



OFFICE OF INSPECTOR GENERAL

UNITED STATES POSTAL SERVICE

Unscheduled Leave in the Baltimore District

Audit Report

Report Number
HR-AR-17-012

August 24, 2017





OFFICE OF INSPECTOR GENERAL

UNITED STATES POSTAL SERVICE

Highlights

Our objective was to assess the management of unscheduled leave in the Baltimore District and identify opportunities to reduce unscheduled leave and its associated costs.

Background

The U.S. Postal Service categorizes unscheduled leave as any absence from work that is not requested or approved in advance. Unscheduled leave could contribute to increased compensation expenses by requiring management to increase workhours and overtime hours.

The U.S. Postal Service Office of Inspector General (OIG) developed a Human Resource Risk Model (risk model) to monitor key Postal Service metrics, including unscheduled leave that could potentially affect productivity, efficiency, costs, and employee morale. In fiscal year (FY) 2016, the risk model identified the Baltimore District in the Capital Metro Area as having the fourth highest percentage of unscheduled leave in the Postal Service. This is third in a series of audits in districts with high unscheduled leave activity.

Our objective was to assess the management of unscheduled leave in the Baltimore District and identify opportunities to reduce unscheduled leave and its associated costs.

What the OIG Found

The Baltimore District did not adequately manage unscheduled leave. Management could reduce this leave to an acceptable level by appropriately completing and maintaining required forms, enforcing corrective and disciplinary actions, requiring training, and expanding oversight.

We determined that employees with a combined 89 or more occurrences of unscheduled leave during FYs 2015 and 2016 to be excessive. In FY 2016, 280 of the district's 4,931 employees (or 6 percent) had excessive unscheduled leave, which comprised 181,961 of 508,287 total unscheduled leave hours (or 36 percent).

In FY 2016, the top four unscheduled leave types recorded for the 280 employees were absent without leave, full day leave without pay in lieu of sick leave, full day leave without pay, and sick leave, which represented 155,474 of 181,961 of their unscheduled leave hours taken (or 85 percent).

TOP 4 Unscheduled leave types recorded for the 280 employees with excessive leave

Absent Without Leave (AWOL)


Full Day Leave Without Pay (LWOP) in lieu of sick leave

Full Day Leave Without Pay (LWOP)

Sick Leave

these represent **155,474** of their **181,961** unscheduled leave hours taken

or
85%





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This occurred because Postal Service supervisors did not properly complete and maintain Postal Service Form 3971, Request for or Notification of Absence, which they are required to complete when employees return to work; they did not always review Postal Service Form 3972, Absence Analysis, to justifiably enforce corrective and disciplinary actions; they did not use available tools to deter employees from taking unscheduled absences; and they did not require managers and supervisors to attend refresher training on the leave systems and processes or the disciplinary process.

Additionally, district management did not always review or monitor the most frequently used unscheduled leave type, absent without leave.

At the Baltimore Post Office, which had low unscheduled leave occurrences, a manager and supervisor explained that once noncompliance of three occurrences within 90 days was detected, management would schedule a meeting with the employee and the union representative to justify the reason(s) for the unscheduled absence. In addition, managers at this site conduct regular reviews of PS Forms 3972 and uses the leave systems' reports.

Additionally, during the audit, Parkville Branch management began implementing corrective actions by designating a supervisor who is the one solely responsible for monitoring and addressing issues with leave and attendance.

In FY 2016, our risk model identified 7 percent of employees in the Capital Metro Area with 20 or more unscheduled leave occurrences per 100 employees; however, the Baltimore District had 12 percent. By reducing the excessive unscheduled leave of the 280 employees in the Baltimore District to the Capital Metro Area percentage, Baltimore District managers would have reduced their excessive unscheduled leave hours by 44 percent (or 80,063 hours). These hours cost the Postal Service about \$736,966 in labor and overtime costs during FY 2016.

What the OIG Recommended

We recommended management issue guidance and reiterate policy for using enterprise Resource Management System reports to manage and document unscheduled leave and to initiate and justify appropriate corrective and disciplinary actions; require managers and supervisors to attend refresher training; and enhance the current district review process to include monitoring protocols that promote supervisor accountability.

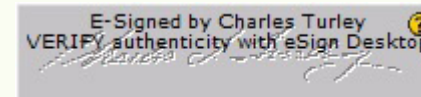
Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

August 24, 2017

MEMORANDUM FOR: DANE COLEMAN
MANAGER, BALTIMORE DISTRICT



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

SUBJECT: Audit Report – Unscheduled Leave in the Baltimore District
(Report Number HR-AR-17-012)

This report presents the results of our audit of Unscheduled Leave in the Baltimore District (Project Number 17SMG016HR000).

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

Attachment

cc: Postmaster General
Employee Resource Management Vice President
Capital Metro Area Vice President
Corporate Audit and Response Management

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Findings

Unscheduled leave is any absence from work that is not requested or approved in advance and could contribute to increased compensation expenses by requiring management to increase workhours and overtime hours.

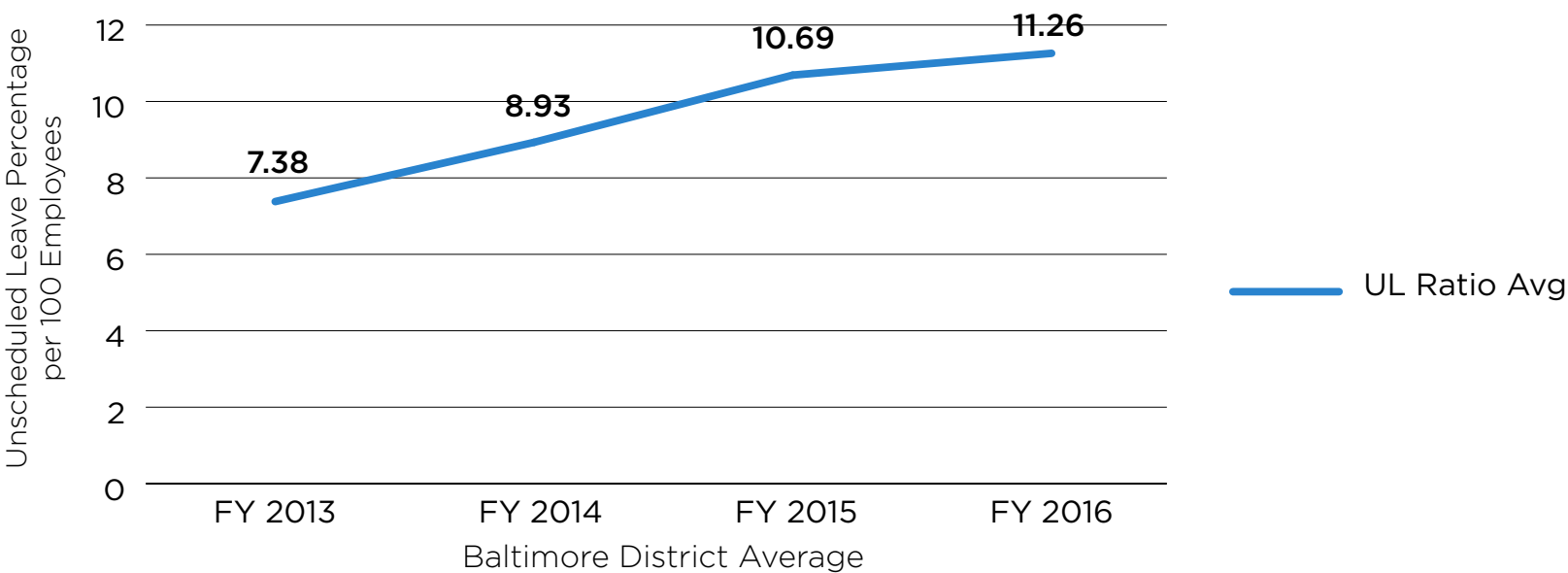
Introduction

This report presents the results of our audit of unscheduled leave in the Baltimore District (Project Number 17SMG016HR000). This is a self-initiated audit based on an analysis of the U.S. Postal Service Office of Inspector General's (OIG) fiscal year (FY) 2016 Human Resources Risk Model (risk model), which identifies risks that could impact productivity, efficiency, costs, and employee morale. Our objective was to assess the management of unscheduled leave in the Baltimore District and identify opportunities to reduce unscheduled leave and its associated costs. This is third in a series of audits in districts with high unscheduled leave activity.

Unscheduled leave is any absence from work that is not requested or approved in advance and could contribute to increased compensation expenses by requiring management to increase workhours and overtime hours. An OIG risk model metric monitors unscheduled leave and ranked the Postal Service's Baltimore District in the Capital Metro Area as having the fourth highest percentage of unscheduled leave in FY 2016. The risk model bases district rankings using an unscheduled leave occurrence percentage calculated with enterprise Resource Management System (eRMS)¹ data showing the percentage of employees with 20 or more unscheduled leave occurrences to the number of employees in the district per 100 employees.

In FY 2016, our risk model identified that about 7 percent of the employees in the Capital Metro Area had 20 or more unscheduled leave occurrences per 100 employees; however the Baltimore District had 12 percent. Unscheduled leave in the Baltimore District has increased each fiscal year from 2013 through 2016. In FY 2013, the unscheduled leave occurrence percentage was 7, while in FY 2016 it was 11 (see Figure 1). See [Appendix A](#) for additional information about this audit.

Figure 1: Baltimore District Unscheduled Leave Trend



Source: OIG Human Resources Risk Model.

¹ A system that provides a consistent and standardized approach to handling incoming calls for unscheduled absences and assists in managing scheduled and unscheduled absences. eRMS provides real-time data and report management functions to supervisors.

We determined employees with a combined 89 or more occurrences of unscheduled leave during FYs 2015 and 2016 to be excessive.

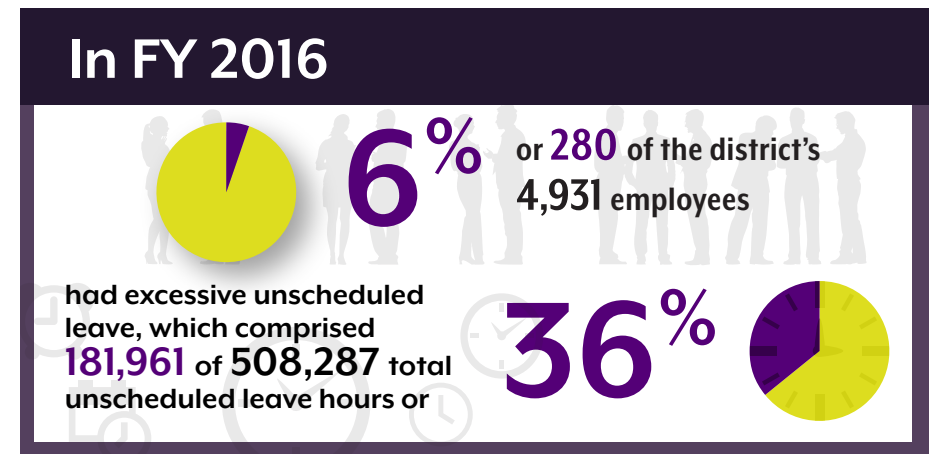
Summary

The Baltimore District did not adequately manage unscheduled leave. Management could reduce this leave to acceptable levels by appropriately completing and maintaining required forms, enforcing corrective and disciplinary actions, requiring refresher training, and expanding oversight.

We determined employees with a combined 89 or more occurrences of unscheduled leave during FYs 2015 and 2016 to be excessive. In FY 2016, 280 of the district's 4,931 employees (or 6 percent) had excessive unscheduled leave, which comprised 181,961 of 508,287 of total unscheduled leave hours (or 36 percent).

The top four unscheduled leave types recorded for the 280 employees were absent without leave (AWOL), full day leave without pay (LWOP) in lieu of sick leave, full day LWOP, and sick leave, which represented 155,474 of 181,961 of their unscheduled leave hours taken (or 85 percent).

This occurred because Postal Service supervisors did not properly complete and maintain Postal Service (PS) Forms 3971, Request for or Notification of Absence, which they are required to complete when employees returned to work; they did not always review PS Forms 3972, Absence Analysis, to justifiably enforce corrective and disciplinary actions; they did not use available tools to deter employees from unscheduled absences; and they did not require managers and supervisors to attend refresher training on leave systems and processes or the disciplinary process. Additionally, district management did not always conduct reviews on or monitored the most frequently used unscheduled leave type, AWOL.



Excessive Unscheduled Leave

We determined that Baltimore District employees with a combined 89 or more unscheduled leave occurrences for FYs 2015 and 2016 to be excessive.² In FY 2016, 280 of the district's 4,931 employees (6 percent) had 89 or more occurrences of unscheduled leave, which was 36 percent of total unscheduled hours (181,961 of 508,287). See Table 1.

Table 1: Unscheduled Leave Hours in the Baltimore District

Employee Occurrences	Number of Employees	Percentage of Employees	Unscheduled Leave Hours	Percentage of Unscheduled Leave Hours
88 or less	4,651	94%	326,326	64%
89 or more	280	6%	181,961	36%
Total	4,931	100%	508,287	100%

Source: Time and Attendance Collection System (TACS)³ via the Enterprise Data Warehouse (EDW).

² We used FY 2015 and 2016 data to determine the standard deviation that allowed us to identify the unscheduled leave amount that is considered excessive. The standard deviation is a statistic that calculates how closely data points are clustered around the mean in a set of data.

³ An integrated system that tracks all Postal Service employees' timekeeping and operation functions. TACS relies on electronic badges that Postal Service employees swipe when they begin the workday, start a certain operation or change locations.

During FY 2016, the top four unscheduled leave types recorded for the 280 employees with 89 or more occurrences of unscheduled leave were AWOL, full day LWOP in lieu of sick leave, full day LWOP, and sick leave, which represented 85 percent of all unscheduled leave hours.

During FY 2016, the top four unscheduled leave types recorded for the 280 employees with 89 or more occurrences of unscheduled leave were AWOL, full day LWOP in lieu of sick leave, full day LWOP, and sick leave, which represented 85 percent of all unscheduled leave hours. About 42 percent of total unscheduled leave hours (or 76,644 hours) were used for AWOL. Full day LWOP in lieu of sick leave was the second most frequently used type of leave, followed by full day LWOP and, finally, sick leave regular (see Table 2).

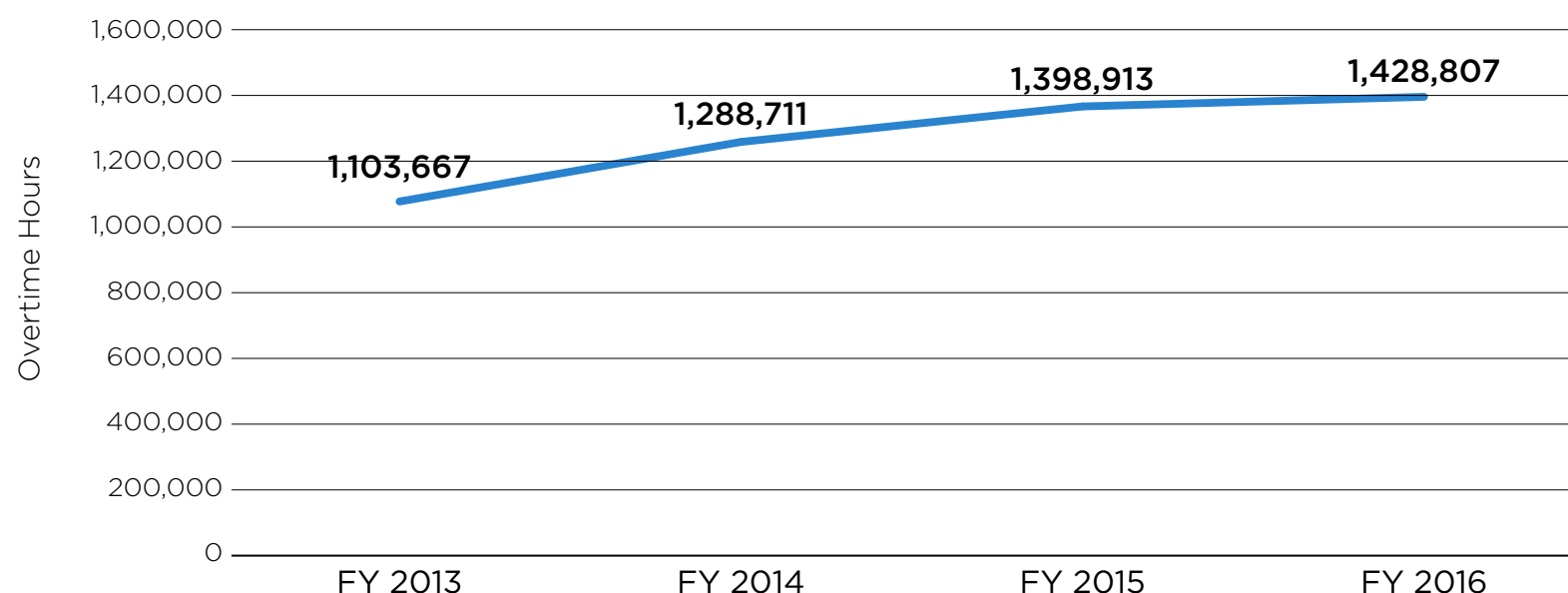
Table 2: Types of Leave Most Frequently Used by Employees with 89 or More Unscheduled Leave Occurrences

Rank	Unscheduled Absences	Unscheduled Leave Hours	Unscheduled Leave Total Percentage
1	AWOL	76,645	42%
	Sick Leave		
2	Full day LWOP in lieu of sick leave	36,651	
3	Full day LWOP	23,444	
4	Sick leave regular	18,733	
	Sick Leave Sub-total	78,829	43%
	Other ⁴	26,487	15%
	Total	181,961	100%

Source: TACS via EDW.

The Postal Service used overtime hours as a mitigating factor to offset unscheduled leave and from FYs 2013 to 2016, the number of overtime hours has consistently increased in the Baltimore District (see Figure 2).

Figure 2: Overtime Hours Trend



Source: EDW.

⁴ The "Other" total consists of the sum of the unscheduled leave hours of the remaining available leave types.

The four sites visited had 187 of 280 employees (67 percent) with 89 or more unscheduled leave occurrences. Those employees used 115,831 of 181,961 unscheduled leave hours (or 64 percent).

We interviewed the managers and supervisors of employees who used excessive unscheduled leave⁵ and at one site⁶ with employees who used low amounts of unscheduled leave. The four sites visited had 187 of 280 employees (67 percent) with 89 or more unscheduled leave occurrences. Those employees used 115,831 of 181,961 unscheduled leave hours (or 64 percent). See Table 3.

Table 3: Employees with 89 or More Unscheduled Leave Occurrences at the Four Sites Reviewed

Facilities	Complement	Unscheduled Leave Hours	Percentage of Total Unscheduled Leave Hours
Baltimore Processing & Distribution Center (P&DC)	170	103,601	
Dundalk Branch	5	5,383	
Parkville Branch	7	4,887	
Baltimore Post Office	5	1,960	
Total	187	115,831	64%
Other employees in district	93	66,130	36%
Grand Total	280	181,961	100%

Source: TACS via EDW.

While the Baltimore P&DC had the largest complement and the highest unscheduled number of leave hours, in March 2017 they instituted a practice to manage and control unscheduled leave. Management conducted an attendance control Lean Six Sigma⁷ review to determine the most effective way to manage unscheduled leave. The review resulted in the creation of an absence control office staffed with two control coordinators. The control coordinators manage and oversee employees' time and attendance, which typically is the supervisor's responsibility. Since the implementation, the Baltimore P&DC has seen improvements in attendance by means of corrective and disciplinary actions enforced.

District officials developed a tracker to monitor 178 employees who had taken three or more unscheduled occurrences in a 90-day period. To date, the following actions were taken:

- Nine absence inquiries
- Sixty-seven letters of warning
- Thirty-one pre-disciplinary interviews
- Thirty-six suspensions

⁵ Baltimore P&DC and Dundalk and Parkville branches.

⁶ Baltimore Post Office.

⁷ A method that relies on a collaborative team effort to improve performance by systematically removing waste and reducing variation.

A manager and supervisor at the site with low unscheduled leave occurrences explained that they schedule a meeting with the employee and the union representative to afford the employee the opportunity to explain the unscheduled absence, conduct regular reviews of PS Forms 3972, and use TACS and eRMS reports.

- Ten notices of removal
- Twenty-five being monitored, separated, or on FMLA or OWCP

Furthermore, as a result of OIG review and discussions held with district and plant officials on the effectiveness of the attendance control office in managing unscheduled leave, Parkville Branch management implemented corrective actions on March 20, 2017 and instituted a similar practice at the P&DC by assigning a supervisor dedicated to absence control and hiring a new manager.

A manager and supervisor at the site with low unscheduled leave occurrences explained that after three unscheduled leave occurrences, they schedule a meeting with the employee and the union representative to afford the employee the opportunity to present supporting documentation and explain the reason(s) for the unscheduled absence. Additionally, they conduct regular reviews of PS Forms 3972, use TACs to generate the Employee All report (see Table 5) and eRMS for the Call-In report⁸ and the Family Medical Leave Act (FMLA) report.⁹

Management officials did not complete and maintain PS Forms 3971 at the four facilities visited.¹⁰ We judgmentally selected 334 PS Forms 3971 for 66 employees who used 69,058 unscheduled leave hours at the four facilities visited and found that 256 of them (77 percent) were not in the file and the status of 38 of them (11 percent) could not be determined because the employees file was not maintained. The remaining 40 forms (12 percent) were filed.

Of the 40 available PS Forms 3971 that were filed properly, 23 percent were not completed and signed by both the supervisor and the employee, as required¹¹ (see Table 4).

Table 4: Completeness of Filed PS Forms 3971

Files Status	Only Supervisor completed and signed	Only employee completed and signed	Not signed by supervisor or employee	Supervisor and employee completed and signed
Available	7	1	1	31

Source: Auditors' analysis.

A management official enforced compliance by pulling badges, which forced employees to sign and return PS Forms 3971 before their scheduled tour of duty. However, management officials stated that continuous unscheduled absences impede the efficient flow of operation and timely mail delivery.

Our review at the three sites identified several factors that contributed to employees' excessive unscheduled leave usage:

- Managers and supervisors did not perform reviews of PS Forms 3972¹² to justifiably enforce corrective and disciplinary actions. Managers and supervisors stated they were required to review PS Forms 3972 monthly and quarterly, respectively, to identify

⁸ eRMS disseminates an auto-generated email that notifies supervisors of the employee's leave request.

⁹ eRMS provides FMLA monitoring and reports functions that provide management with the tools necessary for managing all aspects of leave.

¹⁰ *Leave Control Made Simple: A Postal Supervisor's Quick Reference Guide*, November 2012, PS Form 3971 Legend; and Handbook F-21, *Time and Attendance*, February 2016, Chapter 1, Section 142.35, Overview.

¹¹ *Leave Control Made Simple: A Postal Supervisor's Quick Reference Guide*, November 2012, PS Form 3971 Legend.

¹² *Employee and Labor Relations Manual (ELM)* Issue 41, Chapter 5, Employee Benefits, Section 511.42, September 2016.

District officials were not aware that AWOL was an issue in the district even though the district had 30 employees in AWOL status with 1,000 or more unscheduled leave hours on the payroll at the time of review.

irregularities in attendance or indicators of possible leave abuse. However, they stated they did not have time to focus on attendance irregularities due to staffing shortages when delivering the mail takes priority. Based on our review, management officials reviewed PS Forms 3972 after attendance behavior worsened and therefore weaken their ability to enforce corrective or disciplinary action against an employee.

- Supervisors did not use available tools to deter employees from unscheduled absences. Specifically, supervisors did not utilize the capabilities of TACS/eRMS reports,¹³ restricted sick leave list,¹⁴ deems desirable list,¹⁵ or planning for unscheduled leave during peak and non-peak seasons in an effort to reduce premium pay. Additionally, supervisors did not request documentation for employees who abuse FMLA and did not have regular, documented discussions with the employees concerning their leave abuse because they stated either the environment was union-centric or management adversarial.
- Although not used, management officials were familiar with the requirements and tools available to control unscheduled absences. However, they were not familiar with planning for unscheduled leave during peak and non-peak seasons. While supervisors had an idea of the time periods in which a spike in unscheduled absences occurred, all facilities' reviewed almost always resorted to the standard process for covering unscheduled leave, which is to first select from the overtime desired list, then ask employees to report to duty on their scheduled off day, and then utilize the supplemental workforce.
- Managers and supervisors were not required to attend available leave control and refresher TACS and eRMS training to better perform their duties. Of the eight managers interviewed, two had taken TACS training and four had taken pre-fundamentals of attendance control. Additionally, six of the seven supervisors interviewed had taken attendance control training; however, none had taken eRMS or TACS refresher training within the past two fiscal years. All supervisors interviewed had taken supervisor associate training, which included segments of TACS and eRMS when first becoming supervisors from one to five years ago. At one of the facilities visited, a supervisor of about 3 years had taken the supervisor associate training that included segments of eRMS and TACS, but was still not familiar with the proper use of eRMS and was not aware of the requirement to print PS Form 3971 for employees to sign.

The Postal Service began offering a training course called "Time is Money" which includes sections on eRMS, TACS, and attendance control. This course, which is not mandatory, combines aspects of the three other training courses and would be beneficial to all managers and supervisors. While not required, these trainings would be valuable tools for managing leave.

In addition, district management officials did not always oversee one of the most frequently used types of unscheduled leave — AWOL. District officials reviewed sick leave and had monitoring protocols in place for LWOP and overtime. Specifically, a district official stated that they conduct random reviews at facilities that exceeded the 3 percent threshold for sick leave usage. Additionally, managers monitored LWOP and held discussions twice a month to obtain the status of and reason for employees in LWOP status. Further, they monitored overtime usage and sent daily reports to the facilities. District officials should expand their oversight purview to include reviews or monitoring of employees in AWOL status. District officials were not aware that AWOL was an issue in the district even though the district had 30 employees in AWOL status with 1,000 or more unscheduled leave hours on the payroll at the time of review.

¹³ *Leave Control Made Simple: A Postal Supervisor's Quick Reference Guide*, November 2012, eRMS/TACS Integration Update.

¹⁴ ELM Issue 41, Chapter 5, Section 513.391, Employee Benefits, September 2016.

¹⁵ *Leave Control Made Simple: A Postal Supervisor's Quick Reference Guide*, Documentation, November 2012.

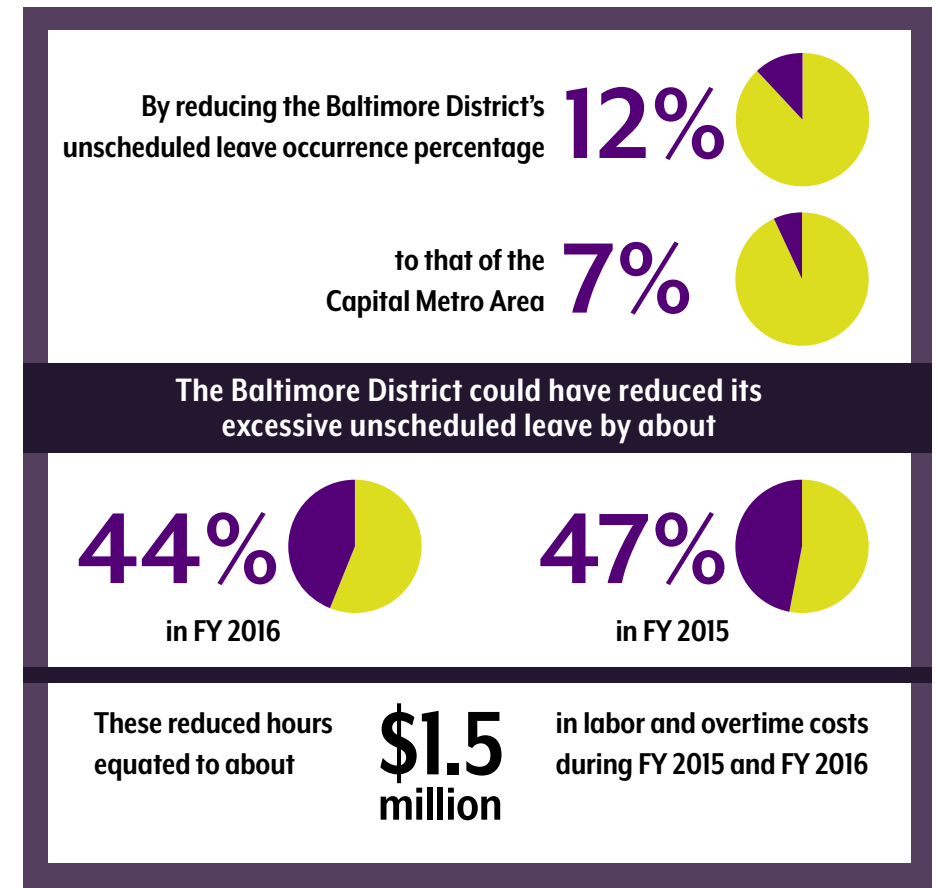
The \$1.5 million in labor and overtime costs contributed to \$.74 million of the \$610 million of controllable income net loss in FY 2016, and \$.81 million of the \$1.2 million of controllable income net loss in FY 2015.

The Baltimore District's excessive unscheduled leave occurrences and hours significantly contributed to high overtime costs. In FY 2016, our risk model identified that 7 percent of Capital Metro Area employees had 20 or more unscheduled leave occurrences per 100 employees, whereas 12 percent of the Baltimore District's employees had 20 or more occurrences.¹⁶ The risk model ranks districts using an unscheduled leave occurrence percentage calculated with eRMS data showing the percentage of employees with 20 or more unscheduled leave occurrences per 100 employees.

By reducing the Baltimore District's unscheduled leave occurrence percentage (12) to that of the Capital Metro Area (7), with adequate oversight and controls, the Baltimore District could have reduced its excessive unscheduled leave by about 44 percent in FY 2016, and 47 percent in FY 2015. These reduced hours equated to about \$.81 million and \$.74 million in labor and overtime costs during FY 2015 and FY 2016, respectively, for a total of \$1.5 million. These costs had a direct impact on the Postal Service's controllable income, which primarily consists of workhours and transportation costs.¹⁷ The \$1.5 million in labor and overtime costs contributed to \$.74 million of the \$610 million of controllable income net loss in FY 2016, and \$.81 million of the \$1.2 million of controllable income net loss in FY 2015.¹⁸

Finally, employees with excessive unscheduled leave, particularly in AWOL status, are counted against the district's employee complement. If the district or facility is at full complement, the Postal Service cannot replace the employees with excessive unscheduled leave until they are removed from payroll, which ultimately hinders their hiring capabilities.

To facilitate reducing unscheduled leave, Parkville Branch management began implementing corrective actions during the audit by designating a supervisor who is solely responsible for monitoring and addressing leave and attendance issues. To fulfill this responsibility, the supervisor reviews the Tour Deviation report, which is an exception report that identifies employees late for their tour of duty and documents efforts and disciplinary actions taken to mitigate unscheduled leave weekly.



¹⁶ The average unscheduled leave percentage in the Capital Metro Area was 5.81 percent in FY 2015, and 6.81 in FY 2016.

¹⁷ Postal Service Regulatory Commission 2016 Form 10-K.

¹⁸ We identified numerous causes but focused on additional labor costs when quantifying impact.

Recommendations

We recommend management issue guidance and reiterate eRMS policy; require managers and supervisors to attend refresher training; and enhance the current district review process.

We recommend the Manager, Baltimore District:

1. Issue guidance to managers and supervisors and reiterate policies for using the enterprise Resource Management System to manage and document unscheduled leave and to initiate corrective and justify disciplinary actions when appropriate.
2. Require managers and supervisors to attend refresher training that covers the enterprise Resource Management System, the Time and Attendance Control System, and leave control.
3. Enhance the current district review process to include formal monitoring protocols that promote supervisor accountability for following policies for managing unscheduled leave and initiating appropriate disciplinary action.

Management's Comments

Management agreed with the recommendations, generally agreed with the findings, and disagreed with the monetary impact. Regarding the findings, management also stated that inaccurate recording of leave led to many instances of leave being reported as unscheduled.

Regarding the monetary impact, management disagreed with the amount reported as they indicated the calculation assumes that overtime increased as a direct result of employees taking unscheduled leave. The USPS contends that a correlation, or relationship, between overtime and unscheduled leave does not necessarily mean it is the primary cause of overtime. Management asserts that this assumption is not well supported and is inadequate for estimating monetary impact.

Management asserts that aside from the first day of a call-in, local management would have knowledge of the situation and an idea of how long the employee would be unavailable, allowing for schedules to be altered. This way employees coded with unscheduled annual or sick leave would not necessarily be covered only by overtime. While the initial call-in may result in a short-term change of schedule that would result in overtime, but the long-term would involve planning around the absence and using working employees to fill the gap without additional impact to the office budget including paid overtime.

Lastly, management contends that while overtime increased in the Baltimore District from 2012 through 2015, the number of employees on the rolls has decreased each year; therefore, this would have a greater impact than having employees on leave who may have simply been coded incorrectly.

Regarding recommendation 1, management stated the district manager would reissue the policy to leadership and perform regular analysis of leave issues and take action as necessary to reduce or eliminate unscheduled leave occurrences. Management provided a target implementation date of August 31, 2017.

Regarding recommendation 2, management stated the Manager, Financial Programs Compliance, will ensure that managers and supervisors take refresher training covering eRMS, TACS, and leave control. Management provided a target implementation date of September 30, 2017.

Regarding recommendation 3, management stated the Manager, Human Resources will provide weekly reports of all AWOL and unscheduled leave in eRMS and will be required to review and discuss irregular attendance with any employees with three or more unscheduled leave absences in a 90-day period. Management provided a target implementation date of September 30, 2017.

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

Evaluation of Management's Comments

The OIG considers management's comments responsive to the recommendations in the report.

Regarding management's disagreement with the monetary impact and the assumptions that overtime increased as a direct result of employees taking unscheduled leave, we agree that a correlation, or relationship, between overtime and unscheduled leave does not necessarily mean it is the primary cause of overtime. As we based the monetary impact on an analysis of "excessive" unscheduled leave, we reaffirm the assumptions are adequate and appropriate. The scope of the analysis was employees who incurred a combined 89 or more unscheduled leave occurrences and we based the monetary impact calculation on reducing the Baltimore District's unscheduled leave rate to align with the Capital Metro Area's average rate, which provided a conservative approach.

Regarding management's summation of the call-in process, scheduling alternatives, and short- and long-term schedule changes, we agree that employees coded with unscheduled leave would not necessarily be covered only by overtime. However, our analysis concluded that overtime was used as a mitigating control for excessive unscheduled leave. Additionally, as the audit recommended and management agreed, the need for enhancing review processes for managing unscheduled leave as long-term planning around the absence and utilizing working employees to fill the gap without additional impact to the office budget including paid overtime may not be effective.

Regarding management's assertion that while overtime increased in the Baltimore District from 2012 through 2015, the number of employees on the rolls has decreased each year, we agree; however, we do not agree that this would have a greater impact than having employees on leave who may have been coded incorrectly. As part of our audit process, we assessed the reliability of the leave data and found it to be sufficiently reliable for the purposes of this audit. As such, we cannot agree with management's conclusion that leave may have been coded incorrectly without any supporting documentation to validate this claim.

The OIG considers management's comments responsive to the recommendations in the report. All recommendations require OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed.

Appendices

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Appendix A: Additional Information

Employees are expected to maintain their assigned schedules, make every effort to avoid unscheduled absences, and provide acceptable supporting documentation for absences. Failure to comply could result in disciplinary action.

Background

This audit was based on an analysis of the OIG's FY 2016 Human Resources Risk Model, which ranked the Baltimore District number four in unscheduled leave use during all four quarters of FY 2016. Unscheduled leave percentages for these quarters ranged from 10 to 12 percent. In FY 2016, the average unscheduled leave percentage in the Capital Metro Area was 7 percent. District rankings are based on eRMS data showing the percentage of employees with 20 or more unscheduled leave occurrences per 100 employees.

Unscheduled leave is any absence from work that is not requested or approved in advance. Employees are expected to maintain their assigned schedules and make every effort to avoid unscheduled absences and provide acceptable supporting documentation for absences. Employees should maintain regular attendance and failure to comply could result in disciplinary action.

Postal Service management is responsible for controlling unscheduled leave by informing employees of leave regulations, discussing attendance records with individual employees when warranted, and maintaining and reviewing PS Forms 3971 and 3972. Supervisors are responsible for issuing corrective actions against any employee who is abusing unscheduled leave. Irregularities in attendance can be the basis for corrective action, including discipline. These policies assist managers and supervisors in monitoring unscheduled leave using eRMS and taking corrective or disciplinary action when appropriate. The primary focus of eRMS is to aid managers in managing their resources and workload efficiently and provide reports and assistance in tracking employee leave balances and usage.

eRMS automates the unscheduled leave process. The employee contacts the interactive/integrated voice response system to notify management of the unscheduled leave situation. The system syncs with eRMS, which generates an absence or call-in notification that routes to the supervisor's email. Once the supervisor responds to the notification, eRMS generates an electronic PS Form 3971 to update the employee's leave record and populates automatically in TACS. Supervisors must approve or disapprove employee leave requests on a PS Form 3971. Upon returning to work, the employee must immediately sign the form and provide supporting documentation to the supervisor, if required.

In regard to disciplinary action, the supervisor must first conduct informal conversations with the employee when corrective action is necessary. The process can progress to a pre-disciplinary interview to allow the employee the opportunity to address the alleged poor attendance. If the excessive unscheduled leave continues, the supervisor can take further disciplinary action by first issuing a letter of warning giving the employee a certain amount of time to improve attendance. Lastly, the supervisor can decide to continue with disciplinary action with a seven-day suspension, followed by a 14-day suspension and then removal. There are also a variety of TACS tools available for supervisors to control attendance (see [Table 5](#)).

Table 5: Examples of TACS Reports

Report	Description
Missing 091 Transaction	Lists employees with overtime worked which exceeds the amount of the 091 transaction.
Overtime Alert	Lists employees in an overtime status or approaching overtime for the week.
Employee All	Lists almost everything in the TACS database for a particular employee for a particular year, pay period, and week.
Station Summary	Lists work, overtime, and sick leave hours by labor distribution code for carrier stations.

Source: *Time is Money: Time and Attendance for Supervisors Facilitators Guide*, September 2017.

Objective, Scope, and Methodology

Our objective was to assess the management of unscheduled leave in the Baltimore District and identify opportunities to reduce unscheduled leave and its associated costs.

We used FY 2016 data to identify employees using unscheduled leave above the average in the Baltimore District, as well as the total amount of unscheduled leave usage for these employees. In addition, we reviewed unscheduled leave and overtime data from FYs 2013 through 2016 to assess trends.

To accomplish our objective, we:

- Reviewed the OIG's Human Resources Risk Model to identify districts with high unscheduled leave percentages during FY 2016.
- Analyzed FYs 2015 and 2016 unscheduled leave data recorded in TACS for Baltimore District employees. We used two standard deviations from the unscheduled leave occurrences mean to determine the unscheduled leave amount considered excessive.
- Reviewed Postal Service policies and procedures relating to unscheduled leave, Labor Relations' leave management policy, employee disciplinary actions for excessive unscheduled leave, and return to work procedures.
- Judgmentally selected the Baltimore P&DC, the Parkville Branch and Dundalk branches, and the Baltimore Post Office for fieldwork site visits.
- Identified and reviewed the records of 49 employees at the Baltimore P&DC, five employees at the Dundalk Branch, five employees at the Baltimore Post Office, and seven employees at the Parkville Branch who incurred excessive unscheduled leave; and reviewed hard copies of PS Forms 3971 and 3972 and other available supporting documentation; and assessed their use of eRMS.
- Interviewed Postal Service district officials and facility managers and supervisors regarding the processes used to manage and control unscheduled leave.

- Obtained and reviewed managers' and supervisors' training records and other pertinent documents regarding unscheduled leave at the four sites visited for fieldwork testing.

We conducted this performance audit from March through August 2017, 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 June 29, 2017, and included their comments where appropriate.

We assessed the reliability of eRMS data by validating unscheduled leave occurrence data against the TACS unscheduled leave clock ring occurrence data obtained from the EDW. In addition, we randomly selected ten employees' eRMS data and traced the data to TACS data in the EDW. We determined that the data were sufficiently reliable for the purposes of this report.

Prior Audit Coverage

Report Title	Objective	Report Number	Final Report Date	Monetary Impact (in millions)
<i>Unscheduled Leave in the Chicago District</i>	Assess unscheduled leave activity in the Chicago District and identify opportunities to reduce it.	HR-AR-15-006	5/21/2015	\$6.5

Appendix B: Management's Comments



August 18, 2017

Lori Lau Dillard
Director Audit Operations
Office of Inspector General
United States Postal Service

Subject: Response to Draft Audit Report – Unscheduled Leave in the Baltimore District, Report Number HR-AR-17-DRAFT

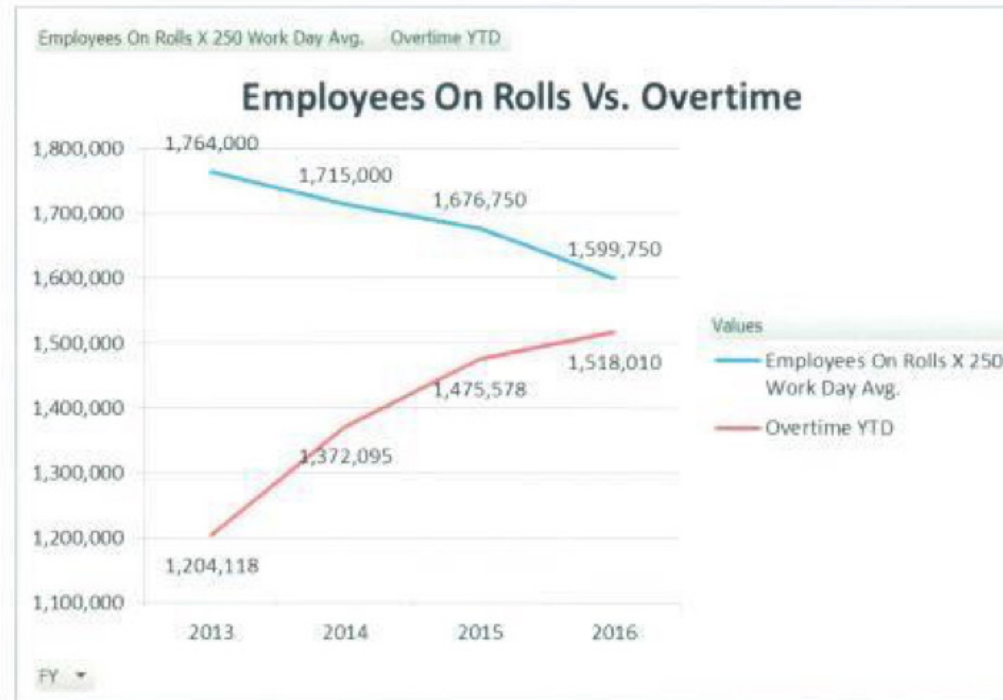
Thank you for the opportunity to respond to the OIG Audit of Unscheduled Leave in the Baltimore District. Management does generally agree with the findings noted in the audit report including the inaccurate recording of leave that led to many instances being reported as unscheduled. Management also agrees with the recommendations as outlined in the audit and will implement them in the near future.

Regarding the Monetary Impact listed as funds put to better use, management does not agree with the amount reported as the calculation makes assumptions that overtime increased as a direct result of employees taking unscheduled leave. While there are occasions when an employee calls out when otherwise scheduled that may lead to another employee being called in on a scheduled day off or overtime may be paid to other employees already working, this is not the case in many of the occasions for the data used to calculate this impact. Many of the employees coded with unscheduled leave may have initially created a situation where overtime would be needed to cover planned work but subsequent days to the initial call-in would be planned for by local management to avoid unnecessary overtime being paid. USPS contends a correlation, or relationship, between overtime and unscheduled leave does not necessarily mean it is the primary cause of overtime. This assumption is not well supported and inadequate for estimating the Monetary Impact.

Absent without leave usage was calculated to cost \$719,597 over the two year period. Aside from the first day of a call-in, most of this time would have been identified by local management who would have knowledge of the situation and an idea of the length of time the employee would not be available, allowing for schedules to be altered. Employees coded with unscheduled annual or sick leave that were used to calculate the remaining amount of \$827,277 would also not necessarily be covered only by overtime. While the initial call in may result in a short term change of schedule that would result in overtime, the long term would involve planning around the absence and utilizing working employees to fill the gap without additional impact to the office budget, including paid overtime.

The ability for larger sites to fill in these gaps due to larger employee pools allows for quick adjustments to minimize or negate any financial impact. Based on the manner of this calculation, management disagrees with the total amount as listed. Additionally,

while overtime has increased in Baltimore District from 2012 through 2016 the number of employees on the rolls has decreased each year. This would have a greater impact than having employees on leave that may have simply been coded incorrectly.



Recommendation #1

We recommend the manager, Baltimore District, issue guidance to managers and supervisors to reiterate policies in using the Enterprise Resource Management System to manage and document unscheduled leave and to initiate corrective and justify disciplinary actions when appropriate.

Management Response/ Action Plan

Management agrees with this recommendation and will implement by reissuing the policy to leadership requiring all field units and plants utilize eRMS as appropriate, including completion of PS Form 3972, Absence Analysis, to perform regular analysis of leave issues and to take action as necessary to reduce or eliminate unscheduled occurrences.

Target Implementation Date

August 31, 2017

Responsible Official

District Manager

Recommendation #2

We recommend the manager, Baltimore District, require managers and supervisors to attend training that covers Enterprise Resource Management System, Time and Attendance Control System, and leave control.

Management Response/ Action Plan

Managements agrees with this recommendation and will implement by requiring employees with timekeeping responsibilities to take refresher training covering eRMS, TACS and leave control. This training may include courses based in LMS, self-paced reviews of documents outlining policy and procedure for timekeeping and absence control and classroom training conducted by the Manager, Financial Programs Compliance. Due to the number of employees with these duties in the district, the sites highlighted in the audit will be mandated to take the classroom training and documentation to support completion of this training will be provided as evidence once done.

Target Implementation Date

11/30/2017

Responsible Official

Manager, Financial Programs Compliance

Recommendation #3

We recommend the manager, Baltimore District, enhance the current district review process to include formal monitoring protocols to promote supervisor accountability to follow policies for managing unscheduled leave and initiating appropriate disciplinary actions.

Management Response/ Action Plan

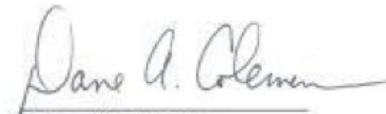
Management agrees that leave control is important and additional focus must be placed on the field to ensure issues are addressed promptly and properly. To implement this recommendation management will direct the Manager, Human Resources to provide weekly reports of all instances of AWOL and other unscheduled absences as identified in eRMS. A weekly review of this report with district leadership will be scheduled so managers can be contacted to determine what action has been taken to resolve any potential long term unscheduled absences. The requirement to review and discuss with any employee three or more absences in a 90 day period will also be reiterated to all field units to ensure attention is being placed on irregularity in attendance.

Target Implementation Date

September 30, 2017

Responsible Official

Manager, Human Resources

A handwritten signature in black ink, appearing to read "Dane A. Coleman". The signature is written in a cursive, flowing style.

Dane Coleman
Baltimore District Manager (a)



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