

January 15, 2003

DANNY C. JACKSON
VICE PRESIDENT, GREAT LAKES AREA OPERATIONS

SUBJECT: Audit Report – Sexual Harassment Prevention Measures in the Chicago and Detroit Districts – Great Lakes Area (Report Number LH-AR-03-001)

This report presents the results of our audit of sexual harassment prevention measures in the Chicago and Detroit Districts, Great Lakes Area (Project Number 02YG010LH003). Our overall objective was to determine if the districts had adequate policies and procedures in place to prevent sexual harassment in the workplace, and to effectively address sexual harassment complaints to mitigate liability. This report is based on a self-initiated review, and is the first in a series of ten reports we will be issuing regarding sexual harassment prevention measures Postal Service-wide.

We found that the Chicago and Detroit Districts' sexual harassment policies and procedures were adequate, employees found responsible for sexual harassment or inappropriate actions/comments were appropriately disciplined or corrective action was taken, and managers/supervisors were considered for exclusion from the Pay for Performance Program. In addition, although no Postal Service national policy existed regarding the retention time for informal complaint files, both districts retained files indefinitely and Chicago's storage of files was adequate. We also found, however, that some areas needed improvement. Specifically, most sexual harassment complaints were not effectively addressed in both districts. However, Chicago District management advised us that some action has been taken to correct the deficiency in this district. In addition, the Detroit District did not centrally store files and management could not locate some files when we requested them.

The report included three recommendations to help the Chicago and Detroit Districts improve their sexual harassment prevention program. Management agreed with the conclusions and recommendations and the actions taken or planned should correct the issues identified in this report. Management's comments and our evaluation of these comments are included in this report.

The OIG considers recommendations 1 and 3 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, please contact Chris Nicoloff, director, Labor Management, at 214-775-9114, or me at (703) 248-2300.

B. Wayne Goleski
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for Core Operations

Attachment

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EXECUTIVE SUMMARY

Introduction

This report presents the results of our audit of sexual harassment prevention measures in the Chicago and Detroit Districts, located in the Great Lakes Area. This review was self-initiated to determine if the districts had adequate policies and procedures in place to prevent sexual harassment in the workplace, and to effectively address sexual harassment complaints to mitigate liability.

Results in Brief

The audit revealed that the Chicago and Detroit Districts' sexual harassment policies and procedures were adequate and that employees found responsible for sexual harassment or inappropriate actions/comments were appropriately disciplined or corrective action was taken. We also found that managers/supervisors found responsible for sexual harassment or inappropriate actions/comments were considered for exclusion from the Pay for Performance Program. In addition, although no Postal Service national policy existed regarding the retention time for informal complaint files, both districts retained files indefinitely and storage of files was adequate in Chicago. We also found, however, that some areas needed improvement. Specifically, most sexual harassment complaints were not effectively addressed. Chicago District management advised us that some action has been taken to correct this deficiency in this district. In addition, the Detroit District did not centrally store files and management could not locate some files when we requested them.

Summary of Recommendations

The report includes three recommendations to help the Chicago and Detroit Districts improve their sexual harassment prevention program. We recommended management, instruct the Chicago and Detroit District managers to establish controls to ensure managers and supervisors effectively address all sexual harassment complaints and inappropriate actions/comments of a sexual nature and fully document detailed evidence of the actions taken to address complaints; ensure the Equal Employment Opportunity office notify district management of all complaints of sexual harassment or inappropriate actions/comments of a sexual nature; and instruct the Detroit District manager to ensure all informal complaint files are stored in a central location.

**Summary of
Management's
Comments**

Management agreed with our conclusions and recommendations and has implemented or plans to implement procedures that will assist the districts in their sexual harassment programs. They said sexual harassment and internal management investigation training was provided in September and October 2002 to representatives from all the districts in the Great Lakes Area to assist them in effectively addressing complaints. Additionally, management issued a letter in December 2002 instructing the Equal Employment Opportunity office to notify the Human Resource manager upon receipt of sexual harassment complaints. Management stated districts were instructed in July 2002 that complaint files were to be centralized in the district Human Resources office. Management's comments, in their entirety, are included in Appendix B of this report.

**Overall Evaluation of
Management's
Comments**

Management's actions taken or planned are responsive to the recommendations and should correct the issues identified in this report.

INTRODUCTION

Background

Sexual harassment is defined by law as unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature that becomes a term or condition of employment. In fiscal years (FY) 2000 and 2001, the Postal Service paid approximately \$385,014¹ for sexual harassment judgments and settlements in the Great Lakes Area.

Objective, Scope, and Methodology

Our overall objective was to determine if the districts had adequate policies and procedures in place to prevent sexual harassment in the workplace, and to effectively address sexual harassment complaints to mitigate liability. Our objective, scope, and methodology are discussed in Appendix A.

Prior Audit Coverage

We did not identify any prior audits or reviews related to the objective of this audit in these two districts.

¹ This amount represents seven complaints. None of these complaints were within the scope of our review.

AUDIT RESULTS

Policies and Procedures Adequate

We found that the Chicago and Detroit Districts had adequate policies and procedures that should enable district management to identify and prevent sexual harassment or inappropriate actions/comments, and provide management with guidance to respond effectively to complaints, thus mitigating liability and costs.

We also found that the districts:

- Established as district policies, Postal Service Publication 552, Manager's Guide to Understanding Sexual Harassment, and Publication 553, Employee's Guide to Understanding Sexual Harassment.
- Used Voice of the Employee surveys² to monitor the work environment and when necessary provided additional training to raise awareness.

In addition, the Chicago District established an investigative team at the district level to investigate all complaints.

² The Voice of the Employee survey was a data collection instrument that the Postal Service had established to help improve workplace relationships and to ensure all employees were treated with fairness, felt safe in their workplace, had opportunities to participate in improvements, and took pride in being Postal Service employees.

Employees Appropriately Disciplined or Corrective Action Taken

We found that employees responsible for sexual harassment or inappropriate actions/comments were appropriately disciplined, or corrective action was taken.

Equal Employment Opportunity Commission 1990 and 1999 guidelines recommended agencies take immediate and appropriate corrective action, including discipline, when sexual harassment occurred. Postal Service policy stated employees engaged in sexual harassment would be subject to disciplinary action, up to and including removal. The policy also stated that disciplinary action might result even if the conduct was not sexual harassment as defined by the law, but was inappropriate and of a sexual nature.

Our review of formal and informal³ complaints in the Chicago and Detroit Districts showed that:

- Of the 18 formal and informal sexual harassment complaints filed in the Chicago District, sexual harassment or inappropriate actions/comments were not substantiated in 4, and substantiated in 3. For the remaining 11 complaints, management did not conduct an inquiry or investigation to determine whether sexual harassment or inappropriate actions/comments had occurred, and thus no discipline or corrective action was considered or taken.
 - In the three substantiated complaints, three employees were involved and all were appropriately disciplined or corrective action was taken.
- Of the four formal sexual harassment complaints filed in the Detroit District, sexual harassment or inappropriate actions/comments were not substantiated in one, and substantiated in three.
 - In the three substantiated complaints, three employees were involved and all were appropriately disciplined or corrective action was taken.

³ The term “informal” complaint refers to those not filed using the Equal Employment Opportunity process.

**Managers/
Supervisors
Considered for
Exclusion from Pay
for Performance**

We found that managers/supervisors found responsible for sexual harassment or inappropriate actions/comments were considered for exclusion from the Pay for Performance Program⁴ in the Chicago and Detroit Districts.

Equal Employment Opportunity Commission guidelines included a reduction in wages as an effective corrective measure to stop harassment and ensure it does not reoccur. Postal Service policy stated an employee whose conduct was clearly unacceptable may be excluded from the Pay for Performance Program. The Postal Service described unacceptable behavior as “notoriously disgraceful or immoral conduct, or other conduct prejudicial to the Postal Service.”

We found:

- Three employees in the Chicago District were found responsible for sexual harassment or inappropriate actions/comments. One was a manager/supervisor who was eligible for the Pay for Performance Program and was excluded.
- Three employees in the Detroit District were found responsible for sexual harassment or inappropriate actions/comments. Two were managers/supervisors who were eligible for the Pay for Performance Program. One was excluded and one was considered for exclusion.
 - The manager/supervisor received \$3,642 in FY 2001. District management stated the demotion of the manager/supervisor from an Executive and Administrative Schedule level 22 to level 16 was sufficient discipline.

⁴ The Pay for Performance Program, formerly referred to as the Economic Value Added Program, is an incentive award program for nonbargaining employees. The amount of money received by each employee is based on a group achievement of performance targets and financials measurements.

**Most Complaints Not
Effectively Addressed**

Our audit disclosed that 13 of the 22 complaints were not effectively addressed in the Chicago and Detroit Districts. Equal Employment Opportunity Commission guidelines defined an “effective” investigation as a prompt, thorough, and impartial review with documented evidence. Postal Service policy required managers to conduct sexual harassment inquiries promptly and investigate all complaints, and document “serious” complaints with detailed evidence.⁵

We found that:

- Postal Service national policy did not require that “all” complaints be documented—only those that managers believed were “serious.”
- Of the 18 formal and informal complaints filed in the Chicago District, 6 were effectively addressed and 12 were not.
 - For the 12 not effectively addressed, 11 were not investigated and 1 was not documented.
 - District management stated that for the 11 not investigated, the complaints were filed directly with the Equal Employment Opportunity office and that office did not notify management of the complaints, which precluded them from conducting their own investigation.
- Of the four formal complaints filed in the Detroit District, three were effectively addressed and one was not.
 - For the one not effectively addressed, it was not documented.

⁵ Publication 552 was revised effective September 2001, and replaced the term “serious” with the statement “some complaints can be resolved simply and directly between the parties without the need for a formal written record.” The revised policy also provided that managers/supervisors needed to decide early in the process whether formal documentation was warranted, and that a good rule of thumb was when in doubt, document.

During this audit, Chicago District management advised us action was taken to correct the problem we identified. District management stated they established a procedure for all complaints filed directly with the Equal Employment Opportunity office with possible sexual harassment implications to be referred to the district Human Resources manager.

Complaints not effectively addressed could result in liability because the Postal Service cannot demonstrate that it exercised reasonable care to prevent and promptly correct harassing behavior. We believe the lack of a Postal Service policy requiring documentation of all complaints and the lack of communication between the Equal Employment Opportunity office and district management may have been factors. We will address these issues in a separate report.⁶

Recommendation

We recommend the vice president, Great Lakes Area Operations, instruct the Chicago and Detroit District managers to establish controls to ensure:

1. Managers and supervisors effectively address all sexual harassment complaints and inappropriate actions/comments of a sexual nature and fully document detailed evidence of the actions taken to address complaints.

**Management's
Comments**

Management agreed with the conclusion and recommendation and stated sexual harassment and internal management investigation training was provided to representatives from all the districts in the Great Lakes Area in September and October 2002. They said the training consisted of the legal elements of sexual harassment and how recent case law had affected the Postal Service regarding employer liability; and assisting investigators to identify and interview witnesses, gather documentation and testimony, assist witnesses in writing a declaration, and writing the final fact finding report.

⁶ We will issue a capping report on the audit results for the nine areas we visited, including the Great Lakes Area, where recommendations regarding national policy will be made to the senior vice president, Human Resources.

Recommendation	We recommend the vice president, Great Lakes Area Operations, instruct the Chicago and Detroit District managers to establish controls to ensure: 2. The Equal Employment Opportunity office notify district management of all complaints of sexual harassment or inappropriate actions/comments of a sexual nature.
Management's Comments	Management agreed with the conclusion and recommendation and provided copies of documents distributed at a July 2002 meeting for district Human Resource managers. These documents included a sample letter to be issued to all non-bargaining employees explaining the law and Postal Service policy regarding sexual harassment, the duty to report allegations, and the establishment of the manager, Human Resources as the district control point; and a sample memo format to be utilized to report allegations of sexual harassment to the managers of Human Resources. In addition, they provided a copy of a letter dated December 23, 2002, that was sent to district Human Resource managers reiterating the instruction that the district Equal Employment Opportunity office must notify the manager, Human Resources upon receipt of an Equal Employment Opportunity complaint alleging sexual harassment.
Evaluation of Management's Comments	Management's actions taken or planned are responsive to recommendations 1 and 2 and should resolve the issues identified in the report.

File Retention Adequate, Storage Needed Improvement	<p>Our audit found there was no Postal Service policy regarding the retention time for informal complaint files. However, both districts retained files indefinitely, and the storage of files was adequate in Chicago, but not in Detroit.</p> <p>Equal Employment Opportunity Commission guidance stated formal sexual harassment complaint files should be retained for at least 4 years after resolution of the complaint. Postal Service policy stated once an inquiry/investigation was conducted, files should be forwarded for storage, to the district Human Resources manager. According to a headquarters senior Postal Service manager, the intent of this policy was to centrally locate the files with the Human Resources manager.</p> <p>We found that the Detroit District did not store informal complaint files in a central location and some files could not be located when we requested them. Management subsequently located the files in the facilities where the complaints were filed.</p> <p>Retaining and storing informal complaint files in a central location would ensure file availability if needed to mitigate liability. We will address the need for a national retention policy in a separate report.⁷</p>
Recommendation	<p>We recommend the vice president, Great Lakes Area Operations, instruct the Detroit District manager to establish controls to ensure:</p> <ol style="list-style-type: none">3. All informal complaint files are stored in a central location.
Management's Comments	<p>Management agreed with the conclusion and recommendation and stated district Human Resource managers were established as the district control points for allegations of sexual harassment, in July 2002, and that part of their duties was the responsibility for central file retention.</p>

⁷ See footnote 6.

**Evaluation of
Management's
Comments**

Management's action is responsive to the recommendation and should resolve the issues identified in this report.

APPENDIX A. OBJECTIVE, SCOPE, AND METHODOLOGY

Our objective was to determine if the Chicago and Detroit Districts, in the Great Lakes Area, implemented adequate policies and procedures to prevent sexual harassment⁸ in the workplace and to effectively address sexual harassment complaints to mitigate liability. Our district selections were based on interviews with the senior vice president, Human Resources; vice president, Diversity Development; and the Great Lakes Area vice president. We also considered the number of closed formal sexual harassment complaints in each of the ten Great Lakes Area districts.

To accomplish our objective, we reviewed applicable laws, policies, procedures, and other documents including Equal Employment Opportunity Commission guidelines; Postal Service national policies, and the Great Lakes Area, and Chicago and Detroit District policies for preventing sexual harassment in the workplace. We also reviewed Postal Service national policy regarding the Pay for Performance Program. In addition, we reviewed previously issued OIG reports related to sexual harassment issues. Further, we interviewed Postal Service Headquarters, Great Lakes Area, and Chicago and Detroit District officials.

To determine if adequate policies and procedures were in place to prevent sexual harassment from occurring in the workplace, we identified Equal Employment Opportunity Commission key recommendations to agencies regarding policies and procedures that should be in place to prevent sexual harassment and reduce the risk of agency liability. We then reviewed the Postal Service national, Great Lakes Area, and Chicago and Detroit District policies and procedures to determine if the recommendations were included.

To determine whether district managers effectively addressed informal sexual harassment complaints to mitigate liability, we analyzed the documentation contained in formal and informal complaint files that were filed and closed⁹ in FYs 2000 and 2001,¹⁰ for the two districts we selected. We recorded information related to promptness, thoroughness, impartiality, and the level of documentation. These fiscal years were chosen because they were the most recent and complete fiscal years at the time of our fieldwork. The number of formal and informal closed complaints was obtained from the Postal Service Equal Employment Opportunity case file database and district management, respectively. We then excluded those complaints where the employees filed their complaints directly with the Equal Employment Opportunity office and requested confidentiality. These were excluded because honoring the request for

⁸ For the purpose of this report, we used the legal definition of sexual harassment as unwelcome sexual conduct that is a term or a condition of employment (29 C.F.R. § 1604.11(a)). In addition, we included the Postal Service policy regarding inappropriate actions/comments of a sexual nature when reviewing sexual harassment complaint files.

⁹ Sexual harassment complaints may be considered closed for a number of reasons including (1) the inquiry/investigation was completed, (2) a settlement had been reached, (3) the complaint was withdrawn, or (4) discipline or corrective action was taken.

¹⁰ We used Postal Service fiscal years that started September 11, 1999, and ended September 7, 2001.

confidentiality precluded the Equal Employment Opportunity office from notifying district management that a complaint had been made. This in turn precluded management from conducting an investigation. We determined there were 22 closed complaint files as follows:

District	Complaints		Total Complaints Per District
	Formal	Informal	
Chicago	13	5	18
Detroit	4	0	4
Total	17	5	22

We also determined if the retention and storage of informal files were adequate using Postal Service national, area, and district policies as well as Equal Employment Opportunity Commission guidelines.

In addition, we determined whether employees found responsible for sexual harassment received appropriate discipline using Equal Employment Opportunity Commission guidelines, Postal Service policies and procedures, and some elements of the Douglas Factors.¹¹ We included in this determination whether or not managers or supervisors found responsible for sexual harassment or inappropriate actions/comments were considered for exclusion from the Pay for Performance Program.

This audit was conducted from February 2002 through January 2003 in accordance with generally accepted government auditing standards and included such tests of internal controls as were considered necessary under the circumstances. We discussed our conclusions and observations with appropriate management officials and included their comments, where appropriate.

¹¹ The Douglas Factors were developed as a result of case law (Douglas versus the Veterans' Administration) where the Merit Systems Protection Board ruled that management must document certain factors to be considered in making a determination of appropriate disciplinary action.

APPENDIX B. MANAGEMENT'S COMMENTS

DANNY JACKSON
VICE PRESIDENT, GREAT LAKES AREA OPERATIONS



December 23, 2002

B. Wayne Goleski
Assistant Inspector General
For Core Operations

Subject: Response to Draft Audit Report – Sexual Harassment Prevention
Measures in the Chicago and Detroit Districts – Great Lakes Area
(Report Number LH-AR-03-Draft)

This is in response to the subject audit report. I agree with the conclusions and recommendations that are stated in the report. The following actions have been taken to ensure compliance with those recommendations:

Recommendation – Instruct the Chicago and Detroit District Managers to establish controls to ensure:

1. Managers and supervisors effectively address all sexual harassment complaints and fully document detailed evidence of the actions taken to address complaints.

Sexual Harassment and Internal Management Investigations training was provided to representatives from all the districts within the Great Lakes Area. The first part of the training consisted of the legal elements of sexual harassment and how recent case law has affected the Postal Service regarding employer liability. The second part of the training specifically dealt with assisting the investigators to identify and interview witnesses, gather documentary and testimonial evidence, assist witnesses in writing a declaration, and write the final fact finding report. The training was provided on the following dates and locations: September 10, 2002 in Bloomingdale, IL; September 17, 2002 in Lansing, MI; and October 30, 2002 in Oshkosh, WI.

2. The Equal Employment Opportunity offices notify district management of all complaints of sexual harassment or inappropriate actions/comments.

Sexual Harassment reporting and Internal Management Investigations were topics at a meeting for District Managers Human Resources on July 29, 2002. Included during this discussion was: a sample letter to be issued at each District to all non-bargaining employees, (which includes the EEO offices) explaining the law and USPS policy regarding sexual harassment, the duty to report allegations and the establishment of a control point as the Manager Human Resources; a sample memo format to be utilized to report allegations of sexual harassment to the Manager of Human Resources, and a formatted Excel spreadsheet to log and track the allegations. A disc containing these documents distributed at this meeting is enclosed. In addition, a letter dated December 23, 2002 was sent to District Managers Human Resources reiterating the instruction that the District EEO office must notify the Manager Human Resources upon receipt of an EEO complaint alleging sexual harassment.

Recommendation – Instruct the Detroit District Manager to establish controls to ensure:

3. All informal complaint files are stored in a central location.

At the above-mentioned meeting on July 29, 2002, the District Managers Human Resources were established as control points for allegations of sexual harassment. Included in the duties of control point was central file retention.


for Danny Jackson

Enclosure

Cc: S. Medvidovich
B. Ocasio
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J. Talick
S. Duchek