



December 22, 2009

DEBORAH M. GIANNONI-JACKSON  
VICE PRESIDENT, EMPLOYEE RESOURCE MANAGEMENT

SUBJECT: Management Advisory – Saved Grade Status and Temporary Assignments  
– Postal Service Headquarters (Report Number HM-MA-10-001)

This report presents the results of our self-initiated review of saved grade status and temporary assignments in the Postal Service (Project Number 09YG025HM000). The objective was to determine if management properly assigned headquarters bargaining and nonbargaining unit employees to saved grade status (including indefinite protected salary) and temporary assignments from October 1, 2007 through April 24, 2009. This review addresses the U.S. Postal Service Office of Inspector General's (OIG) financial risk factor. See [Appendix A](#) for additional information about this review. We anticipate additional audit work in field offices based on this survey.

## Conclusion

Postal Service Headquarters managers, supervisors, and Shared Services Center personnel complied with Postal Service policies and procedures when they placed and monitored employees on saved grade status, including those on indefinite protected salary. As a result, we did not identify any improper assignments. In addition, headquarters managers and supervisors generally followed policies and procedures when they completed and retained appropriate documentation for temporary assignments. However, we identified 40 assignments that were not sufficiently supported, resulting in a projected unrecoverable, unsupported questioned cost totaling \$67,629.<sup>1</sup> This occurred because headquarters managers and supervisors did not always complete and maintain Postal Service (PS) Forms 1723, Assignment Orders. See [Appendix B](#) for a detailed analysis of this topic.

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<sup>1</sup> Unrecoverable questioned costs are unnecessary, unreasonable or the result of an alleged violation of law or regulation or contract. These costs are also not supported by adequate documentation.

We recommend the vice president, Employee Resource Management:

1. Remind headquarters managers and supervisors of their responsibility to complete and maintain Postal Service Forms 1723, Assignment Orders, to support all temporary assignments.
2. Consider the feasibility of automating Postal Service Forms 1723, Assignment Orders, to manage and track temporary assignments.



### Management's Comments

Management agreed with our findings and recommendations. Management stated it sent an October 28, 2009, memorandum to all officers reviewing policy on the PS Form 1723, stressing the importance of maintaining paperwork related to temporary assignments. In addition, management will explore options for automating several Human Resources-related forms, including PS Form 1723. See [Appendix D](#) for management's comments, in their entirety, and [Appendix E](#) for the memorandum.

### Evaluation of Management's Comments

The OIG considers management's comments responsive to the recommendations, and its corrective actions should address the issues identified in the report.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Andrea Deadwyler, director, Human Resources and Security, or me at (703) 248-2100.

E-Signed by Mark Duda   
VERIFY authenticity with ApproveIt  


Mark W. Duda  
Deputy Assistant Inspector General  
for Support Operations

Attachment

cc: Anthony J. Vegliante  
Sally K. Haring

## APPENDIX A: ADDITIONAL INFORMATION

### BACKGROUND

Postal Service policy defines saved grade status as when an employee's salary is equal to the salary of a previously held grade (normally a higher grade). Indefinite protected salary is when an employee's salary is higher than the salary range of an occupied lower-level position and the employee retains the current salary for as long as the lower-level position is occupied.<sup>2</sup>

National and local employee union agreements govern the length of time bargaining employees can remain in a saved grade status or receive indefinite protected salary. Postal Service policy states that nonbargaining employees retain their current grade and salary for 2 years from the effective date of the change to the lower-level position. Once the 2-year period expires, the employee receives indefinite protected salary. Postal Service policy also requires that saved grade and indefinite protected salary actions be supported by a PS Form 50, Notification of Personnel Action

A temporary assignment is the placement of an employee in an established position for a limited time to perform different duties and responsibilities. Postal Service policy stipulates that a PS Form 1723, Assignment Order, signed by the supervisor or manager, support temporary assignments.<sup>3</sup> The form is valid for up to 180 days and must be retained for 3 years from the date of the action.

### OBJECTIVE, SCOPE, AND METHODOLOGY

The objective was to determine if headquarters bargaining and nonbargaining unit employees were properly assigned to saved grade status (including indefinite protected salary) and temporary assignments from October 1, 2007 through April 24, 2009.

To accomplish our objective, we reviewed applicable Postal Service policies, regulations, and employee union agreements. We used the Postal Service's Payroll and Time and Attendance Collection Systems to determine there were 197 employees in saved grade and indefinite protected salary status and 414 in higher-level temporary assignments. These employees were physically located at Postal Service Headquarters.<sup>4</sup> We randomly tested 100 of the saved grade and indefinite protected status employees and 133 of the temporary assignments.<sup>5</sup> We determined that 11 of the 133 assignments were errors in that employees were not in temporary assignments.

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<sup>2</sup> Publication 164, *Compensation, Relocation Benefits, and Reinstatement Policies for Career Employees in Transition: Q's and A's*, June 2008; and *Employee and Labor Relations Manual*, Issue 19.2, Section 415, Pay Administration Policy for Nonbargaining Unit Employees, and Section 420, Wage Administration Policy for Bargaining Unit Employees, dated April 2008 and updated with *Postal Bulletin* revisions through May 7, 2009.

<sup>3</sup> Handbook F-21, *Time and Attendance*, Section 421, Higher Level, dated June 2002.

<sup>4</sup> We did not include headquarters employees assigned to field offices.

<sup>5</sup> The sample of saved grade and indefinite protected salary employees consisted of one bargaining and 99 nonbargaining employees. The temporary assignments consisted of 39 bargaining and 94 nonbargaining employees.

In addition, we could not locate supervisors for eight temporary assignments due to retirement or organizational changes. Due to time constraints we did not replace the 19 employees from our universe and instead reduced our sample size to 114.

We verified the employees' salary status and temporary assignments with the responsible Postal Service officials and Human Capital Enterprise System and Employee Personnel Action History system records. To determine if the saved grade and indefinite protected salary status and temporary assignments were proper, we obtained PS Forms 50 and 1723 from headquarters officials and compared them to our random selections. We also interviewed employees' managers and supervisors and Headquarters Office of Compensation officials, as well as Shared Services Center personnel.

We conducted this review from March through December 2009 in accordance with the President's Council on Integrity and Efficiency, *Quality Standards for Inspections*. We discussed our observations and conclusions with management officials on October 20, 2009, and included their comments where appropriate.

### PRIOR AUDIT COVERAGE

We identified one previous OIG report related to employees in saved grade status.

Report Title	Report Number	Final Report Date	Monetary Impact	Report Results
Fiscal Year (FY) 2007 Financial Installation Audit - Cleveland Main Office Window Service	FF-AR-08-028	November 15, 2007	\$853,889	The Northern Ohio District Human Resources office did not monitor employees with saved grade provisions. As a result, the audit team estimated the District overpaid 190 employees.  Management concurred with the recommendations to monitor employees in a saved grade status and remove ineligible employees.

## APPENDIX B: DETAILED ANALYSIS

### **Saved Grade Status Was Proper**

Postal Service Headquarters managers, supervisors, and Shared Services Center personnel complied with Postal Service policies and procedures when they placed and monitored the 100 sampled employees on saved grade and indefinite protected salary status. This resulted in no improper assignments.

### **Most Temporary Assignments Were Supported**

Most headquarters managers and supervisors also followed Postal Service policies and procedures when they completed and retained PS Forms 1723 to support temporary assignments. Specifically, 74 of the 114 (65 percent) temporary assignments were sufficiently supported with the proper forms.

The remaining 40 temporary assignments, however, were not sufficiently supported because forms were lost or not completed.<sup>6</sup> Managers and supervisors told us this occurred because of organizational changes at headquarters or managers and supervisors not fully understanding the requirements. As a result, we identified unsupported, unrecoverable, questioned costs totaling \$26,177. When projected over the universe of employees (414), the costs are \$67,629. See [Appendix C](#) for the statistical sampling methodology.

During the review, we found that the Postal Inspection Service used its Resource Management System to electronically manage and track temporary assignments. The system allows managers and supervisors to consistently complete and maintain PS Forms 1723. We believe this is something the Postal Service should consider to enhance its ability to manage and track temporary assignments.

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<sup>6</sup> Of the 40, 32 were missing (lost, not completed); five involved employees who retired and had their records purged by the office and destroyed; one was done late; one was not filled out; and one was incomplete because it did not cover all the hours at the higher level.

## **APPENDIX C: STATISTICAL SAMPLING METHODOLOGY FOR TEMPORARY ASSIGNMENTS**

### **Purpose of the Sampling**

Our objective was to project the amount of potential cost savings for the universe of headquarters bargaining and nonbargaining unit employees not properly assigned to temporary assignments from October 1, 2007 through April 24, 2009.

### **Definition of the Audit Universe**

The total audit universe consisted of 414 employees physically located at headquarters. We extracted this information from the Postal Service's payroll system.

### **Sample Design and Modifications**

We randomly selected 133 of the 414 temporary assignments. We later reduced our sample to 114 due to 11 errors (employees were not in temporary assignments) and our inability to locate supervisors for eight temporary assignments. We calculated the sample size of 114 for a one-sided confidence interval, at the 95 percent confidence level.

Based on survey results, we found that 40 of the 114 temporary assignments were not supported. This resulted in costs totaling \$26,177. Using RAT-STATS we projected over the universe of 414 employees an unsupported, unrecoverable, and questioned cost of at least \$67,629.<sup>7</sup>

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<sup>7</sup> RAT-STATS is a package of statistical software tools designed to assist the user in selecting random samples and evaluating the audit results.

## APPENDIX D: MANAGEMENT'S COMMENTS

DEBORAH GIANNONI-JACKSON  
VICE PRESIDENT  
EMPLOYEE RESOURCE MANAGEMENT



December 14, 2009

Ms. Lucine Willis  
Director, Audit Operations  
1735 North Lynn St.  
Arlington, VA 22209-2020

SUBJECT: Response to Draft Audit Report – Saved Grade Status and Temporary Assignments –  
Postal Service Headquarters (Report Number HM-MA-09-DRAFT)

The following represent management responses from Employee Resource Management.

The report contains no confidential business sensitive or law enforcement sensitive information that would preclude disclosure under the Freedom of Information Act.

Recommendations:

1. Remind headquarters managers and supervisors of their responsibility to complete and maintain Postal Service Forms 1723, Assignment Orders, to support all temporary assignments.

Response: We agree with your recommendation, and on October 28 sent a memorandum to all Officers reviewing policies associated with the Postal Service Form 1723, and reiterating the importance of maintaining paperwork involved with temporary assignments.

2. Consider the feasibility of automating Postal Service Forms 1723 to manage and track temporary assignments.

Response: We agree with your recommendation to consider the feasibility of automating this form. At this time we are exploring options for automating several Human Resources related Postal Service Forms, including 1723, Assignment Order. We will continue to work with the business owners in Finance to determine the feasibility of automating the Postal Service Form 1723.

  
Deborah Giannoni-Jackson

**APPENDIX E: MANAGEMENT'S COMMENTS (CONTINUED)**

DEBORAH GIANNONI-JACKSON  
VICE PRESIDENT  
EMPLOYEE RESOURCE MANAGEMENT



October 28, 2009

OFFICERS

SUBJECT: Documentation of Temporary Assignments

As we start the new fiscal year, it is a good time to review existing policy associated with the PS Form 1723, Assignment Order.

Current policy, as outlined in Handbook EL-312, *Employment and Placement*, Section 716.1, Temporary Assignments, states, "Temporary assignments must be documented using Form 1723, Assignment Order."

- The form must be signed by the supervisor or manager as a record of authorization.
- The form is valid up to 180 days; a new form is required in excess of 180 days.
- In accordance with the Administrative Support Manual, Section 89, *Records Retention*, the record, or 1723, must be retained for three years from the date of the action.
- Please ensure a copy of the PS Form 1723 is also retained in the unit.

In line with our objective of maximizing the use of technology, we are working on a design that will automate the submission of PS Form 1723 and provide for an automatic feed of data to Human Capital Enterprise and the payroll systems.

Please disseminate this information to all employees within your functional organization, and ensure that any related questions are answered accurately by your Human Resources staff.

A handwritten signature in black ink, appearing to read "Deborah Giannoni-Jackson".

Deborah Giannoni-Jackson

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