

Supervisor Timecard Administration

AUDIT REPORT

Report Number 22-128-R23 | February 16, 2023



Table of Contents

Cover

Highlights	1
Background	1
What We Did	1
What We Found	1
Recommendations	1

Transmittal Letter	2
---------------------------------	---

Results	3
----------------------	---

Introduction/Objective.....	3
Background	3
Finding #1: Supervisor Workhour Records.....	4
Supervisor Extra Time Worked	4
Supervisor Timecard Adjustments.....	4
Recommendation #1	5
Management's Comments	5
Evaluation of Management's Comments.....	6

Appendices	7
-------------------------	---

Appendix A: Additional Information.....	8
Scope and Methodology	8
Prior Audit Coverage	9
Appendix B: Summary of Interview Responses.....	10
Appendix C: Management's Comments	11

Contact Information	12
----------------------------------	----

Highlights

Background

The Time and Attendance Collection System (TACS) is the primary application for collection of Postal Service employee time and attendance data. As of September 2021, the Postal Service had 653,167 employees, including more than 17,000 supervisors, who were compensated based on time entered in TACS. Supervisors are generally categorized as special exempt employees according to the Fair Labor Standards Act. Special exempt employees do not receive overtime but are eligible for extra straight time pay for extra hours worked.

What We Did

Our objective was to determine whether supervisors' workhours were accurately recorded and to determine whether supervisors performed timekeeping duties in accordance with policy. For this audit, we statistically sampled 213 supervisor timecard adjustments that occurred between April 1, 2021, and March 31, 2022. We also conducted site visits to 10 judgmentally selected facilities and interviewed 72 supervisors.

What We Found

Opportunities exist for the Postal Service to improve the accuracy of supervisors' recorded workhours. We found issues with incomplete documentation for timecard adjustments and supervisors who worked extra time that was not recorded in TACS. Specifically, managers did not always properly document adjustments made to supervisor timecards. Also, while most supervisors stated they had recorded all their hours, 43 percent of the supervisors we interviewed stated that they worked extra time that they had not recorded.

Recommendations

We recommended management reiterate proper timekeeping procedures to management and emphasize the requirement for all supervisors to adhere to their work schedules and record all hours including extra hours worked.

Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

February 16, 2023

MEMORANDUM FOR: DR. JOSHUA D. COLIN
CHIEF RETAIL & DELIVERY OFFICER &
EXECUTIVE VICE PRESIDENT

ISAAC S. CRONKHITE
CHIEF PROCESSING & DISTRIBUTION OFFICER &
EXECUTIVE VICE PRESIDENT

KELLY R. ABNEY
CHIEF LOGISTICS OFFICER & EXECUTIVE VICE PRESIDENT

A handwritten signature in black ink, reading "Alan S. MacMullin", is positioned below the list of recipients.

FROM: Alan S. MacMullin
Deputy Assistant Inspector General
for Finance, Pricing & Human Capital

SUBJECT: Audit Report – Supervisor Timecard Administration
(Report Number 22-128-R23)

This report presents the results of our audit of Supervisor Timecard Administration.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Lazerick Poland, Director, Human Capital Management, 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 Supervisor Timecard Administration (Project Number 22-128). Our objective was to determine whether supervisors' workhours were accurately recorded and to determine whether supervisors performed timekeeping duties in accordance with policy. See [Appendix A](#) for additional information about this audit.

Background

The Time and Attendance Collection System (TACS) was deployed in 2003. TACS is the primary application the Postal Service uses for collection of employee time and attendance data. As of September 2021, the Postal Service had 653,167 employees, including more than 17,000 supervisors, who were compensated based on time entered in TACS. The Postal Service pays about \$2.15 billion in salaries and benefits every two weeks, and its payroll process relies on the timely and accurate recording of hours for each employee. Therefore, it is critical that hours entered in TACS accurately reflect the employees' time worked.

“The Postal Service pays about \$2.15 billion in salaries and benefits every two weeks, and its payroll process relies on the timely and accurate recording of hours for each employee.”

The Fair Labor Standards Act (FLSA) states that employees shall receive overtime pay that is at least one and one-half times their regular rates of pay for more than 40 hours worked in a week. Some employees are exempt from FLSA provisions and do not receive overtime pay. The Postal Service divides exempt employees into two types, including regular exempt and special exempt. Regular exempt employees – which include employees who occupy administrative, executive, or professional positions – do not receive overtime pay or any additional

compensation for working more than 40 hours in a week. Special exempt employees receive extra straight time pay¹ for authorized work hours that are more than 8.5 hours on a scheduled day or any time on a non-scheduled day.

Most frontline supervisory positions in the Postal Service are classified as special exempt. Craft employees that are temporarily acting in frontline supervisor positions are non-exempt employees and are eligible for overtime pay. The Postal Service recorded 3.6 million hours of extra straight time between January and June 2022, as compared to 3.4 million hours during the same period last year.

Special exempt employees are required to either record their clock rings, or time entries, electronically by using a Hyper Electronic Badge Reader (HEBR), mechanically using a time clock, or manually written on a timecard. There are four types of clock rings employees generally have each day, which include Begin Tour, Out to Lunch, In from Lunch, and End Tour.

Postal Service management shares a responsibility to ensure an employee's time is recorded timely and accurately in TACS. Manager and supervisor responsibilities generally include identifying and correcting clock ring errors daily, ensuring employees clock in and out according to their work schedules, and maintaining appropriate supporting documentation. Timecard adjustments must be entered in TACS using the clock ring editor function. With this function, clock rings may be added, changed, or deleted to ensure employees have the correct combination of work and leave hours based on their schedules.

When manually adding or deleting clock rings, the transaction and supporting documentation must be completed in TACS. Postal Service (PS) Form 1260, *Non-Electronic Badge Reader Card*, and the PS Form 1017-A, *Time Disallowance Record*, are supporting documentation for timecard adjustments. The PS Form 1260 documents manually added clock rings and contains certain attributes such as the date of the clock ring, time of the clock ring, and comments about the transaction. The PS Form 1017-A documents disallowance of time, which occurs when a supervisor or manager deletes, adds, or changes a clock ring

¹ Extra straight time pay is additional compensation an employee receives at the employees' basic pay rate for all hours worked greater than 8.5 hours in a day or anytime on a non-scheduled day.

in TACS to reduce an employee’s work hours. The PS Form 1017-A contains certain attributes such as the supervisor’s initials, a reason code, and remarks. PS Forms 1260 and 1017-A are generated electronically in TACS.

Finding #1: Supervisor Workhour Records

Opportunities exist for the Postal Service to improve the accuracy of supervisors’ recorded workhours. We found issues with supervisors not recording extra time worked and incomplete documentation for timecard adjustments. Specifically, while most supervisors stated they had recorded all their hours, 43 percent of the supervisors we interviewed stated that they worked extra time that they had not recorded.

Supervisor Extra Time Worked

Supervisors stated they did not always accurately record the hours they worked. We interviewed a judgmental sample of 72 supervisors, including acting supervisors, and found that 31 (43 percent) reported working extra time that was not recorded in TACS. Also, 34 (47 percent) of the 72 supervisors stated that there were circumstances where they were required to work through their lunch breaks. See [Appendix B](#) for a summary of interview responses.

This occurred because supervisors did not always follow procedures to record their extra hours by either using the time clock or a PS Form 1260. For example, some supervisors felt compelled to work extra hours due to their workload or unexpected issues, as noted in the following:

- Ten supervisors cited reasons related to their perception of management’s expectations and possible consequences of working more hours than expected. Eight supervisors indicated management had instructed them to limit their extra straight time, while two supervisors stated that they were afraid management would not allow the extra time or that they may take some action against them because of the extra hours.
- Although supervisors had a full lunch period recorded in their clock rings, they stated they sometimes continued working through portions of their break to keep up with their workload and address operational issues that arose.
- Four supervisors cited various other reasons, including trying to learn the job, believing it was expected that supervisors would not be compensated for all extra hours, and

understanding that it was not necessary to record extra hours because they would be made up for on another workday.

Generally, work not requested but permitted to be performed must be compensated. According to Postal Service policy, special exempt supervisors are eligible for additional straight time pay if they are permitted to work more than 8.5 hours on a scheduled day or anytime on a non-scheduled day. All employees who receive premium pay, including additional straight time, are required to swipe the time clock or have supportive PS Forms 1260.

Supervisor Timecard Adjustments

We identified 10,711 adjustments, totaling \$588,038, that were made to supervisor timecards nationwide between April 2021 and March 2022. The adjustments consisted of additions, changes, and deletions of all four types of clock rings. We reviewed a statistical sample of 213 of the 10,711 timecard adjustments and identified 75 categorized as time disallowance in TACS. Although the adjustments were generally properly documented on electronic PS Forms 1260, the adjustments were not always documented on PS Forms 1017-A as required. Specifically, we found 60 (80 percent) of the 75 disallowed timecard adjustments in our sample were not properly documented (see Table 1).

Table 1. Missing and Incomplete PS Forms 1017-A

Error Description	Count	Percentage
Time Disallowance Adjustment Did Not Appear on PS Form 1017-A	13	17%
Missing Supervisor Initials, Date Employee Notified, Code, and Remarks Fields	13	17%
Missing Date Employee Notified, Code, and Remarks Fields	24	32%
Missing Code, and Remarks Fields	2	3%
Missing Supervisor Initials Field	8	11%
Total	60	

Source: U.S. Postal Service Office of Inspector General (OIG) analysis of electronic PS Forms 1017-A.

According to policy², when a supervisor observes, or otherwise has knowledge that an employee did not work while “on the clock,” the supervisor may disallow any such time that the employee recorded. Whenever work time is disallowed, a PS Form 1017-A, must be completed and retained for three years. However, for the disallowed time we sampled, electronic PS Forms 1017-A were not completed because of insufficient management and system controls. For example, the Postal Service designed a TACS report showing unresolved PS Forms 1017-A that includes a signature line. However, there is no formal requirement for facility management to review that report and sign off, certifying that all PS Forms 1017-A have been completed, and TACS does not generate alerts to notify management that unresolved PS Forms 1017-A need to be completed. In addition, TACS accounting officials stated that in some cases TACS may incorrectly classify a timecard adjustment as a time disallowance and generate a PS Form 1017-A when no time was disallowed.

It is important that timecard adjustments are supported and have the proper management oversight to ensure that they are appropriate, and that Postal Service supervisors and other employees are accurately paid. In addition, the Postal Service could potentially face fines and penalties for violations of the FLSA and be subject to enforcement action by the Department of Labor.

In response to recommendations made in a related prior OIG audit report³, management stated they would develop and communicate a formal process for supervisors and managers to perform periodic reviews of disallowed timecard documentation. Management also stated they would improve PS Form 1017-A completion rates by implementing system enhancements to automatically prompt supervisors to complete forms, better differentiate between true disallowed time and clock ring corrections and improve reporting/monitoring of incomplete PS Forms 1017-A. Postal Service management plans to communicate the formal process and implement the enhancements by September 2023. As a result, we will not be making any further recommendations on this issue at this time.

“It is critical that supervisors adhere to their schedules and follow procedures to record all hours, including extra hours worked.”

It is critical that supervisors adhere to their schedules and follow procedures to record all hours, including extra hours worked. If supervisors do not accurately record the hours they work, they may not be properly paid, which could affect employee morale and performance. In addition, the Postal Service may incur substantial costs related to legal actions and/or overtime grievances if it does not properly pay employees. Further, if supervisors are working more hours than recorded, management would not be able to make an accurate assessment of the resources needed to run their operations and the productivity of those operations.

Recommendation #1

We recommend the **Chief Retail and Delivery Officer**, in conjunction with the **Chief Processing & Distribution Officer** and **Chief Logistics Officer**, reiterate proper timekeeping procedures to management and emphasize the requirement for all supervisors to adhere to their work schedules and record all hours including extra hours worked.

Management's Comments

Management agreed with the recommendation presented in this report. In a subsequent electronic communication, management also agreed to the finding.

Regarding recommendation 1, management stated they will reiterate proper timekeeping procedures and emphasize the requirement for supervisors to adhere to their work schedules and record all hours, including extra hours. The target implementation date is July 31, 2023.

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

² Postal Service Handbook F-401, *Supervisor's Guide to Scheduling and Premium Pay*, dated August 2000.

³ Report number 22-079-R22, *Timecard Administration Follow-up*, dated September 27, 2022.

Evaluation of Management's Comments

The OIG considers management's comments responsive to the recommendation in the report and their planned actions should resolve the issues identified in the report.

All recommendations require OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. Recommendation 1 should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendation can be closed.

Appendices

Appendix A: Additional Information	8
Scope and Methodology	8
Prior Audit Coverage	9
Appendix B: Summary of Interview Responses	10
Appendix C: Management's Comments	11

Appendix A: Additional Information

Scope and Methodology

The scope of our audit included supervisor timekeeping and extra straight time records from April 2021 through September 2022. We assessed whether supervisors accurately recorded the time that they worked and whether adjustments to supervisor timecards were properly documented. We did not assess the activities supervisors conducted while working or whether they conducted them efficiently and effectively.

To achieve a 95 percent confidence level, we selected a statistical stratified sample of 213 of a universe of 10,711 supervisor timecard adjustments that occurred between April 1, 2021, and March 31, 2022. We stratified the sample by area and region.

We conducted interviews during site visits at 10 judgmentally selected mail processing and customer service facilities nationwide. We selected six of the 10 facilities based on the volume of supervisor timecard adjustments that occurred at each site between October 1, 2019, and March 31, 2022. We selected the remaining four sites based on analysis of trends in extra straight time used between January and June 2022. The analysis consisted of comparing extra straight time used during that period to the same period last year and comparing that to trends during the same periods in other related metrics, including overtime, volume, and Executive and Administrative Schedule⁴ complement. During the site visits, we conducted interviews with 17 managers and 50 supervisors in the distribution operations, maintenance, transportation, and customer service functions.

We conducted virtual interviews with an additional 22 supervisors, including five acting supervisors. Each of those supervisors were customer service supervisors located at 16 facilities with carrier operations. We selected those 22 supervisors based on analysis of TACS data for supervisor end tours by finance number. The analysis consisted of identifying at each finance number the last supervisor and the last carrier to end their tour, comparing those two end tours, and identifying cases where the last supervisor ended their tour prior to the last carrier. We selected 17 supervisors who had the highest average

amount of time between their end tour and the last carrier's end tour during the month of July 2022, and we selected five who had the highest amount of time during the month of September 2022. See [Appendix B](#) for a summary of key interview responses.

To accomplish our objective, we:

- Reviewed Postal Service policies and procedures relevant to supervisors' timecard administration.
- Reviewed and analyzed 213 sample supervisor timecard adjustments to determine whether they had been properly documented.
- Interviewed Postal Service installation heads, managers, and supervisors during site visits to determine causes for issues identified based on our review of supervisors' timecard adjustments.
- Coordinated with the OIG Office of investigations to search investigative data to identify investigations related to supervisor time and attendance issues and the outcome of those investigations, if applicable.
- Coordinated with the OIG Office of General Counsel to conduct a legal case search to determine if any lawsuits or other formal complaints were filed by any Postal Service supervisor regarding disallowed time and accuracy of timecards.

We conducted this performance audit from April through February 2023 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 January 13, 2023 and included their comments where appropriate.

⁴ The Executive and Administrative Schedule is a salary structure that applies to most managerial and administrative employees.

We assessed the reliability of TACS timecard adjustment data by tracing a sample of 213 supervisor timecard adjustments to the corresponding TACS Employee Everything reports. We determined that the data were sufficiently reliable for the purposes of this report.

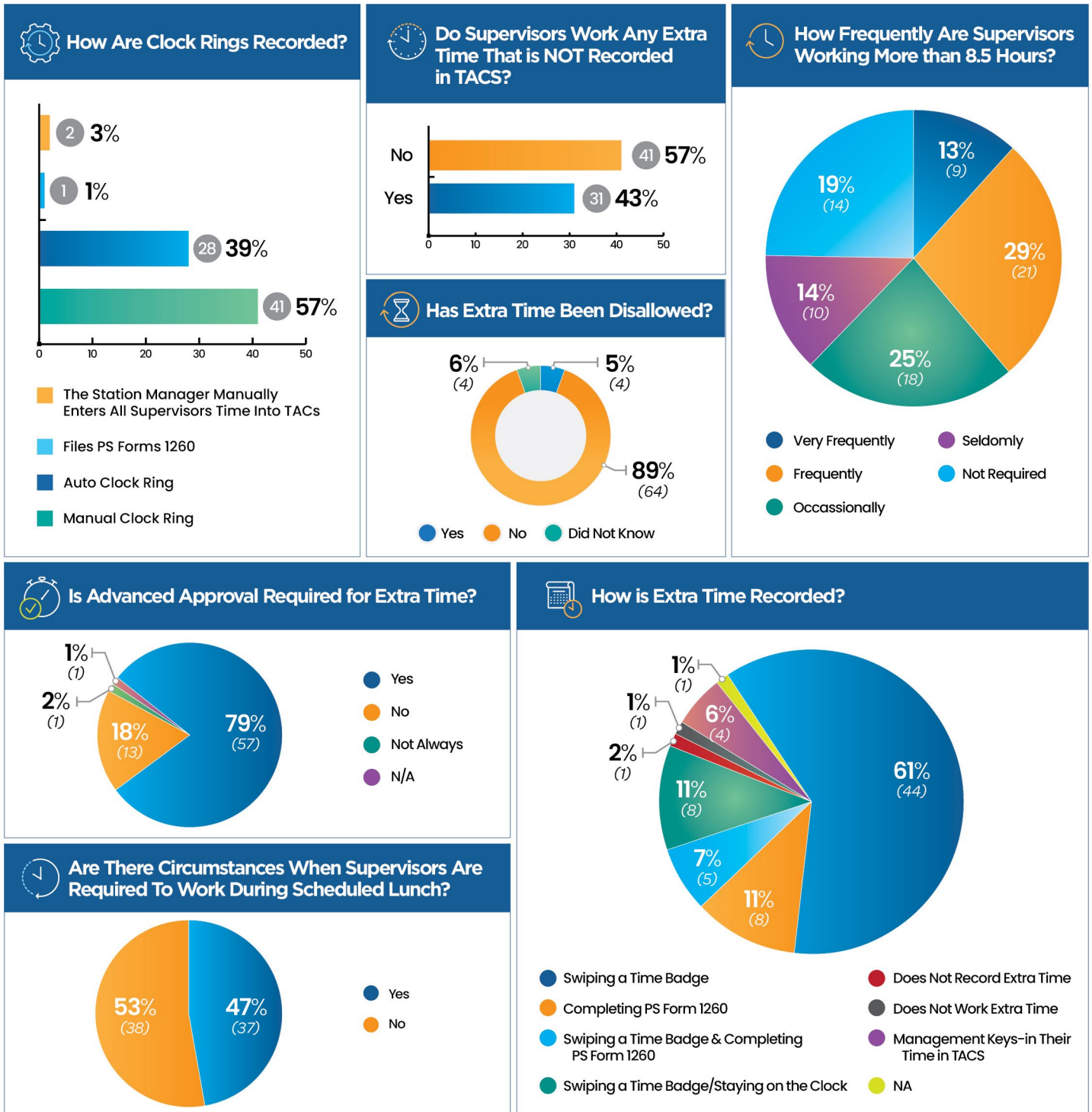
Prior Audit Coverage

Report Title	Objective	Report Number	Final Report Date	Monetary Impact (in millions)
<i>Timecard Administration Follow-up</i>	To evaluate whether corrective actions the Postal Service took in response to recommendations in our December 2020 Timecard Administration report sufficiently addressed the issues identified.	22-079-R22	9/27/2022	\$1.6 million
<i>Timecard Administration</i>	Assess whether timecard adjustments were made in accordance with Postal Service policy and to assess enhancements to the timecard system.	20-180-R21	12/9/2020	None
<i>Timecard Adjustment at Facilities in the Greater Boston District</i>	Assess whether timecard adjustments were conducted in accordance with Postal Service policy.	HR-AR-18-007	8/1/2018	\$20,345

Appendix B: Summary of Interview Responses

We interviewed a limited judgmental sample of supervisors via both in-person and virtually. A summary of interview responses from 72 supervisors – including supervisors for distribution operations, maintenance operations, transportation operations, and customer service operations – is shown in Figure 1.

Figure 1. Supervisor Interview Responses



Appendix C: Management's Comments



February 7, 2023

JOHN CIHOTA
DIRECTOR, AUDIT SERVICES

SUBJECT: Management Response: Draft Report – Supervisor Timecard Administration
(Project Number 22-128)

Thank you for providing the Postal Service with an opportunity to review and comment on the finding and recommendation contained in the draft audit report, *Supervisor Timecard Administration*.

Recommendation [1]:

We recommend the **Chief Retail and Delivery Officer**, in conjunction with the **Chief Processing & Distribution Officer** and **Chief Logistics Officer**, reiterate proper timekeeping procedures to management and emphasize the requirement for all supervisors to adhere to their work schedules and record all hours including extra hours worked.

Management Response/Action Plan:

Management agrees with the recommendation. Management will reiterate proper timekeeping procedures to management with an emphasis on the requirement for all supervisors to adhere to their work schedules and record all hours including extra hours worked.

Target Implementation Date:

07/31/2023

Responsible Officials:

Chief Retail and Delivery Officer, Chief Processing & Distribution Officer, and Chief Logistics Officer

E-SIGNED by Joshua.D Colin
on 2023-02-07 06:31:55 CST

Joshua D. Colin, Ph.D.
Chief Retail & Delivery Officer
and Executive VP

E-SIGNED by Isaac.S Cronkhite
on 2023-02-07 07:06:05 CST

Isaac S. Cronkhite
Chief Processing & Distribution
Officer and Executive VP

E-SIGNED by KELLY.R ABNEY
on 2023-02-07 08:55:26 CST

Kelly Abney
Chief Logistics Officer
and Executive VP

cc: Manager, Corporate Audit Response Management

475 L'ENFANT PLAZA SW
WASHINGTON DC 20260-5657
WWW.USPS.COM

OFFICE OF INSPECTOR GENERAL

UNITED STATES



Contact us via our [Hotline](#) and [FOIA](#) forms. Follow us on social networks. Stay informed.

1735 North Lynn Street, Arlington, VA 22209-2020
(703) 248-2100

For media inquiries, please email press@uspsig.gov
or call (703) 248-2100