



August 30, 2010

PETER R. ALLEN  
DISTRICT MANAGER, CENTRAL ILLINOIS DISTRICT

SUBJECT: Audit Report – Premium Pay at Bedford Park Computerized Forwarding System Unit (Report Number MS-AR-10-006)

This report presents the results of our self-initiated audit of U.S. Postal Service Function 4<sup>1</sup> premium pay at the Bedford Park (Central Illinois District) Computerized Forwarding System (CFS) unit (Project Number 10RG020MS000). Our objective was to determine whether there is an operational reason for the Bedford Park CFS unit's Saturday shift to end at 12:30 a.m. Sunday. [REDACTED]

CFS units process mailpieces that cannot be delivered as addressed. Undeliverable-as-addressed mail is forwarded, returned to sender or disposed of as waste mail. The agreement with the American Postal Workers Union and Postal Service policies prescribe a 25 percent Sunday premium for all hours worked during a scheduled tour that includes any part of a Sunday. Management may change schedules for sound operational reasons, but not solely to avoid paying the Sunday premium.<sup>2</sup>

### Conclusion

There was not an operational reason for the Bedford Park CFS unit Saturday shift to end at 12:30 a.m. Sunday. The last mail transportation truck arrives at the unit at approximately 8:45 p.m. and there is normally little or no CFS mail. As a result, employees either take voluntary leave or remain idle for the remainder of the shift. This occurs because the shift schedule was set several years ago at a time when it may have been appropriate; however, unit management was reluctant to change the shift because they cannot change an employee's regularly scheduled reporting time solely to

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<sup>1</sup> Function 4 operations include customer service activities – both supervisory and non-supervisory – of employees at post offices, stations, and branches involved in automated, mechanized, manual, and Post Office box distribution of mail, Post Office™ window, and vending equipment services; and miscellaneous administrative and Central Forwarding System operations.

<sup>2</sup> Handbook EL-912, *Agreement between United States Postal Service and American Postal Workers Union, AFL-CIO 2006-2010*, Article 8, Section 6.


avoid paying the Sunday premium.<sup>3</sup> See [Appendix B](#) for our detailed analysis of this topic.

The Postal Service incurred \$40,035 in fiscal year (FY) 2008 and \$37,496 in FY 2009 for Sunday premium workhours at the Bedford Park CFS. We estimate this amount could have grown by an additional \$77,531 over the next 2 years had the unit not taken corrective action during our review. We consider the \$77,531 incurred during FYs 2008 and 2009 to be unrecoverable questioned costs<sup>4</sup> and the estimated future amount of \$77,531 to be recoverable questioned costs.<sup>5</sup> See [Appendix C](#).

During our review, unit management and the union representatives agreed on a new shift schedule, which eliminated the Sunday premium. Effective July 17, 2010, the shift schedule for the Bedford Park CFS unit is from 11 a.m. to 7:30 p.m. The shift will end before midnight and will not require payment of Sunday premium. Therefore, we will not make a recommendation regarding this issue as corrective actions were taken as a result of our review.

Management agreed with the finding and monetary impact. Management addressed the issues during our review; therefore this report does not contain any recommendations and management opted not to provide written comments. Although the report does not contain any recommendations, the OIG considers management's actions taken during the audit to be responsive to the issue identified in the report. We plan to initiate a nationwide review of workhours related to CFS operations in FY 2011.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions, or need additional information, please contact Robert Mitchell, director, Sales and Service, or me at 703-248-2100.

E-Signed by Darrell E. Benjamin, Jr.   
VERIFY authenticity with ApproveIt

Darrell E. Benjamin, Jr.  
Deputy Assistant Inspector General  
for Revenue and Systems

Attachment

cc: Dean J. Granholm  
Jo Ann Feindt  
Corporate Audit and Response Management

<sup>3</sup> Handbook EL-912, Article 8, Section 6.

<sup>4</sup> Unrecoverable costs that are unnecessary, unreasonable, or an alleged violation of laws or regulations.

<sup>5</sup> Recoverable costs that are unnecessary, unreasonable, or an alleged violation of laws or regulations.

## APPENDIX A: ADDITIONAL INFORMATION

### BACKGROUND

[REDACTED]

[REDACTED]

### OBJECTIVE, SCOPE, AND METHODOLOGY

Our objective was to determine whether there was an operational reason for the Bedford Park CFS unit's Saturday shift to end at 12:30 a.m. Sunday. Our scope included FYs 2008 through 2010 Bedford Park CFS unit Function 4 premium workhours.

To accomplish our objective, we:

- Reviewed applicable policies and procedures relating to CFS unit operations and Sunday premium payment.
- Visited the Bedford Park CFS unit located in the Great Lakes Area, Central Illinois District, to conduct observations and interview managers, supervisors, and employees to obtain information on CFS operations.
- Analyzed mail volume, workhour trends, and year-to-date CFS unit performance data for FYs 2008 through 2010.

We conducted this performance audit from June through August 2010 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 officials on August 13, 2010, and included their comments where appropriate.

We relied on data obtained from the Time and Attendance Collection System (TACS). We did not directly audit the TACS, but relied on a prior OIG audit of the TACS which

reported that TACS has sufficient application controls in place to ensure automated clock rings entered into the application were accurately accepted and processed.<sup>6</sup>

### **PRIOR AUDIT COVERAGE**

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

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<sup>6</sup> *Application Control Review of the Time and Attendance Collection System* (Report Number IS-AR-08-014, dated August 14, 2008).

**APPENDIX B: DETAILED ANALYSIS**

there is no operational reason for the Bedford Park CFS unit's Saturday shift to end at 12:30 a.m. Sunday.

The Bedford Park CFS unit's Tour III operations began on Saturday at 4 p.m. and ended Sunday at 12:30 a.m. Although employees only work 30 minutes into Sunday, they receive an additional 25 percent of the base hourly rate for all hours worked during the tour. As shown in Table 1, the Postal Service incurred a total of 16,131 premium hours and \$98,728 in premium pay for FYs 2008 through 2010 at the Bedford Park CFS unit.

**Table 1: Premium Hours and Pay, FYs 2008-2010**

Fiscal Year	FY 2008	FY 2009	FY 2010 YTD <sup>7</sup>	Total
Total Sunday Premium Hours	6,785	5,988	3,358	16,131
Total Sunday Premium Pay	\$40,035	\$37,496	\$21,198	\$98,728

The CFS unit's last mail transportation truck is scheduled to arrive at the unit on Saturdays at 8:45 p.m. However, unit management stated that there is normally very little or no CFS mail. Using the year-to-date (YTD) mail logs through June 5, 2010, we calculated that over the first 32 Saturdays of FY 2010 the unit received an average of 196 tubs of mail<sup>8</sup> before 8 p.m., but only 29 tubs of mail<sup>9</sup> after 8 p.m. Additionally, our analysis of mail volume trends for FYs 2008 through 2010 YTD shows a decline in CFS mail volume at the Bedford Park CFS unit (see Table 2).

**Table 2: Mail Volume Trends and Plan, FYs 2008-2010**

Fiscal Year	FY 2008	FY 2009	FY 2010 YTD
Total Mail Processing Volume	7,777,682	6,787,565	3,889,869
Plan Volume	7,323,718	5,636,112	4,413,844
Variance (Actual To Plan)	453,964	1,151,453	(523,975)

Since there is an insufficient amount of CFS mail after 8 p.m., employees will either take voluntary leave or remain idle for the remainder of the shift. For example, during FYs 2008 and 2009, employees took a total of 2,200 hours of annual leave (AL) and 1,608 hours of leave without pay (LWOP) on Saturdays. During FY 2010 employees have

<sup>7</sup> Through June 5, 2010.

<sup>8</sup> 6,278 tubs over 32 Saturdays.

<sup>9</sup> 921 tubs over 32 Saturdays.

taken approximately 500 hours of AL and 368 hours of LWOP on Saturdays as of May 21, 2010.

**APPENDIX C: MONETARY IMPACT**

**Monetary Impact**

<b>Finding Impact</b>	<b>Category</b>	<b>Amount</b>
Sunday premium workhours	Unrecoverable Questioned Costs	\$77,531
	Recoverable Questioned Costs	\$77,531
<b>TOTAL</b>		<b>\$155,062</b>