



Office of Inspector General | United States Postal Service

Audit Report

Custodial Workhours

Report Number 19SMG006HR000-R20 | October 24, 2019



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Highlights

Objective

In July 2014, the U.S. Postal Service and the American Postal Workers Union entered into a Memorandum of Understanding (MOU) regarding custodial workhours. The MOU dictated that custodians receive additional compensation when certain facilities fail to use 90 percent of their calculated annual custodial workhours. These hours are based on facility size and designated cleaning frequencies. As of the end of fiscal year (FY) 2018, there were 8,955 facilities subject to this MOU, including processing and distribution centers, post offices, stations, and branches.

“Facility management did not consistently meet the MOU requirement to use 90 percent of annual custodial workhours at all applicable facilities.”

Postal Service Maintenance Series Handbook MS-47 and Transmittal Letter 5 detail the process for calculating a facility’s annual custodial workhours, which are documented on Line H of Postal Service Form 4852, Workload Analysis and Summary. At fiscal year-end, facility management performs a reconciliation by comparing total actual custodial workhours shown in Labor Distribution Code (LDC) 38 to 90 percent of calculated annual custodial workhours shown on Line H of PS Form 4852 to determine compliance with the MOU requirement. Facilities that do not comply with the requirement are required to compensate custodians at the overtime rate via the grievance process.

Our objective was to assess compliance with the custodial workhour requirement to use 90 percent of calculated annual custodial workhours. The scope included custodial workhours for FYs 2015 through 2018 for the facilities subject to the MOU.

What the OIG Found

Facility management did not consistently meet the MOU requirement to use 90 percent of annual custodial workhours at all applicable facilities. Specifically, between FYs 2015 and 2018, 584 of 8,955 facilities (7 percent) did not meet this MOU requirement. Collectively, this equated to 791 MOU-related grievances, 7,949 grievance payments, 5,568 impacted employees, and \$19.9 million in compensation paid at the overtime rate. Additionally, as of September 2018, there were another 409 open MOU-related grievances currently in the grievance process pending resolution, with some grievances being open since January 2015.

Conversely, 6,933 of 8,955 facilities (77 percent) exceeded 100 percent of calculated annual custodial workhours during the same period. In addition, management did not always ensure the accuracy of workhours reported in LDC 38, which represents custodial workhours. To assess accuracy, based on a statistical sample of 8,417 of 133,217 total workhours, which represented 5,509 workhours charged by custodians and 2,908 workhours charged by non-custodial employees:

- Custodians charged 24 percent (1,311 of 5,509) of workhours, or 28,802 workhours projected over the universe, to incorrect LDCs.
- Non-custodial employees incorrectly charged 46 percent (1,350 of 2,908) of workhours, or 5,663 workhours projected over the universe, to LDC 38.

Staffing challenges were a primary factor contributing to facilities not meeting the MOU requirement, including vacancies, long-term leave usage, inability to augment custodial work with temporary employees, and custodians doing non-custodial work.

By not meeting the MOU requirement for FYs 2017 and 2018, we determined the Postal Service incurred questioned costs of \$8.4 million annually. Going forward, the Postal Service risks incurring another \$16.1 million annually in costs for FYs 2019 through 2022, if failure to meet the MOU requirement continues.

Finally, when workhours are not charged to the appropriate LDC base operation, management cannot obtain an accurate account of effort required/incurred for specific tasks. In this instance, inaccurate reporting of LDC 38 could have a significant impact on a facility's compliance with the MOU requirement.

What the OIG Recommended

We recommended management develop a strategy to address hiring and staffing challenges for custodial positions at facilities subject to the MOU and implement an oversight mechanism to hold managers accountable to the existing policy to periodically assess the accuracy of workhours charged to LDC 38 in the Time and Attendance Collection System.

Transmittal Letter



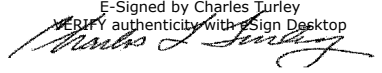
OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

October 24, 2019

MEMORANDUM FOR: SIMON M. STOREY
VICE PRESIDENT, EMPLOYEE RESOURCE
MANAGEMENT

DR. JOSHUA D. COLIN
ACTING VICE PRESIDENT, PROCESSING AND
MAINTENANCE OPERATIONS

E-Signed by Charles Turley
VERIFY authenticity with eSign Desktop



FROM: Charles L. Turley
Deputy Assistant Inspector General
for Supply Management and Human Resources

SUBJECT: Audit Report – Custodial Workhours
(Report Number 19SMG006HR000-R20)

This report presents the results of our audit of the U.S. Postal Service's Custodial Workhours (Project Number 19SMG006HR000).

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

Attachment

cc: Postmaster General
Corporate Audit Response Management

Results

Introduction/Objective

This report presents the results of our self-initiated audit of the U.S. Postal Service's custodial workhours (Project Number 19SMG006HR000). Our objective was to assess the Postal Service's compliance with the custodial workhour requirement¹ to use 90 percent of its calculated annual workhours. The scope of the audit included nationwide custodial workhours charged during fiscal years (FY) 2015 through FY 2018 at facilities that are subject to the MOU requirement. We also visited judgmentally selected facilities based on their MOU-related grievance activity to drill down further with our audit work.

Background

In July 2014, the Postal Service and the APWU entered into an MOU stipulating that custodians receive additional compensation when applicable facilities² fail to use 90 percent of their calculated annual custodial workhours, as indicated on Line H of Postal Service (PS) Form 4852, Workload Analysis and Summary.

“Our objective was to assess the Postal Service’s compliance with the custodial workhour requirement to use 90 percent of its calculated annual workhours.”

As of the end of FY 2018, a total of 8,955 facilities were subject to this MOU requirement, which included processing and distribution centers, post offices, stations, and branches.

Headquarters Maintenance Operations (HMO) establishes and manages national policy affecting custodial operations, including implementation of Handbook MS 47 and Transmittal Letter (TL) 5. As part of this process, HMO implemented the Custodial Team

Cleaning (CTC) program, a methodology for systematically cleaning facilities. The CTC program requires management to conduct a space inventory to measure the interior and exterior spaces of a building.³ Management enters space inventory items into the Custodial Staffing Application and use them to determine cleaning frequency and develop individual cleaning routes. The application generates a PS Form 4852, which shows the total calculated annual workhours on Line H and the number of employees needed to perform the workhours on Line K (see Figure 1).

Figure 1. Process Flow – Determining Line H Workhours



Source: Handbook MS-47, TL-5.

Headquarters management validates, and area management approves calculated custodial workhours at least once a year.⁴ At year's end, facilities' calculated workhours (on Line H) are compared to actual workhours to determine compliance with the MOU. Facilities that are noncompliant are required to compensate custodians through the grievance process.

Finding #1: Custodial Workhour Compliance

Between FYs 2015 and 2018, 584 of 8,955 facilities (7 percent) did not meet the MOU requirement to use 90 percent of calculated annual custodial workhours. Collectively, this equated to 791 MOU-related grievances,⁵ 7,949 grievance

1 Memorandum of Understanding (MOU) between the Postal Service and the American Postal Workers Union (APWU), American Federation of Labor, and Congress of Industrial Organizations, Handbook Maintenance Series (MS)-47, Transmittal Letter (TL)-5 Implementation and Maintenance Craft Postal Support Employee Conversions, signed July 9, 2014.

2 Postal Service facilities that adhere to MS-47 TL 3 or 5 are subject to this MOU requirement.

3 Results are documented on PS Form 4869, Building Inventory.

4 Calculated workhours can only be adjusted under certain conditions, such as facility modifications that impact custodial workhours.

5 These grievances were associated with Grievance and Arbitration Tracking System (GATS) issue code 384470 titled MS-47 TL-5 (Line H) Implementation and Maintenance Craft PSE Conversions MOU.

payments, 5,568 impacted employees, and \$19.9 million in compensation. Additionally, as of September 2018, there were another 409 open MOU-related grievances currently in the grievance process pending resolution, with some grievances being open since January 2015.

The 584 noncompliant facilities were represented as follows:

- Four hundred eighty-three facilities (83 percent) were non-compliant for one year.
- Ninety facilities (15 percent) were non-compliant for two years.
- Eleven facilities (2 percent) were non-compliant for three or four years.

In addition, 88 of the 584 facilities (15 percent) failed to meet the MOU requirement for at least two consecutive years, for which 507 custodians were paid \$3.2 million.

Conversely, 6,933 of 8,955 facilities (77 percent) exceeded 100 percent of calculated annual custodial workhours by 8.3 million hours during the same period. This means custodians at these facilities used more regular workhours than were initially calculated for the year.

Per the MOU, facility management must determine compliance, annually, by comparing total actual custodial workhours, as captured in Labor Distribution Code (LDC) 38 – Building Services (Custodial), to 90 percent of the calculated annual custodial workhours shown on Line H of PS Form 4852. If the 90 percent goal is not met, facilities must compensate custodians identified by the union at the overtime rate for each hour short of 90 percent of the calculated workhours. If a facility fails to achieve the 90 percent threshold during a second consecutive year, the compensation is based on the number of hours short of 100 percent of the hours on Line H, which will continue until 90 percent is achieved in a fiscal year.⁶ Additionally, only custodial work reflected on Line H will be used for

comparison. Workhours that do not reflect custodial work, are improperly coded, or custodial work not included in Line H will be subtracted or ignored for the purposes of the LDC 38 end of fiscal year comparison.⁷

Staffing challenges were a primary factor contributing to facilities not meeting the MOU requirement, including vacancies, long-term leave usage, inability to augment custodial work with temporary employees, and custodians doing non-custodial work. Specifically:

Vacancies. During one or more fiscal years, 295 of the 306 (96 percent) validated facilities⁸ were below their required staffing levels between FYs 2015 and 2018. Of these 295 facilities, 118 (40 percent) had a paid and/or open MOU-related grievance.

Long-term leave (sick, military, and disability leave). As of April 29, 2019, per the Postal Service's Zero Hours Report, there were 201 custodians nationwide who did not report any workhours during the last 13 pay periods, or 26 calendar weeks. Of these 201 custodians, 86 worked in 55 of the facilities that were below their required staffing levels. An extreme example included a facility we visited that did not meet the MOU requirement for four years and had one employee on long-term disability leave for more than 27 pay periods, or 54 calendar weeks.

“Staffing challenges were a primary factor contributing to facilities not meeting the MOU requirement, including vacancies, long-term leave usage, inability to augment custodial work with temporary employees, and custodians doing non-custodial work.”

6 MOU between the Postal Service and the APWU, American Federation of Labor and Congress of Industrial Organizations, MS-47 TL-5 Implementation and Maintenance Craft Postal Support Employee Conversions, Item 6, signed July 9, 2014.

7 MS-47 Maintenance MOU Questions, Item 26, dated August 6, 2014.

8 Headquarters Maintenance Operations reviews the required custodial staffing levels of large facilities — primarily processing and network distribution centers — to validate the accuracy of the calculated number of required custodians at these facilities.

Flexibility. When custodians are not available to perform prescribed duties, there is no viable option for augmenting the work that is similar to the previous postal support employees (PSE). In the past, PSEs were used to supplement staffing during instances of employee unavailability, such as when career employees were on extended leave or training. However, the MOU signed in July 2014 converted existing PSEs to full- and part-time custodial positions. Subsequently, the national APWU agreement 2015-2018, effective July 8, 2016, converted PSEs to career status and eliminated them in the maintenance craft organization-wide.

Non-custodial duties. In some instances, custodians performed tasks outside of their required duties, which impacted reaching facility goals. For instance, two custodians at one facility in the Capital Metro Area charged a total of 351 workhours to performing mail processing tasks during FY 2014. During the year end reconciliation process, these hours were subtracted from the annual hours reported in LDC 38, resulting in the facility missing the 90 percent requirement by 84 hours. These custodians were subsequently paid \$3,054 in a MOU-related grievance.

We also identified custodians who performed more workhours on supplemental projects — which are approved tasks — than the associated workhours listed on the facility's PS Form 4852.⁹ For example, at two of the four facilities we visited, the number of annual workhours custodians spent on recycling tasks often exceeded the number of workhours allotted for these tasks. These additional supplemental project hours incurred impacted the execution of custodial workhours; therefore, in some instances, negatively impacting the facility's achievement of the 90 percent requirement.

An impact of staffing challenges at the noncompliant facilities included an increase in overtime usage. Between FYs 2015 and 2018, the number of overtime hours charged to LDC 38 steadily increased. For the 584 facilities that did not comply with the MOU requirement, overtime increased by an average of 8 percent annually. Additionally, by not meeting the MOU requirement for FYs 2017 and 2018, we determined the Postal Service incurred questioned

costs¹⁰ of \$16.8 million. Going forward, the Postal Service is at risk of incurring another \$64.4 million in costs for FYs 2019 through 2022, if failure to meet the MOU requirement continues. We categorize this impact as funds put to better use.¹¹

“Going forward, the Postal Service is at risk of incurring another \$64.4 million in costs for FYs 2019 through 2022, if failure to meet the MOU requirement continues.”

Recommendation #1

We recommend the **Vice President, Employee Resource Management**, develop and implement a strategy to address hiring and staffing challenges for custodial positions at facilities subject to the Memorandum of Understanding between the Postal Service and the American Postal Workers Union (Maintenance Series-47 Transmittal Letter-5, Implementation and Maintenance Craft Postal Support Employee Conversions, signed July 9, 2014).

Finding #2: LDC 38 Accuracy

Workhours reported in LDC 38¹² did not always accurately reflect actual custodial workhours incurred. Employees at the 8,955 facilities subject to the MOU requirement charged a total of 3.1 million workhours to an LDC other than their base operation:

- Custodians charged 1.8 million workhours to an LDC other than their base LDC 38; and
- Non-custodial employees charged 1.3 million workhours to LDC 38 rather than their base operation.

⁹ These tasks are listed on PS Form 4852 in Table C: Supplemental Project Hours.

¹⁰ Questioned costs are defined as an unnecessary, unreasonable, unsupported, or an alleged violation of law, regulation, contract, etcetera. Generally, these costs are a result of historical events.

¹¹ Funds put to better use are defined as funds that could be used more efficiently by implementing recommended actions.

¹² The Postal Service uses the Time and Attendance Collection System (TACS) to capture workhours that employees spend on various post office operations. Custodians are assigned to LDC 38 as their base operation.

There are legitimate circumstances when employees can charge other LDC codes; however, when employees perform work outside their normal duties and/or perform work at another facility, they must select the correct operation on the electronic badge reader.¹³

At the four judgmentally selected sites we visited, employees charged a total of 133,217 workhours to an LDC other than their base operation. Of these workhours:

- Custodians charged 121,016 to an LDC other than LDC 38; and
- Non-custodial employees charged 12,201 to LDC 38 rather than their base operation.

We selected a statistical sample of 8,417 workhours to assess accuracy — which represented 5,509 workhours charged by custodians and 2,908 workhours charged by non-custodial employees. We identified:

- Twenty-four percent (1,311 of 5,509) — or 28,802 projected over the universe — of workhours custodians charged to other LDCs were incorrect.
 - Sixty-eight custodians incorrectly charged workhours to 15 different LDCs representing various operations, such as mail processing and marketing.
- Forty-six percent (1,350 of 2,908) — or 5,663 projected over the universe — of workhours non-custodial employees charged to LDC 38 were incorrect.
 - Two hundred and nine non-custodial employees incorrectly charged workhours to LDC 38, including mail processing personnel who did not perform custodial duties.

Per Postal Service policy, field office and mail processing facility managers are responsible for ensuring data integrity, including accurate recording of clock rings and workhours in the proper operation number, to include correcting data reporting errors and incorrect assignment of employees to LDC codes.¹⁴

Workhours in LDC 38 were not always accurate because management did not follow the existing policy to periodically review and reconcile custodians' workhours to ensure they charged the correct LDC.

When workhours are not charged to the appropriate LDC base operation, management cannot obtain an accurate account of effort required/incurred for specific tasks. In this instance, inaccurate reporting of LDC 38 could significantly impact a facility's compliance with the MOU requirement.

For example, as of September 2018:

- If all the workhours custodians charged to other LDCs were incorrect, 116 of the 466 (25 percent) facilities that were noncompliant with the MOU requirement would have been compliant after accounting for these workhours in LDC 38; and
- If all the workhours non-custodial employees charged to LDC 38 were incorrect, 558 of the 6,766 (8 percent) facilities that were compliant with the MOU requirement would not have been compliant after subtracting these hours from LDC 38.

“Workhours in LDC 38 were not always accurate because management did not follow the existing policy to periodically review and reconcile custodians’ workhours to ensure they charged the correct LDC.”

Recommendation #2

We recommend the **Vice President, Processing and Maintenance Operations**, implement an oversight mechanism to hold managers accountable to the existing Postal Service policy to periodically assess the accuracy of workhours charged to Labor Distribution Code 38 in the Time and Attendance Collection System.

¹³ Employees record the amount of time and the operation they work by swiping electronic timecards on an electronic badge reader. Each swipe records time in TACS and is referred to as a clock ring.

¹⁴ Handbook M-32, *Management Operating Data System (MODS)*, Section 1-6.3.h, Page 5, September 2018.

Management's Comments

Management disagreed with recommendation 1 and the forecasted portion of the monetary impact; however, they agreed with recommendation 2.

Management stated that the OIG's assessment of workhours was not sufficient because the audit did not consider employees who are detailed or pending qualification for a promotion into another position, or non-custodial employees who clock over to LDC 38 operations when performing custodial duties at postmaster/clerk cleaned sites. Management further indicated the OIG is asking the Postal Service to correct staffing challenges when staffing is governed by an MOU agreement and cannot be altered without following the required negotiation process.

Management disagreed with recommendation 1 stating that a strategy for hiring custodial positions is already well established nationally and further development of the hiring process will not address the root cause of this issue. Management further stated the MOU can only be addressed through negotiations with the union at the national level and, based on current workforce data, the custodial craft is at recommended hiring levels based on earned staffing nationally – in many cases over earned. Lastly, management indicated they are currently building a Maintenance Bidding System to provide additional visibility into the maintenance bidding process.

Management agreed with recommendation 2 and will issue a memorandum requiring sites to periodically assess the accuracy of workhours charged to LDC 38 in TACS. Management will also create a report to be issued to each area indicating areas of opportunity where potential clock ring errors exist showing employees charging hours to LDCs other than their base operation. The target implementation date is December 31, 2019.

Management disagreed with the monetary impact, specifically the forecasted grievance costs for FYs 2019 through 2022. Management's position is that the OIG should have used the relevant pay year as the basis of the forecast because there is no way to determine when a grievance will be settled and paid out. Management feels the OIG's year of payout (YOP) methodology did not track improvements that would be shown if relevant pay year (RPY) was used –

indicating the RPY historical data illustrates that payouts have decreased over \$4 million from 2015 through 2018.

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

Evaluation of Management's Comments

The OIG considers management's comments responsive to recommendation 2 and corrective actions should resolve the issues identified in the report; however, management's comments to recommendation 1 are nonresponsive.

Rather than train the audit team, management communicated the 90 percent MOU process to the OIG. Because of our work, management clarified which sites were subject to the MOU requirement as there are differing opinions on its applicability at the Postal Service. We disagree with management's assertion that the audit did not consider custodians who were detailed or pending qualification for a promotion, as our statistically valid sample of workhours included 56 custodians who fit into one of those categories. These custodians charged a total of 4,081 hours to an LDC other than LDC 38; however, we did not identify these hours as inaccurate or invalid so did not include them as part of our exception. We also disagree with management's assertion that we did not consider non-custodians who clock into LDC 38 operations when performing custodial tasks at postmaster or clerk cleaned sites. The four facilities in our sample were not postmaster or clerk cleaned sites.

Regarding management's disagreement with recommendation 1, we contend their current strategy and process for hiring custodial positions at applicable facilities warrants further review. We identified that 96 percent of validated facilities were below required staffing levels during one or more fiscal year between 2015 and 2018. We recognize the MOU cannot be altered without required negotiations; however, the intent of our recommendation is for management to identify opportunities to improve and enhance their internal processes related to hiring and staffing custodial positions.

We disagree with management's assertion regarding the monetary impact and that the YOP method cannot be used when forecasting grievance payout activity. We used an additive time series model, which identifies a historical pattern in

the data and forecasts by projecting the historical pattern into the future. With this model, we used the YOP rather than the RPY because costs incurred for grievances are not recorded until they are paid, therefore, YOP data is current and up to date. Unlike using YOP, using the RPY provides skewed data due to the inherent time lag between the time the grievance occurred (i.e., RPY) compared to when the grievance is ultimately settled and paid out (i.e., YOP). Based on this time lag, grievance costs may not be relevant and realized for possible three years or more.

We reviewed management's forecasted grievance payouts using RPY for FYs 2015 through FY 2017 and determined their forecasts were significantly lower than actual payouts. For example, management forecasted grievance payouts totaling \$5.6 million during this period; however, the actual payout

was \$19.4 million — a difference of \$13.8 million. In comparison, using our methodology, we forecasted a total grievance payout of \$13.3 million for FY 2019; however, the actual payout for the year was \$14.5 million — a difference of only \$1.2 million. As a result, we believe our forecasting method is more accurate and a better indicator of projected Line H grievance payout costs.

We view the disagreement with recommendation 1 as unresolved and plan to pursue it through the formal audit resolution process. All recommendations require OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. Recommendations should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendations can be closed.

Appendices

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Appendix A: Additional Information

Scope and Methodology

We assessed the Postal Service's compliance with custodial workhour requirements from FY 2015 through FY 2018. This included the MOU requirement for the annual use of 90 percent of calculated custodial workhours.

To accomplish our objective, we:

- Reviewed the MOU between the Postal Service and the APWU dated July 2014 and related Postal Service policies and procedures.
- Analyzed complement, grievance, workhours, and overtime data to identify trends and patterns.
- Judgmentally selected four facilities for site visits based on their custodial workhours used, related grievance activity, geographical location, and custodial complement.
- Interviewed headquarters, area, district, and facility management to determine their processes for monitoring custodial workhours.
- Reviewed prior U.S. Postal Service Office of Inspector General audits to identify related concerns which may affect compliance with custodial workhour requirements.
- Selected a statistical sample of TACS workhours charged by custodians to LDCs other than LDC 38, and non-custodians to LDC 38 at four facilities visited.

We conducted this performance audit from March through October 2019 in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. We discussed our observations and conclusions with management on September 13, 2019 and included their comments where appropriate.

We assessed the reliability of workhours, grievances, and complement data by tracing a sample of workhours and GATS-related payments to supporting documentation and discussed the data with management officials knowledgeable about the data. We determined that the data were sufficiently reliable for the purposes of this report.

Prior Audit Coverage

The OIG did not identify any prior audits or reviews related to the objective of this audit within the last five years.

Appendix B: Management's Comments

JOSHUA D. COLIN Ph.D.
VICE PRESIDENT
PROCESSING AND MAINTENANCE OPERATIONS/A



October 11, 2019

LAZERICK C. POLAND
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Draft Audit Report – Custodial Workhours
(Report Number HR-AR-19-DRAFT)

Management met with the Audit Team prior to and during the audit repeatedly, providing a majority of the data that was used by the Audit Team and training the audit team on the 90 percent MOU, also known as the Line H MOU. The Audit Team indicated facility management did not consistently meet the MOU requirement to use 90 percent of annual custodial workhours at all applicable facilities. Two contributing factors determined by the OIG were the incorrect charging of work hours by both custodial and non-custodial staff, and staffing challenges which included vacancies, long-term leave usage, inability to augment custodial work with temporary employees, and custodians doing non-custodial work. Although staffing challenges can be inherent to the custodial craft due to it being an entry level maintenance position, management believes that the issue of incorrect charging of work hours was not properly analyzed by the OIG audit team, nor was the monetary impact forecasts, which are addressed within this document. There were no considerations of employees in a pending qualification or training status, withholding requirements per the Collective Bargaining Agreement, or when non-custodial employees clock over to LDC38 operations when performing custodial duties at Postmaster / clerk cleaned sites. Regarding the staffing challenges, the OIG is asking management to correct a process that is governed by an MOU agreement between the USPS and APWU that cannot be altered without the required negotiation process.

However, management's response to the OIGs recommendations is as follows.

Recommendation 1:

The Vice President, Employee Resource Management, develop and implement a strategy to address hiring and staffing challenges for custodial positions at facilities subject to the Memorandum of Understanding between the Postal

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Service and the American Postal Workers Union (Maintenance Series-47 Transmittal Letter-5, Implementation and Maintenance Craft Postal Support Employee Conversions, signed July 9, 2014).

Management Response:

We respectfully disagree with this recommendation as written. A strategy and process for hiring custodial positions is already well established nationally and further development of the hiring process will not address the root cause of this issue. The Memorandum of Understanding between the Postal Service and the American Postal Workers Union is a negotiated item that can only be addressed through negotiations with the Union at the national level. Specifically, since the 2016 interest arbitration, the Postal Service does not have the ability to use non-career flexible employees in custodial positions. In addition, based on current workforce data, the custodial craft is at recommended hiring levels based on earned staffing nationally, and in fact, in many cases over earned. Based on current structure, Field Operations is required to review and maintain staffing levels at the local facility in coordination with the Manager of Maintenance and Complement Committees. The Postal Service is in the process of building a new a Maintenance Bidding System, which will provide additional visibility into the maintenance bidding process.

Recommendation 2:

The Vice President, Processing and Maintenance Operations implement an oversight mechanism to hold managers accountable to the existing Postal Service policy to periodically assess the accuracy of workhours charged to Labor Distribution Code 38 in the Time and Attendance Collection System.

Management Response/Action Plan:

Although the OIG did not take the below instances into consideration, management agrees with recommendation number two.

- Custodians will clock into other maintenance operations when they are detailed or pending qualifications for a promotion into another position
- Non-custodians at sites will clock into LDC38 operations at Postmaster or clerk cleaned sites when performing custodial tasks
- The total instances in the OIGs data, of what they consider clocking in on the wrong operation was only 6.17% of the total sample set
 - When subtracting out the occurrences that pertain to the first two bullets, this number would be much lower

In order to satisfy this recommendation, the Vice President, Processing and Maintenance Operations and Vice President, Delivery Operations will issue a joint memorandum of action requiring sites to periodically assess the accuracy of workhours charged to Labor Distribution Code 38 in the Time and Attendance Collection System. This memorandum and expectations will also be shared with the Area Offices through a Learn and Grow WebEx session. Along with this

memorandum, management will create a report that will be issued to each area indicating areas of opportunity where *potential* clock ring errors exist showing employees charging hours to other than their base operation.

Target Implementation Date:

The process indicated above will be implemented by December 31, 2019.

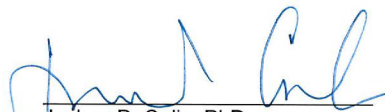
Responsible Official:

The Vice President, Processing and Maintenance Operations (A) will be responsible for the implementation of the above indicated action.

Monetary Impact:

The OIG, through a self-developed statistical additive time series model to forecast MOU-related grievance activity over four future years spanning FYs 2019 through 2022, determined that FY19 grievance costs would total \$13,338,207. Part of the issue is that the OIG based this data on Year of Payout instead of Relevant Pay Year. Although the OIG indicated this method was intended to forecast grievance activity, it cannot do so when using the Year of Payout methodology. There is no way to determine when a grievance will be settled and paid out. Additionally, the OIG's methodology will not track improvements made when utilizing the Year of Payout methodology. In contrast, improvements would be trackable when utilizing the Relevant Pay Year methodology. In addition, Postal Management does track and forecast potential Line H payouts every year by tracking actual workhours against existing custodial hour requirements. Management also provided the OIG a copy of our forecasts for FY19 on September 13, 2019, along with the discreet data, which showed a potential liability of \$4,865,704. In addition, when reviewing the Relevant Pay Year historical data, payouts have consistently decreased a total of \$4,031,578 from 2015 through 2018.

The OIG has not responded to that data as of yet.



Joshua D. Colin, PhD
Vice President, Processing and Maintenance Operations (A)

CC:



Thomas Rabicki



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