

Postal Service Management of Overtime Hours

AUDIT REPORT

Report Number 25-069-R25 | September 30, 2025



OVERTIME

PAYROLL

SALARY

Time	End Time	Regular Hours
8:00	8:00	8
18:00	16:00	16
7	7	7

WEEKLY TIME SHEET

Tue 6/11	Wed 6/12	Thu 6/13	Fri 6/14	Sat 6/15
8.00	8.00	8.00	8.00	8.00
18.00	16.00	16.00	16.00	18.00
7	7	7	7	7

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Highlights

Background

The Postal Service designates overtime hours as any workhours an employee has worked in excess of a standard workday and/or workweek. The Postal Service generally categorizes overtime hours as either regular overtime or penalty overtime. Regular overtime is paid at time and a half to eligible employees, while penalty-overtime is paid to eligible employees at double the employee's hourly rate under specific conditions spelled out in collective bargaining agreements. Facility management is required to manage overtime hours efficiently, as overtime hours represent a significant cost for the organization. During fiscal years (FY) 2021 through 2024, the Postal Service paid \$24.3 billion in total overtime costs.

What We Did

Our objective was to evaluate the Postal Service's management of overtime hours and assess whether the corrective actions taken in response to prior overtime audits sufficiently addressed the issues identified. For this audit, we analyzed nationwide overtime data and compared actual overtime to planned overtime hours during FY 2021 through FY 2024. We reviewed overtime hours of 20 judgmentally selected facilities and held interviews with headquarters, district/division, and local officials to gain an understanding of the overtime documentation process including unauthorized overtime.

What We Found

Overtime hours have declined from 172.9 million in 2021 to 117.8 million in 2024. Even with this decline, opportunities continue to exist to improve the management of unauthorized overtime in the Time and Attendance Collection System (TACS) and further reduce overtime hours. Specifically, facility management did not always properly identify, categorize, and document regular and penalty overtime transactions in TACS by the end of the pay week, as required. Additionally, although total overtime hours declined by more than 30 percent from 2021 to 2024, the Postal Service used 5.7 million overtime hours, or 5 percent more than originally planned, in FY 2024.

Recommendations and Management's Comments

We recommended management create and implement a plan to automate the oversight and review process of missing 091 transactions and completion of Postal Service Form 1017-B. Management agreed with the recommendation, and the U.S. Postal Service Office of Inspector General (OIG) considers management's comments responsive as corrective actions should resolve the issues identified in the report. Postal Service management's comments and our evaluation are at the end of each finding. See [Appendix D](#) for management's comments in their entirety.

Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

September 30, 2025

MEMORANDUM FOR:

ISAAC CRONKHITE
CHIEF PROCESSING & DISTRIBUTION OFFICER & EXECUTIVE
VICE PRESIDENT

ELVIN MERCADO
CHIEF RETAIL & DELIVERY OFFICER & EXECUTIVE VICE
PRESIDENT

RONNIE JARRIEL
CHIEF LOGISTICS & INFRASTRUCTURE OFFICER & EXECUTIVE
VICE PRESIDENT

CARA GREENE
VICE PRESIDENT, CONTROLLER

A handwritten signature in black ink, reading "Kelly Thresher", is positioned above the "FROM:" field.

FROM:

Kelly Thresher
Deputy Assistant Inspector General for Finance,
Pricing, and Human Capital Management

SUBJECT:

Audit Report – Postal Service Management of Overtime
(Report Number 25-069-R25)

This report presents the results of our audit of Postal Service Management of Overtime Hours.

All recommendations require U.S. Postal Service Office of Inspector General (OIG) concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. The recommendation 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.

We appreciate the cooperation and courtesy 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.

Attachments

cc: Postmaster General
Corporate Audit Response Management

Results

Introduction/Objective

This report presents the results of our self-initiated audit of the Postal Service Management of Overtime Hours (Project Number 25-069). Our objective was to evaluate the Postal Service's management of overtime hours and assess whether the corrective actions taken in response to prior overtime audits sufficiently addressed the issues identified. See [Appendix A](#) for additional information about this audit.

Background

The Postal Service designates workhours as all the hours spent performing required duties, on-the-job training, or on standby. Overtime hours are any workhours an employee has worked in excess of a standard workday and/or workweek. The Postal Service generally categorizes overtime hours as regular overtime or penalty overtime. Under the Fair Labor Standards Act (FLSA), non-exempt employees¹ are generally entitled to regular overtime after working 40 hours in a week.

Eligible Postal Service employees are entitled to regular overtime when they work more than eight paid hours a day, or 40 paid hours a week. Regular overtime is paid at time and a half to non-exempt employees, while penalty overtime is paid at double an employee's hourly rate under specific conditions spelled out in collective bargaining agreements (see Figure 1).

Only certain craft employees are eligible to receive penalty overtime:

- City Carriers/City Carrier Assistants
- Clerks/Postal Support Employees
- Data Center Employees
- Mail Equipment Shops/Material Distribution Center Employees

Figure 1. Penalty Overtime Eligibility

Full-Time Regular	<ul style="list-style-type: none">• Over 10 paid hours on a regularly scheduled day• Over eight paid hours on a non-scheduled day• Over eight paid hours on the fifth scheduled day in a week if the employee worked overtime on all four previous scheduled days• All hours on a second non-scheduled day in a week if employee previously worked over eight hours on the first non-scheduled day
Part-Time Regular and Flexible	<ul style="list-style-type: none">• Over 10 paid hours in a service day• Over 56 paid service hours in a service week

Source: Handbook F-401, *Supervisor's Guide to Scheduling and Premium Pay*.

Facility management is responsible for managing workhours, including overtime hours, efficiently. Facility management can use the Time and Attendance Collection System (TACS) to manually assign and monitor overtime. Facility management is also responsible for ensuring that all hours — including unauthorized hours that were not approved in advance — are properly documented before the end of the weekly closeout (close of a pay week) so that the pay accurately reflects the number of hours worked by an employee at the end of a pay period. Postal Service non-exempt employees must be paid for all overtime work they perform, even if that time was not authorized. Supervisors are responsible for

“Postal Service non-exempt employees must be paid for all overtime work they perform, even if that time was not authorized.”

¹ A non-exempt employee is an employee who serves in a position that is covered by the overtime provisions of the Fair Labor Standards Act.

ensuring that employees are properly compensated. It is also the supervisor's responsibility to minimize the use of unauthorized regular and penalty overtime hours.

Overtime Authorization Process

Employees must get approval from management before working overtime. Facility management at retail and delivery locations use Postal Service (PS) Form 3996, *Carrier – Auxiliary Control*, to monitor all carrier overtime requests during morning operations. Facility management will approve or deny the request based on the workload. If approved, the overtime hours are later entered into TACS and denoted with a 091 transaction code to show the overtime was authorized. If any overtime hours are missing a 091 code, supervisors must go into the system and categorize the hours as authorized or unauthorized. Unauthorized overtime occurs when an employee works additional hours without prior approval from a supervisor. When hours are categorized as unauthorized in TACS, the

“Employees rely on it as a vital part of their income, especially in high-cost areas.”

system generates an electronic PS Form 1017-B, which supervisors are required to fill out in TACS to document the unauthorized overtime.

In our prior audit,² we found that opportunities exist for the Postal Service to improve overtime management and reduce

unauthorized penalty overtime hours. In response to our recommendations, Postal Service management issued a memorandum reiterating that it is critical that leadership accurately reflect all penalty overtime workhours as 091 transactions in TACS, and resolve any items on the Missing 091 Transaction Report prior to the close of a pay week. The memorandum also noted that leadership must separate authorized

overtime hours from unauthorized overtime hours by using Postal Service (PS) Form 1017-B.

Overtime Workhours

Regular overtime and penalty overtime are sometimes necessary to address day-to-day Postal Service operational requirements. However, facility management is required to manage overtime hours efficiently, as overtime hours represent a significant cost for the organization. According to the Postal Service's Delivering for America (DFA) plan, Postal Service management expected to capture workhour reductions associated with mail volume declines.

Management views overtime as a tool to meet operational demands, while many employees rely on it as a vital part of their income, especially in high-cost areas. In some instances, the Postal Service may choose to rely on overtime, instead of hiring additional pre-career employees. Although increasing pre-career employees, who often work flexible schedules, could reduce overtime, it may present other challenges. After 24 months, pre-career employees must be converted to career status per contractual agreement. These conversions can become costly if mail volume continues to decline, since career employees are guaranteed 40 hours per week.

The Postal Service reported to the Postal Regulatory Commission, the Postal Service's regulator, that mail and package volume declined from about 128.8 billion pieces in fiscal (FY) 2021 to about 112.5 billion pieces (or a decline of 13 percent) in FY 2024. During the same period, the Postal Service reduced total overtime hours by 55.1 million hours (or 32 percent). In FY 2024 alone, the total number of overtime hours decreased by about 12.7 million hours (or 10 percent) when compared to FY 2023 (see [Figure 2](#) and [Appendix B](#) for additional trends in overtime hours and cost).

² *Penalty Overtime*, Report Number 23-065-R23, September 27, 2023.

Figure 2. Total Overtime Changes FY 2022 to FY 2024



Source: eFlash, National Payroll Summary Report and OIG analysis.

Overtime Workhours Costs

Between FY 2021 and FY 2024, the total annual overtime costs decreased from approximately \$6.9 billion to approximately \$5.2 billion (or 25 percent) (see Table 1).

Table 1. Total Overtime Costs FY 2021 Through FY 2024

Fiscal Year	Regular Overtime	Penalty Overtime	Total Overtime
2021	\$5,647,961,493	\$1,251,344,204	\$6,899,305,697
2022	\$5,422,582,968	\$1,075,893,437	\$6,498,476,405
2023	\$4,948,524,564	\$798,392,936	\$5,746,917,500
2024	\$4,569,428,266	\$602,548,821	\$5,171,977,087

Source: National Payroll Summary Report and OIG analysis

The Postal Service uses three National Performance Assessment (NPA) indicators to hold management accountable for how well it manages overtime. The indicators are Employee Availability, Employee Retention, and Grievance Index. They are weighted independently and allow field employees to see the direct impact of each of these indicators on their scorecard. When facilities score high in these indicators, overtime will be minimized.

“Between FY 2021 and FY 2024, the total annual overtime costs decreased from approximately \$6.9 billion to approximately \$5.2 billion (or 25 percent).”

Finding #1: Properly Authorizing Overtime Hours

Though the Postal Service has made significant reductions in overtime hours, management's corrective actions in response to our prior audit were not always sufficient to fully realize planned savings. Specifically, we found facility management did not always properly identify or categorize overtime hours on the Missing 091 Transaction Report, nor did they

properly document their actions on PS Form 1017-B to minimize unauthorized overtime use.

We reviewed the Missing 091 Transaction Reports of 20 judgmentally selected facilities and found facility management did not always properly identify and categorize about 1.5 of 2.9 million (53 percent) overtime hours during FY 2024, as authorized or unauthorized hours (see Table 2).

Table 2. Missing 091 Transactions for Overtime During FY 2024

Office Name	Total Overtime Hours	Hours Missing 091 Transactions	Percentage
Springfield NDC ³	239,004	220,773	92%
Denver, CO, P&DC ⁴	265,290	198,141	75%
Kansas City, MO, P&DC	249,520	184,037	74%
St. Louis, MO, P&DC	241,643	62,452	26%
Harrisburg, PA, P&DC	121,418	30,536	25%
Chicago International Service Center (INTL SVC)	137,271	22,373	16%
BOS-Chelsea Carrier Annex	156,798	129,634	83%
Woburn, MA, S&DC ⁵	138,808	86,042	62%
Pasco, WA, S&DC ⁶	178,356	29,225	16%
SFC-Napoleon ST Annex	122,810	37,354	30%
Palo Alto, CA, S&DC	90,382	5,419	6%
Boston, MA, P&DC	190,514	154,222	81%
Morgan, NY, P&DC	255,686	199,100	78%
Log-Atlanta, GA, LPC ⁷	82,355	58,051	70%
Log-Philadelphia, PA, P&DC	85,418	32,656	38%
Log-Brooklyn P&DC	71,000	2,173	3%
Golden, CO, S&DC	68,580	30,916	45%
Rochester PO	76,779	40,814	53%
Col-Main Office	42,376	10,765	25%
Topeka, KS, S&DC	79,953	3,643	5%
Total	2,893,961	1,538,326	53%

Source: eFlash, TACS, and OIG analysis.

³ Network Distribution Center (NDC) is a highly mechanized USPS facility that handles mail processing and distribution, particularly for standard and package services.

⁴ Processing and Distribution Center (P&DC) is a facility that processes and distributes mail for a specific geographic area.

⁵ Sorting and Delivery Centers (S&DC) are larger delivery units with package sorting machines.

⁶ The numbers presented for Pasco, WA, S&DC are for Delivery and Customer Service.

⁷ Local Processing Center (LPC) is a facility that handles destinating letter and flat sortation operations for specific 3-digit ZIP Codes within a region.

- Additionally, we reviewed unauthorized overtime hours for FY 2024 on the PS Form 1017-B and determined 6,254 of 10,805 entries (58 percent) did not include the date the employee was notified or any details in the remarks section to explain why the hours were unauthorized (see [Appendix C](#)). During the same period, we identified multiple employees who repeatedly worked unauthorized overtime at the 20 facilities we reviewed. Specifically, 138 of 584 (24 percent) employees had over 10 instances of unauthorized time. For example, an employee from one of the 20 sites reviewed had worked unauthorized overtime at least 106 times.

Supervisor Timekeeping Standard Operating Procedures recommends supervisors manually run the “Missing 091 Transaction Report” in TACS to identify which employees worked more than their authorized hours and verify whether the overtime hours were approved or not. Supervisors should ensure that they update TACS by categorizing overtime hours listed on the Missing 091 Transaction Report prior to closing a pay week. According to Postal Service guidelines, every instance of authorized overtime an employee has worked should have a corresponding 091 transaction code within TACS by the close of each pay week. Supervisors are also required to complete PS Form 1017-B in TACS to document their discussion with employees working unauthorized hours. The PS Form 1017-B helps promote accountability to the employee and provides supporting documentation for corrective action when employees work unauthorized hours.

These conditions continued to occur because there was no oversight to ensure supervisors addressed missing 091 transactions and verified the completeness of PS Form 1017-B. Facility management did not enforce compliance or emphasize the importance of approving overtime

“Facility management stated supervisors are consistently dealing with day-to-day operational tasks, which can overshadow administrative duties.”

in accordance with policy; therefore, supervisors did not prioritize categorizing missing 091 transactions and properly completing required forms. Facility management stated supervisors are consistently dealing with day-to-day operational tasks, which can overshadow administrative duties. Furthermore, reviewing missing 091 transactions is a manual process and facility management does not have tools to assist with the review process and provide oversight — such as automated alerts, push reports, and mobile reports.

When facility managers do not ensure that overtime hours are categorized with a 091-transaction code, they are unaware if the hours were accurately authorized or not. Further, when unauthorized overtime is not documented on a PS Form 1017-B, there is a higher risk that management will be unable to track and monitor employees’ actual unauthorized time and hold employees accountable for continued use of unauthorized overtime. As a result of the 1.4 million regular overtime hours and 176,200 penalty overtime hours worked without a 091-transaction code, we identified unsupported questioned costs of about \$60.3 million for regular overtime, and \$10 million for penalty overtime.

Recommendation #1

We recommend the **Vice President, Controller**, create and implement a plan to automate the oversight and review process of missing 091 transactions and completion of Postal Service Form 1017-B before the pay week closes.

Postal Service Response

Management agreed with this finding and recommendation but disagreed with the monetary impact.

Regarding the recommendation, management stated that it will enhance TACS to add a pop-up message notifying users of missing 091 actions, and it will develop a report to be sent out regarding missing 091 transactions. The target implementation date for this recommendation is June 30, 2026.

Regarding the monetary impact, management stated that approving overtime in TACS does not indicate whether it was justified based on workload or operational needs. Management further stated that in most cases overtime is approved based on workload and operational needs, but there are gaps in the documentation of that approval.

OIG Evaluation

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

Regarding the monetary impact, we did not base our calculation on the assumption that all overtime hours that were missing 091 transactions in TACS were unjustified. Rather, we questioned the costs related to those overtime hours because of the absence of documented management approval in the form of 091 transactions in TACS, as required by policy. Without this documentation, management cannot definitively quantify how many overtime hours were justified or unnecessary.

Finding #2: Planned and Actual Overtime Hours

The Postal Service’s effort to right size the workforce to match the mail and package volume decline — combined with the streamlining and modernization of mail and package processing, transportation, and retail and delivery networks — helped reduce overtime hours and costs. Although there has been a consistent downward trend in actual overtime

hours and costs since FY 2021, opportunities exist for the Postal Service to further reduce overtime hours (see [Appendix B](#)). From FY 2021 through FY 2024, the Postal Service reduced total overtime hours from 172.9 million to 117.8 million; however in FY 2024 it used 5.7 million overtime hours — or 5 percent — more than originally planned, as shown in Table 3.

Table 3. Planned and Actual Total Overtime Used - FY 2021 to FY 2024

Fiscal Year	Planned Hours	Actual Hours	Hours Above (Below) Plan	Percentage of Hours Above (Below) Plan
2021	121,091,027	172,938,677	51,847,650	43%
2022	159,519,175	157,459,883	(2,059,292)	(1%)
2023	130,580,539	130,492,135	(88,404)	(0.1%)
2024	112,106,684	117,831,338	5,724,654	5%
Total	523,297,425	578,722,033	55,424,608	11%

Source: eFlash and Payroll Summary Report.

The reports submitted by the Postal Service to the Postal Regulatory Commission show that Postal Service mail and package volume declined from about 128.8 billion pieces in FY 2021 to about 112.5 billion pieces (13 percent) in FY 2024. The Postal Service’s DFA plan indicates that Postal Service

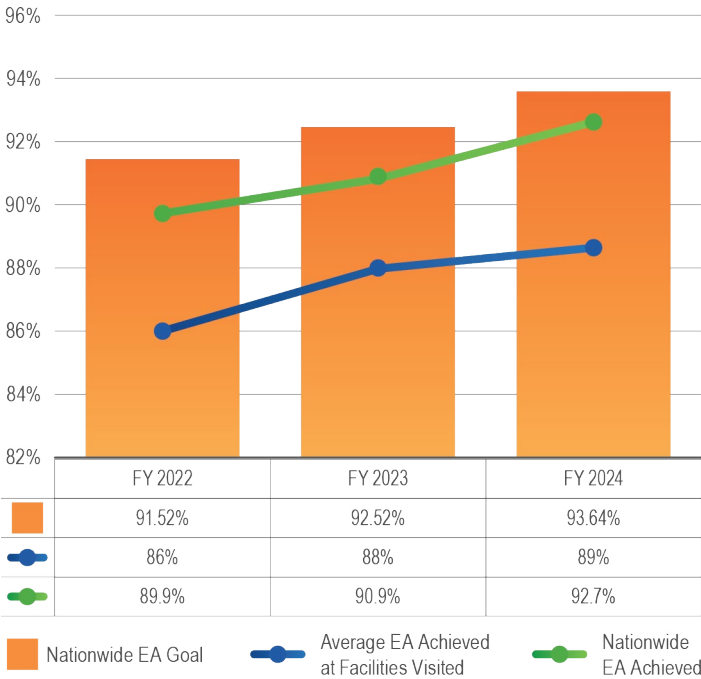
management, it develops workhour plans for each operational function that comprises its workforce as part of its annual budgeting process. Additionally, management is responsible for minimizing the use of premium pay hours. It is also responsible for establishing internal controls, which should result in effective and efficient operations to produce the intended result from the operational process, such as delivering mail.

The use of additional overtime hours was caused, in part, by a lack of employee availability and fluctuations in package volume at certain postal facilities. Specifically, when employees do not show up for work, the available workforce is expected to absorb the workload, requiring them to work an increased amount of overtime for an extended period. In FYs 2022, 2023, and 2024, the Postal Service fell short of meeting its nationwide employee availability goals. Additionally, all four facilities we visited did not meet their employee availability goals in FY 2022 through FY 2024 (see [Figure 3](#)).

“The use of additional overtime hours was caused, in part, by a lack of employee availability and fluctuations in package volume at certain postal facilities.”

management is expected to capture workhour reductions, including overtime, due to mail volume declines. However, from FY 2021 through FY 2024, the Postal Service exceeded its total planned overtime by 55.4 million hours. While it exceeded its overtime plan for FYs 2021 and 2024, it was below plan for FYs 2022 and 2023.

Figure 3. Actual Employee Availability Compared to the Goals - FY 2022 Through FY 2024



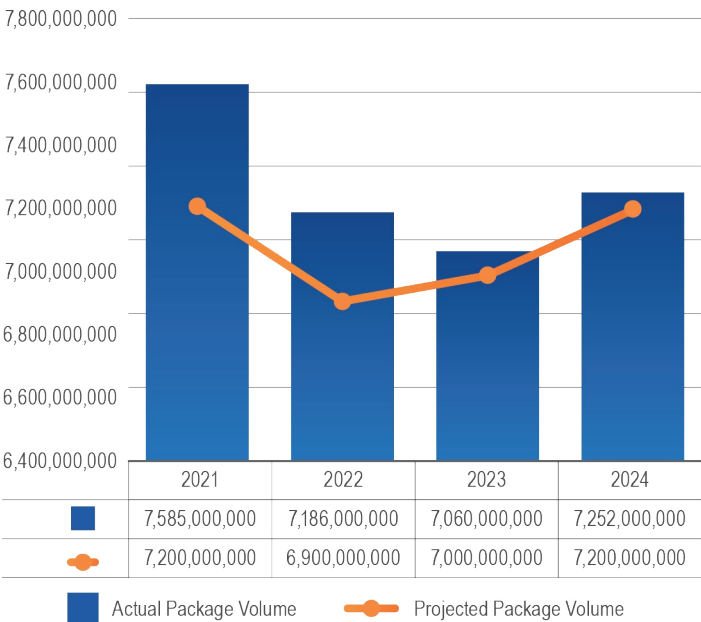
Source: National Performance Assessment Database and OIG analysis.

When workforce planning efforts fail to ensure the organization has the right employees, in the right places, at the right times, there is an increased risk the Postal Service will have to use unexpected overtime, not allowing it to maximize overtime reductions and the associated cost savings. Additionally, there is a risk the Postal Service will not realize its broader cost reduction efforts in support of its goal of financial stability.

In addition, some of the facilities we visited reported experiencing higher than expected package volume in FY 2024, which contributed to them relying on overtime and exceeding their overtime plan. For example, the Pasco S&DC was one of the earliest S&DCs to open and handled some of the highest package volume in the nation. However, nationwide the Postal Service improved its package volume projections during our scope. Specifically, during FYs 2023 and 2024, the Postal Service's projections differed from their actual package volume by less than one percent (see Figure 4).

8 Employee Availability, Report No. 23-174-R24, August 29, 2024.

Figure 4. Projected and Actual Package Volume Pieces - FY 2021 Through FY 2024



Source: Integrated Financial Plan, U.S Postal Regulatory Commission Form IO-K, and OIG analysis.

This demonstrates effective planning in developing projections. If this trend continues, package volume fluctuations should have a lesser impact on the Postal Service’s ability to meet overtime plans going forward. In addition, the OIG recently issued a report that included several recommendations addressing employee availability.⁸ When implemented, those recommendations should address the issues identified. Therefore, we are not making any recommendations in relation to this finding.

Postal Service Response

Management disagreed with this finding.

Management pointed out that it sets overtime plans prior to the start of the fiscal year, but that the actual overtime hours needed may change significantly as conditions change over the year. As a result, management stated that comparing planned overtime to actual overtime is not an adequate measure to determine if a particular facility used an appropriate amount of overtime. Management stated that it has comprehensive

processes to monitor overtime utilizations.

OIG Evaluation

Regarding management's disagreement with this finding, the OIG acknowledges that changing conditions throughout the year could result in the need for more overtime than planned and that Postal Service management has various mechanisms to monitor overtime use. However, notable variances from planned overtime may suggest that there are opportunities to improve the processes for monitoring overtime use. In addition, overtime plan variances may suggest opportunities to more effectively manage issues that contribute to overtime use, such as employee availability. As our report points out, the Postal Service fell short of meeting its nationwide employee availability goals over the scope of our audit.

Looking Forward

While the Postal Service was unable to meet their overtime reduction plan during FY 2024, it was able to reduce actual overtime hours by 10 percent, despite an increase in package volume. However, during the first two quarters of FY 2025, the Postal Service exceeded overtime plans by 9.3 percent, while package volume declined 3.4 percent during the same period. If future overtime reductions do not occur or are less than projected, the Postal Service will need to consider new approaches to capture workhour savings or run the risk of its actual overtime reductions stagnating.

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Appendix A: Additional Information

Scope and Methodology

The scope of our audit included an assessment of the Postal Service's management of overtime hours during FY 2021 through FY 2024; particularly, we reviewed Postal Service policies and procedures surrounding regular and penalty overtime hours to determine if regular and penalty overtime were effectively managed. We also reviewed and analyzed nationwide actual overtime hours and costs to determine if the Postal Service was consistent with overtime hours strategic planning.

We judgmentally selected 20 facilities by operational functions based on their total overtime hour plan variances and ranked them by percentage of overtime to total hours. The selected operational functions included Mail Processing, Delivery Service, Maintenance/Logistics, Customer Services/Sales. We also conducted audit work at four Postal Service facilities: Pasco S&DC; Kansas City, MO, P&DC; LOG-Philadelphia P&DC; and BOS-Chelsea Carrier Annex.

To accomplish our objectives, we:

- Reviewed applicable policies and procedures related to overtime and penalty overtime.
- Analyzed overtime trends during FY 2021 through FY 2024.
- Calculated the variance between actual and planned overtime hours.
- Analyzed nationwide employee availability data during FY 2022 through FY 2024.
- Analyzed nationwide package volume data during FY 2021 through FY 2024.
- Performed a trend analysis of the FY 2024 Missing 091 Transaction Reports and PS Forms 1017-B of 20 judgmentally selected facilities.
- Interviewed applicable headquarters management regarding the overtime budget planning process.
- Interviewed applicable senior function directors.
- Interviewed senior district/division directors assigned to the four facilities we visited.
- Interviewed management and supervisors at the four judgmentally selected facilities to determine what factors contributed to the overtime plan variance.
- Interviewed facility management and supervisors at the four judgmentally selected sites to identify underlying causes for not categorizing missing 091 transactions or completing PS 1017-B.

We conducted this performance audit from March through September 2025 in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. We discussed our observations and conclusions with management on September 3, 2025, and included its comments where appropriate.

In planning and conducting the audit, we obtained an understanding of the monitoring, management, and documentation of overtime hours, including regular and penalty overtime hours, to help determine the nature, timing, and extent of our audit procedures. We reviewed the management controls for overseeing the program and mitigating associated risks. Additionally, we assessed the internal control components and underlying principles, and we determined that the following five components were significant to our audit objective: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring.

We developed audit work to ensure that we assessed these controls. Based on the work performed, we identified internal control deficiencies related to risk

assessment, control environment, control activities, and monitoring that were significant within the context of our objective. Our recommendations, if implemented, should correct the weaknesses we identified.

We assessed the reliability of overtime hours, cost, and mail volume data by reviewing existing

information and documentation contained within Postal Service’s systems; performing testing related to the completeness, reasonableness, accuracy, and validity of the data; and interviewing Postal Service officials knowledgeable about the data. 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
Assessment of Overtime Activity	To assess Postal Service controls over managing overtime.	20-209-R20	August 25, 2020	\$667,098,942
Penalty Overtime	To assess the Postal Service’s management of penalty overtime.	23-065-R23	September 27, 2023	\$140,856,063

Appendix B: Overtime Hours and Costs Trend Analyses

Table 4. Total Overtime Changes FY 2021 to FY 2024

	FY 2022 Change From Prior Year	FY 2023 Change from Prior Year	FY 2024 Change From Prior Year	Total Change
Overtime	(11,248,583)	(20,872,407)	(9,525,949)	(41,646,939)
Penalty Overtime	(4,230,211)	(6,095,341)	(3,134,848)	(13,460,400)
Total Hours	(15,478,794)	(26,967,748)	(12,660,797)	(55,107,339)
Overtime Cost	(225,378,525)	(474,058,404)	(379,096,298)	(1,078,533,227)
Penalty Overtime Cost	(175,450,767)	(277,500,501)	(195,844,115)	(648,795,383)
Total Cost	(\$400,829,292)	(\$751,558,905)	(\$574,940,413)	(\$1,727,328,610)

Source: eFlash, National Payroll Summary Report, and OIG analysis.

Table 5. Planned and Actual Regular Overtime Change by Function

October 1, 2024, Through March 31, 2025

	Planned Overtime Hours	Actual Overtime Hours	Hours Above (Below) Plan	Percentage of Hours Above (Below) Plan	Annual Average Hourly Regular Overtime Cost	Cost Above (Below) Plan
Mail Processing	7,776,785	11,492,937	3,716,152	48%	\$42.03	\$156,201,017
Delivery Service	39,818,053	37,678,593	(2,139,460)	(5%)	\$44.65	\$(95,531,168)
Maintenance & Logistics	4,408,689	4,740,942	332,253	8%	\$50.71	\$16,847,885
Customer Services & Sales	5,640,989	6,307,607	666,618	12%	\$54.22	\$36,140,695
Other Functions	899,442	992,336	92,894	10%	\$45.14	\$4,193,142
Total	58,543,958	61,212,415	2,668,457	5%	\$44.16	\$117,851,571

Source: eFlash and Payroll Summary Report.

Table 6. Planned and Actual Penalty Overtime Change by Function

October 1, 2024, Through March 31, 2025

	Planned Overtime Hours	Actual Overtime Hours	Hours Above (Below) Plan	Percentage of Hours Above (Below) Plan	Annual Average Hourly Penalty Overtime Cost	Cost Above (Below) Plan
Mail Processing	281,136	733,462	452,326	161%	\$54.19	\$24,511,546
Delivery Service	1,938,359	4,370,163	2,431,804	125%	\$56.19	\$136,635,771
Maintenance & Logistics	330,185	426,165	95,980	29%	\$61.56	\$5,908,625
Customer Services & Sales	380,746	437,509	56,763	15%	\$71.64	\$4,066,274
Other Functions	-	25,304	25,304	-	\$58.15	\$1,471,478
Total	2,930,426	5,992,603	3,062,177	104%	\$56.36	\$172,593,695

Source: eFlash and Payroll Summary Report.

Appendix C: Missing PS Form 1017-B Analyses

We reviewed the electronically stored PS Form 1017-B for FY 2024 documented by 20 facilities. We determined 6,254 of 10,805 entries (58 percent)

included neither the date the employee was notified, nor details in the remarks section of the form, as required.

Table 7. PS Form 1017-B Missing Employee Notification Dates and Remarks

Office Name	Number of PS Form 1017-B Entries	Number of Entries Missing the Employee Notification Date and Remarks	Percentage of Entries Missing Employee Notification Date & Remarks
Denver, CO, P&DC	476	229	48%
Saint Louis, MO, P&DC	76	16	21%
Kansas City, MO, P&DC	73	6	8%
Harrisburg, PA, P&DC	29	2	7%
Chicago INTL SVC	3,117	127	4%
Springfield NDC	0	0	0%
Palo Alto, CA, S&DC	96	69	72%
SFC-Napoleon ST Annex	180	124	69%
Woburn, MA, S&DC	1,227	776	63%
Pasco, WA, S&DC	204	10	5%
BOS-Chelsea Carrier Annex	98	2	2%
Morgan, NY, P&DC	1	1	100%
Log-Atlanta, GA, LPC	1	1	100%
Boston, MA, P&DC	50	48	96%
Log-Brooklyn, NY, P&DC	251	1	0.4%
Log-Philadelphia, PA, P&DC	41	0	0%
Topeka, KS, S&DC	4,805	4,768	99%
Golden, CO, S&DC	67	63	94%
Col-Main Office	13	11	85%
Rochester Post Office	0	0	0%
Total	10,805	6,254	58%

Source: TACS and OIG analysis.

Appendix D: Management's Comments



September 18, 2025

LAURA LOZON
DIRECTOR, AUDIT SERVICES

SUBJECT: Management Response: Postal Service Management of Overtime
Hours (25-069-DRAFT)

Thank you for providing the Postal Service with an opportunity to review and comment on the findings and recommendations contained in the draft audit report, *Postal Service Management of Overtime Hours*.

Monetary Impact:

Management disagrees with the alleged monetary impact. Approving or not approving overtime in TACS does not indicate if it was justified based on workload or operational needs at the time. The vast majority of the time, overtime is approved based on the workload and operational needs but there are gaps in the administrative documentation of that approval. Approving overtime in TACS is an administrative function and we agree we need to close the gap on that process and intend to do so with the implementation of the actions outlined in Recommendation 1.

Finding #1: Properly Authorizing Overtime Hours

Though the Postal Service has made significant reductions in overtime hours, management's corrective actions in response to our prior audit were not always sufficient to fully realize planned savings. Specifically, we found facility management did not always properly identify or categorize overtime hours on the Missing 091 Transaction Report, nor did they properly document their actions on PS Form 1017-B to minimize unauthorized overtime use.

Management agrees with the finding.

Finding #2: Planned and Actual Overtime Hours

Management disagrees with the finding.

Planned workhours hours and overtime hours are set in the Integrated Financial Plan prior to the start of the fiscal year. As volumes, strategies and conditions change over the year, the actual overtime hours needed may change significantly. Therefore, planned overtime vs actual overtime is not an adequate measure to identify if a particular site is using an appropriate amount of overtime. Management has comprehensive processes to monitor overtime utilization to ensure it is aligned with operational workload, complement and strategic objectives.

The following are our comments on the recommendations:

Recommendation 1:

We recommend the **Vice President, Controller**, create and implement a plan to automate the oversight and review process of missing 091 transactions and completion of Postal Service Form 1017-B before the pay week closes.

Management Response/Action Plan:

Management agrees with this recommendation. TACS will be enhanced to add a pop-up message notifying there are missing 091 actions. A report will be developed to be sent to notify of TACS missing 091 transactions.

Target Implementation Date: 06/30/2026

Responsible Official:

Executive Manager HQ Payroll
Executive Manager Field Accounting

E-SIGNED by ISAAC.S CRONKHITE
on 2025-09-18 12:00:47 EDT

ISAAC CRONKHITE
CHIEF PROCESSING & DISTRIBUTION OFFICER &
EXECUTIVE VICE PRESIDENT

E-SIGNED by ELVIN MERCADO
on 2025-09-18 11:29:31 EDT

ELVIN MERCADO
CHIEF RETAIL & DELIVERY OFFICER &
EXECUTIVE VICE PRESIDENT

E-SIGNED by RONNIE.J JARRIEL
on 2025-09-18 11:43:46 EDT

RONNIE JARRIEL
CHIEF LOGISTICS & INFRASTRUCTURE OFFICER &
EXECUTIVE VICE PRESIDENT

E-SIGNED by CARA.M GREENE
on 2025-09-18 11:47:34 EDT

CARA GREENE
VICE PRESIDENT, CONTROLLER

cc: Corporate Audit & Response Management

OFFICE OF INSPECTOR GENERAL

UNITED STATES POSTAL SERVICE



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