they strongly believed that the responsibility must be shared with performance cluster management officials. A copy of management's response to the OIG, noting their agreement, was provided to both the headquarters and area officials responsible for the program.

**Evaluation of
Management's
Comments**

Management's action was responsive and met the intent of our recommendation.

APPENDIX A. SCOPE AND METHODOLOGY

This audit covered headquarters and area program operations, and operations in the following seven district performance clusters in the Great Lakes Area:

- Central Illinois District, South Suburban, Illinois
- Chicago District, Chicago, Illinois
- Detroit District, Detroit, Michigan
- Greater Indiana District, Indianapolis, Indiana
- Greater Michigan District, Grand Rapids, Michigan
- Northern Illinois District, Carol Stream, Illinois
- Royal Oak District, Royal Oak, Michigan

To determine whether the Great Lakes Area management was assessing the impact of the Associate Supervisor Program, we interviewed headquarters and area office staffs and we documented the methodology and efforts they employed to assess program impact and evaluate the program's success. We reviewed a FY 2001 survey of managers and program graduates that assessed new associate supervisors' skills. In addition, we reviewed GAO reports relevant to the issues. We also identified Postal Service plans to evaluate the Associate Supervisor Program; and reviewed the Postal Service's Threat Assessment Team Guide, Publication 108, to identify workplace climate indicators that could also be used to assess workplace climate.

To understand the policies and procedures for implementing the Associate Supervisor Program we reviewed the Associate Supervisor Program, Program Coordinator's Guide, August 1998. We also reviewed the Employment and Placement Handbook, (EL-312), September 2001, Personnel Operations Handbook (EL-311), April 1990, and GAO reports.

To determine how the Associate Supervisor Program was implemented and managed, we interviewed Postal Service officials at headquarters in the Selection, Evaluation and Recognition office and Employee Development office, as well as area office officials, the district human resources managers, and the district office managers. We obtained the roles and responsibilities of these officials and their staff. We reviewed the Associate Supervisor Program process beginning with the time applications were received by the Postal Service, until the graduates were placed after successfully completing the program. We compiled data on the number of applicants, dropouts, and graduates, and the number of graduates promoted since graduation. We also reviewed the area and districts' adherence to Associate Supervisors Program guidelines for screening, testing, interviewing, rating, and placement of applicants on eligibility registers. We compared the procedures used by the area and districts to process graduates, to the procedures described in the program guide. We used the period January 2000 through June 2001 because major program changes in

policies and procedures went into effect in January 2000, and our fieldwork started July 2001. For this period, we reviewed all 366 Associate Supervisor Program applications for those who graduated after the January 2000 changes were implemented.

To determine the objectivity of the applicant selection criteria and consistency of its application we reviewed the applications for all 366 graduates from January 2000 through June 2001 and tested the degree of compliance with program eligibility and suitability requirements for internal and external applicants as outlined in the Associate Supervisors Program, Program Coordinator's Guide, the Personnel Operations Handbook, (EL-311) and, the Employee and Labor Handbook, (EL-312). In addition, to identify applicants who were disqualified because they did not meet suitability requirements, we reviewed the structured interview list of ratings for class one in the Detroit District.

To determine whether the Postal Service was maximizing the benefits of the Associate Supervisor Program through its placement of graduates, we identified the locations where Associate Supervisor Program graduates were assigned and reviewed Postal Service Organizational Management Staffing System reports identifying the number of graduates authorized to meet the needs of the organization. We then compared the number of Associate Supervisor Program graduates assigned, to the number of associated supervisor authorized positions. We also compared the number of executive and administrative schedule level 16 vacancies in the districts to the number of associate supervisor graduates assigned and authorized. Finally, we compared the number of executive and administrative schedule level 16 vacancies to the number of Associate Supervisor Program graduates at the same district. We used the period beginning with the month of the first graduates in December 1996 through June 2001, and selected and tracked the movement of all (915) graduates for that period, from the time they applied for the vacancy and were selected, through training, job placement after graduation, and subsequent promotions, when applicable.

To determine the costs of the Associate Supervisor Program we interviewed senior-level headquarters and district office officials responsible for administration of the associate supervisor program and requested budget and expenditure reports for the program. We determined there were no records of expenditures and that budgets had not been established for the Associate Supervisor Program. We also determined there were no finance or accounting codes used to capture program costs by account or cost center. Due to the absence of accounting records and other official documentation to support expenditures for the program, we were unable to determine the cost of the program.

APPENDIX B

COMPARISON OF THE NUMBER OF EXECUTIVE AND ADMINISTRATIVE SCHEDULE LEVEL 15 AUTHORIZED POSITIONS TO THE NUMBER OF ASSOCIATE SUPERVISOR GRADUATES AS OF JUNE 2001

District	Executive and Administrative Schedule Level 15 Positions		
	Number of Authorized Positions	Number Graduated (On Payroll)	Number of Graduates That Exceeded Positions
Central Illinois	49	54	5
Chicago	61	103	42
Detroit	49	31	-18
Greater Indiana	25	32	7
Greater Michigan	22	20	-2
Northern Illinois	56	40	-16
Royal Oak	32	34	2
Totals	294	314	20

APPENDIX C

COMPARISON OF NONGRADUATE AND GRADUATE PROMOTIONS TO EXECUTIVE AND ADMINISTRATIVE SCHEDULE LEVEL 16 POSITIONS DECEMBER 1996 THROUGH JUNE 2001

District	Promotions to Level 16 Supervisor	Nongraduates Promoted	Graduates Promoted	Total Number of Program Graduates Available
Central Illinois	121	16	105	166
Chicago	96	52	44	188
Detroit	92	1	91	138
Greater Indiana	99	30	69	105
Greater Michigan	83	51	32	80
Northern Illinois	150	22	128	130
Royal Oak	216	162	54	108
Totals	857	334	523	915

APPENDIX D. MANAGEMENT'S COMMENTS

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UNITED STATES
POSTAL SERVICE
400 - 2000



UNITED STATES
POSTAL SERVICE

September 18, 2002

B. WAYNE GOLESKI

SUBJECT: Transmittal of Draft Audit Report—Associate Supervisor Program in the
Great Lakes Area (Report Number LM-AR-02-DRAFT)

This is in response to your August 15 memorandum concerning the Associate Supervisor Program (ASP) draft audit report. Listed below are the modifications we are requesting as well as the consolidated responses to your recommendations from the Great Lakes Area and headquarters Human Resources.

MODIFICATIONS

- **Executive Summary:**

The primary goal for the ASP was misstated in your report. Please change the corresponding sentences in the third paragraph of the section titled "Results in Brief" on page 1 as follows:

We believe further corrective actions will help the U.S. Postal Service meet the program's primary objective to attract, select, and train the best possible candidates for first-line supervisory positions. In addition, expected benefits of the program include a safer work environment, an improvement in labor-management relations, a team-oriented approach to managing/supervising, and an improvement to Postal Service operations.

- **Introduction:**

Please modify any reference to the program's primary objective/goal to reflect the statement listed below:

The overall goal of the program is to attract, select, and train the best possible candidates for first-line supervisory positions.

RESPONSES TO RECOMMENDATIONS

Recommendation 1: *Assess the impact of the Associate Supervisor Program on improving labor-management relations and postal operations.*

This recommendation is based on the belief that the primary objective of the program is to improve labor-management relations. However, the primary objective of the program is to attract, select, and train the best possible candidates for first-line supervisory positions. The training program provides the skills necessary for leadership, effective communication, interpersonal skills, and improving employee performance. It also provides a basic understanding of issues related to safety, injury compensation, workplace violence, and labor-management relations.

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Please keep in mind that the labor-management relationship is only one component of the program. There are many variables that can impact the workplace climate and the labor-management component cannot be used to adequately assess a change in that climate.

Furthermore, in June 2000 we surveyed the ASP participants and their managers to ensure the program was meeting their current and future needs. Based on the survey results and feedback received from the field, the Labor Relations module in the ASP training program was expanded. In addition, we recently (April 4, 2002) implemented the Universal ASP program and discontinued the initial level supervisor selection system. Due to those recent changes, all future supervisor vacancies will be filled through ASP. Therefore, it is not necessary to compare associate supervisors to supervisors who have not participated in ASP since this selection system is no longer being utilized. We will continue our efforts to work with field Human Resources and Operations to improve ASP and identify future enhancements to the program.

Recommendation 2 (Great Lakes Area): *Ensure review committee members and district coordinators receive the appropriate training to increase their knowledge/awareness of their program responsibilities.*

We will require each performance cluster to certify that all current review committee members have been trained during the last year on the EAS selection policies, and ASP selection and review committee procedures. Additionally, we will hold a meeting of ASP coordinators and their training contacts to ensure they properly understand both the ASP Classic and ASP Universal procedures, and to determine opportunities for improving the program.

Recommendation 3 (Great Lakes Area): *Ensure the district coordinators implement oversight controls to ensure the review committee activities are conducted in accordance with program procedures.*

We will have each performance cluster designate a level EAS-17 or higher personnel services specialist who is fully knowledgeable of selection and evaluation procedures to chair the ASP review committees and serve as ASP district coordinators.

Recommendation 4 (Great Lakes Area): *Determine the cause for the high turnover rate in the district coordinator position and take the appropriate actions to ensure continuity in program administration.*

The ASP district coordinator duties are handled on an ad-hoc basis in addition to the supervisor's regular duties. There is no full-time position authorized for ASP coordination. The movement of operations managers and supervisors periodically necessitates different delegation of these, and other, ad-hoc duties. Our response to recommendation #3 will alleviate this turnover.

Recommendation 5 (Great Lakes Area): *Assess the workload of the district coordinators to ensure coordinators have sufficient time to perform their program responsibilities.*

Our response to recommendation #3 should address this item as well. Additionally, the manager, Personnel Services will be in a much better position to adjust the workload during the times that the ASP committee is functioning, as opposed to the Operations managers, who have previously held this oversight responsibility.

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Recommendation 6: *Reassess the suitability requirements in the Associate Supervisor Program, "Program Coordinator's Guide" and the "Employee and Labor Handbook," (EL-312) Chapter 75, to ensure they are aligned with the Employee and Labor Handbook (EL-312), Chapter 5, particularly as it relates to the requirement that suitability determinations must be consistent and fairly applied to applicants.*

We agree with your recommendation to review and align both of our manuals, the "ASP Program Coordinator's Guide," section 5.3.4, and Handbook EL-312, "Employment and Placement," September 2001, chapter 75. We will begin the review of both sections in October, which also includes a clearance process both internally as well as with the management associations, with an anticipated completion date of January 1, 2003.

We do not share your conclusion that our suitability determinations for ASP class candidates work to the benefit of the external applicants and create a disadvantage for the internal applicants.

External ASP applicants are required to pass an extensive suitability investigation conducted by the Office of Personnel Management (OPM). In addition, they must meet the six-month probationary period in order to be retained. The probationary period allows supervision to observe the new employee's behavior with the same postal standard and expectancy that is applied to our career workforce. External ASP graduates who are unable to learn and meet these standards will be terminated from postal employment during the probationary period. While we realize some employers are reluctant to comment on issues relating to their employees due to legal liabilities, the OPM suitability investigation and six-month probationary period provides a comparable set of standards for external applicants.

We do not believe that internal ASP applicants are at a disadvantage compared to external applicants. We believe that our suitability determinations for internal and external applicants achieve parity in results. Our internal employees have acquired organizational knowledge, experience with postal work standards, and our culture. Our process further provides an opportunity to give non-selected internal applicants feedback on the quality of their application and provides them guidance on how to improve their knowledge and skills, along with encouragement to apply again.

Recommendation 7 (Great Lakes Area): *Ensure district management determines the appropriate number of executive and administrative schedule level EAS-15 and EAS-16 positions needed in their district, using current Organizational Management Staffing System reports.*

The implementation of ASP Universal and the inclusion of ASP supervisors in the 1:22 ratio at processing and distribution centers provide a direct correlation between the number of ASP supervisors and supervisory vacancies. We will be using historical supervisory attrition data and Organizational Management Staffing System (OMSS) reports to forecast the number of employees to enter into the Associate Supervisor Training Program, and insure that the ASP supervisors are promoted into existing vacancies within 18 months of their graduation.

Recommendation 8: *Establish a budget and cost center to capture the Associate Supervisor Program expenditures, postal-wide.*

We do not believe it is practical to establish a budget and cost center for ASP on a national level, which is in line with many other management training programs developed by postal headquarters. The costs incurred at a national level are primarily for training and selection materials. The program administration costs are currently included in the performance cluster budget and vary considerably based on a number of factors, which includes the attrition rate,

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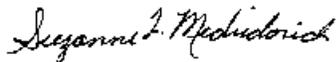
geography, implementation of additional training based on local needs, and the costs of all resources associated with these endeavors.

Recommendation 9: *Provide clarification to headquarters and area officials responsible for the Associate Supervisor Program that oversight responsibility for district program activities is at the area level.*

While we agree that the area office must have a certain level of oversight responsibility for their districts, we strongly believe that the responsibility must be shared with the performance cluster management officials.

All recommendations related to the Great Lakes Area will be implemented by the close of business, Postal Quarter I, which ends on November 30, 2002. If you have any questions or need additional information concerning the Great Lakes responses, please contact Mangala Gandhi, manager, Human Resources, Great Lakes Area at (630) 539-4810.

We appreciate the opportunity to respond to your recommendations.



Suzanne F. Medvidovich

cc: DeWitt Harris
Danny Jackson
Susan LaChance
Bill Steff