

# Grievance Management

## AUDIT REPORT

Report Number 25-068-R26 | January 15, 2026



## GRIEVANCE PROCEDURES



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# Highlights

## Background

The U.S. Postal Service paid out more than \$866 million in resolution of almost 3.5 million grievance payments from fiscal years (FY) 2022–2024. Grievances are typically complaints lodged by individual employees or unions about the implementation or interpretation of collective bargaining and local agreements concerning wages, hours, and conditions of employment.

## What We Did

Our objective was to evaluate the Postal Service's management of grievances. We analyzed data from various Postal Service systems to identify trends, risk areas, and anomalies. We reviewed 25 facilities and labor relations offices in eight districts and conducted interviews with management and employees at those locations to gain an understanding of their grievance payments.

## What We Found

Although total grievance payments nationwide trended slightly downward from FYs 2022–2024, some districts and facilities incurred high payment amounts or experienced significant increases in payments. Grievance issues related to overtime and improper work assignments accounted for some of the most significant and recurring grievance payments nationwide. In addition, field management entered into binding local agreements with unions that contained escalating remedies, did not always align with current operational needs, and did not have defined end or revision dates. Lastly, management did not always maintain a standardized, centralized repository that contained local agreements and did not consistently complete all required elements of decision letters in the Grievance and Arbitration Tracking System for payments.

## Recommendations and Management's Comments

We made eight recommendations for the Postal Service to improve its management of grievances, reduce recurring grievances, clarify policy, and improve tracking. Postal Service management agreed with seven and disagreed with one. We consider management's comments responsive to recommendations 1, 2, 3, 4, 5, 7, and 8, and will pursue recommendation 6 through the audit resolution process. Management's comments and our evaluation are at the end of each finding and recommendation. See [Appendix C](#) for management's comments in their entirety.

# Transmittal Letter



OFFICE OF INSPECTOR GENERAL  
UNITED STATES POSTAL SERVICE

January 15, 2026

**MEMORANDUM FOR:** MICHAEL J. ELSTON  
VICE PRESIDENT, LABOR RELATIONS

ELVIN MERCADO  
CHIEF RETAIL AND DELIVERY OFFICER AND EXECUTIVE VICE PRESIDENT

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

A handwritten signature in black ink that reads "Kelly Thresher".

**FROM:** Kelly Thresher  
Deputy Assistant Inspector General  
for Finance, Pricing & Human Capital

**SUBJECT:** Audit Report – Grievance Management  
(Report Number 25-068-R26)

This report presents the results of our audit to evaluate the U.S. Postal Service's management of Grievance Management.

All recommendations require U.S. Postal Service Office of Inspector General's (OIG) concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. Recommendation 6 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.

Attachment

cc: Postmaster General  
Corporate Audit Response Management

# Results

## Introduction/Objective

This report presents the results of our self-initiated audit of the U.S. Postal Service's management of grievances and its impact on the organization (Project Number 25-068). Our objective was to evaluate the Postal Service's management of grievances. See [Appendix A](#) for additional information about this audit.

## Background

The Postal Service defines a grievance as a dispute, difference, or disagreement between parties, or a complaint lodged by a party regarding wages, hours, or conditions of employment. A grievance includes, but is not limited to, an employee or union complaint involving the interpretation of, application of, or compliance with a collective bargaining agreement or any local memorandum of understanding.

Monetary payments to employees are commonly used to resolve grievances. Management uses the Grievance and Arbitration Tracking System (GATS) to track grievances through the grievance process, authorize the payment of settlements, and perform research on grievances, appeals, decisions, and settlement costs.

As shown in Table 1, Postal Service employees are represented by four major unions and four other smaller bargaining units.

Grievance-arbitration processes and procedures are defined in national collective bargaining agreements and must be followed by Postal Service management, bargaining unit employees, and union

representatives. The informal grievance process (Step 1/Informal Step A)<sup>1</sup> allows employees to discuss and settle grievances with their immediate supervisor. However, if there is no resolution after these steps are taken, the union can file a formal grievance on behalf of the employee. There are various stages in the formal grievance process: Formal Step A, Step 2/B, Step 3, Step 4, and arbitration. At Steps 2/B and 3, the employee or union files an appeal to the next level of management. When an agreement cannot be reached through Step 2/B or Step 3 of the appeal process, the grievance goes to arbitration where an arbitrator resolves the grievance through a final and binding decision (see [Figure 1](#)).<sup>2</sup> Grievances can be resolved at any step during the process.

**Table 1. Unions Representing Postal Service Employees**

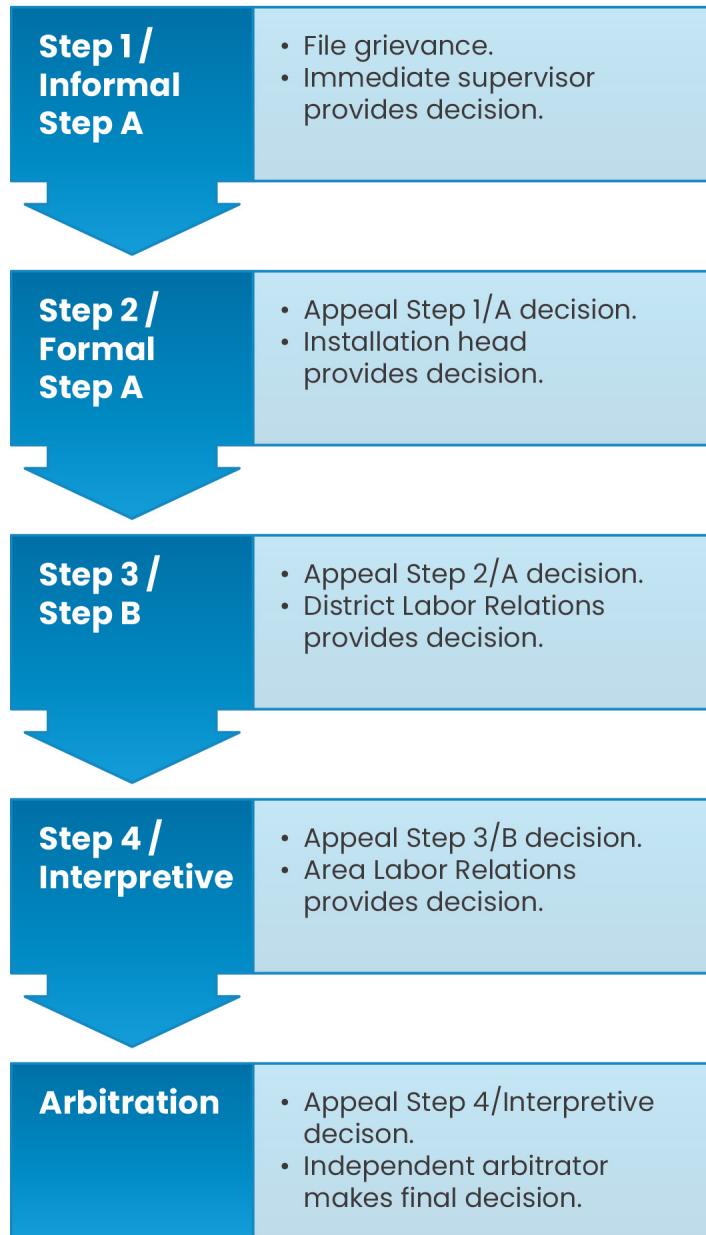
Major Unions	American Postal Workers Union (APWU) National Association of Letter Carriers (NALC) National Postal Mail Handlers Union (NPMHU) National Rural Letter Carriers' Association (NRLCA)
Smaller Bargaining Units	National Postal Professional Nurses (APWU NPPN) Information Technology/Accounting Services (APWU IT/AS) Human Resources Shared Services Center (APWU HRSSC) Postal Police Officers Association (PPOA)

Source: Postal Service Blue pages.

<sup>1</sup> The NALC's grievance process steps are titled Informal Step A, Formal Step A, Step B, Interpretive Step, while the APWU's, NPMHU's, and NRLCA's steps are titled Steps 1-4.

<sup>2</sup> *Collective Bargaining Agreement between American Postal Workers Union, AFL-CIO (American Federation of Labor-Congress of Industrial Organizations) and U.S. Postal Service*, Article 15, pgs. 87-106, September 2024; *National Association of Letter Carriers (AFL-CIO) National Agreement*, Article 15, pgs. 62-75, May 2025; *Agreement between National Postal Mail Handlers Union, A Division of the Laborers' International Union of North America, AFL-CIO and United States Postal Service*, Article 15, pgs. 83-98, September 2022.

**Figure 1. Grievance Process Flowchart**



Note: This figure is illustrative. Based on certain circumstances, the union and/or Postal Service may bypass steps 3 and 4, and directly appeal to arbitration.

Source: U.S. Postal Service Office of Inspector General (OIG) analysis of collective bargaining agreements between the Postal Service and APWU, NALC, NPMHU, and NRLCA.

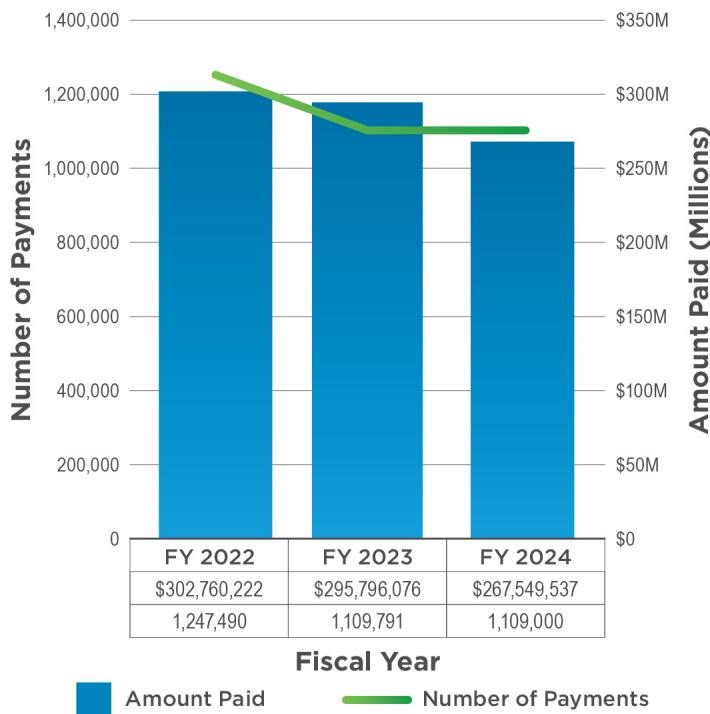
Article 30 of the national agreements between the unions and the Postal Service allows local facility management and union representatives to negotiate certain work rules<sup>3</sup> and other terms and conditions of employment to address the unique needs of their facilities. These agreements are documented in local

memorandums of understanding (LMOU), which are enforceable agreements. While LMOUs can provide flexibility, they cannot conflict with the terms of the national agreements. LMOUs can only be changed if the union and local management agree to make revisions or through national-level negotiations or arbitration. Additionally, other agreements at the local level may be negotiated on issues not covered by the LMOU, which provide facilities the flexibility to address other local practices that are not included in the work rules negotiated in the LMOU.

### Grievance Payments

The Postal Service paid over \$866 million in grievance payments from fiscal years (FY) 2022–2024.<sup>4</sup> In general, total dollars paid over these three years trended downward; however, the number of payments remained relatively steady for the same period, between about 1.1 and 1.2 million payments annually. The amounts paid peaked in FY 2022 at about \$303 million and then decreased to about \$268 million in FY 2024 (see Figure 2).

**Figure 2. Grievance Payment Activity by Fiscal Year, FYs 2022-2024**



Source: OIG analysis of GATS.

<sup>3</sup> The APWU and NALC have 22 work rules that can be negotiated, while the NPMHU has 20.

<sup>4</sup> Grievance payment data from Application System Reporting only applies to grievances paid through GATS, which has a monetary payment threshold of \$99,999. Grievance payments that exceed this amount are paid through the Accounting Service Center.

Of the four major unions, NALC representatives filed the most grievances (over 404,000) and their employees received the highest number of grievance payments (2.4 million). However, APWU employees received the most in grievance payment amounts (\$372 million), which came out to an average amount per payment of \$546<sup>5</sup> (see Table 2).

Although the average amount paid per grievance payment is below \$1,000, some employees received far more than that in grievance payouts. Nationwide, 76 employees received more than \$100,000 each in grievance payments from FYs 2022–2024, with the top 10 employees receiving total payment amounts ranging from more than \$197,000 to just over \$367,000. Of the top 10 payees, eight were carriers from facilities in Chicago, Illinois (see Table 3).

**Table 2. Average Amount per Grievance Payment by Union, FYs 2022-2024**

Union	Number of Grievances	Number of Payments	Amount Paid	Average Amount Per Payment
APWU	205,992	682,134	\$372,356,440	\$546
NRLCA	34,316	61,324	28,222,402	460
NPMHU	65,434	293,696	110,483,116	376
NALC	404,286	2,415,947	350,983,216	145
<b>Total</b>	<b>710,028</b>	<b>3,453,101</b>	<b>\$862,045,174</b>	—

Note: An additional \$4.3 million was paid (not shown in the table above) that did not have a union associated with them or where the union had a de minimis amount of payments.

Source: OIG analysis of GATS.

**Table 3. Highest Grievance Payment Amounts by Payee, FYs 2022-2024**

Payee	Facility	District	Craft	Payment Amounts
Employee 1	Chicago, IL Post Office (PO) - [REDACTED]	Illinois 1	Carrier	\$367,252
Employee 2	Chicago, IL PO - [REDACTED]	Illinois 1	Carrier	348,573
Employee 3	[REDACTED]	Louisiana	Carrier	277,534
Employee 4	Chicago, IL PO - [REDACTED]	Illinois 1	Carrier	237,343
Employee 5	[REDACTED]	Wisconsin	Clerk	228,134
Employee 6	Chicago, IL PO - [REDACTED]	Illinois 1	Carrier	227,151
Employee 7	Chicago, IL PO - [REDACTED]	Illinois 1	Carrier	224,182
Employee 8	Chicago, IL PO - [REDACTED]	Illinois 1	Carrier	210,847
Employee 9	Chicago, IL PO - [REDACTED]	Illinois 1	Carrier	204,294
Employee 10	Chicago, IL PO - [REDACTED]	Illinois 1	Carrier	197,373
<b>TOTAL</b>				<b>\$2,522,683</b>

Source: OIG analysis of GATS.

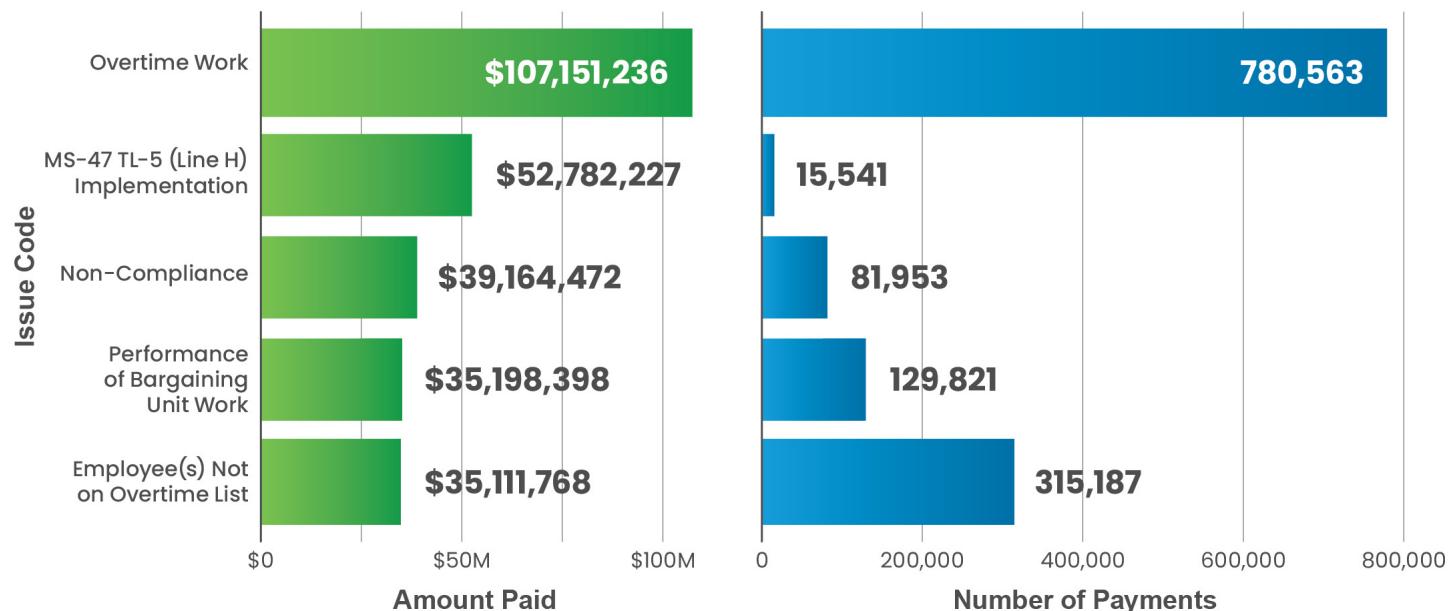
<sup>5</sup> One grievance could result in payments to multiple employees.

## Grievance Issue Codes

Management handling grievances are responsible for selecting the appropriate issue code when entering grievances into GATS. These codes are used to categorize the complaint or alleged violation of an agreement and to track and monitor grievances. However, this selection is subjective because supervisors can select any code they wish through a drill down menu. For example, a supervisor at one facility could select "Overtime Work" for an issue and another supervisor could select "Article 8 Overtime" for the exact same issue.

From FYs 2022-2024, the issue code with the highest number of grievance payments and amount paid was "Overtime Work." The second highest issue code by total amount paid was for MS-47 TL-5 (Line H),<sup>6</sup> which pertains to an agreement that stipulates custodians can receive additional compensation when certain facilities do not use 90 percent of their calculated annual custodial workhours. The third highest issue code by total amount paid was for Non-Compliance, which is generally awarded for failure to follow the terms of the national agreement or a previously settled and arbitrated grievance (see Figure 3).

**Figure 3. Highest Grievance Payment Activity by Issue Code, FYs 2022-2024**



Source: OIG analysis of GATS.

## Findings Summary

Postal Service management did not consistently manage grievances effectively. While grievances are a nationwide issue, difficulties managing them occur at the local level, as each district is responsible for overseeing its own grievance management and relies on its own methods and practices. Although nationwide grievance payments declined from FYs 2022-2024, certain districts and facilities paid out high costs or experienced sharp increases.

Significant grievance activity stemmed from issues such as overtime, cross-craft<sup>7</sup> assignments, and management performing bargaining unit work. Additionally, some local management entered into binding agreements with unions that did not have expiration or revision dates, established perpetual remedies, or included conditions that increased costs over time. Furthermore, management did not always maintain adequate documentation to support grievance payments.

<sup>6</sup> MS-47 refers to Handbook MS-47, *Facility Cleaning, Transmittal Letter 5*, which established Postal Service policy for housekeeping services at Postal facilities.

<sup>7</sup> A craft is a category of job or occupation that is represented by a specific labor union in collective bargaining. Different examples of crafts include carriers, clerks, and mail handlers. Crossing crafts refers to employees from one craft performing the duties of another craft, which is generally prohibited by union national agreements.

# Finding #1: Grievance Management Needs Improvement

Postal Service management did not always effectively manage grievances. Although grievance payments nationwide trended slightly downward from FYs 2022–2024, we identified several locations that incurred some of the highest monetary payment amounts or where grievance payments and amounts had increased. We reviewed 25 facilities and labor relations offices in eight districts where we found controls over grievance management could be strengthened. Most notably, this included management's oversight of grievances in the Illinois 1 District, overtime-related issues, and improper work assignments – which covered employees crossing crafts and management performing bargaining unit work.

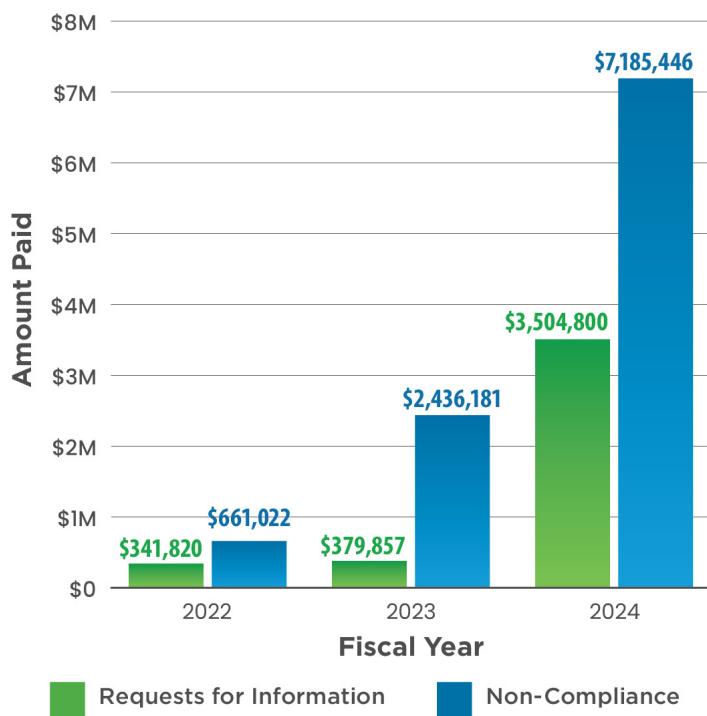
## Grievance Process Management

We identified several critical areas that incurred some of the highest monetary payment amounts or where grievance payments and amounts had increased. While we reviewed eight districts where we found control over grievance management could be strengthened, the Illinois 1 District was one of the most egregious, having made over 78,000 payments, totaling \$41.3 million from FYs 2022–2024. The amounts paid increased by \$17 million (246 percent), from about \$7 million in FY 2022 to over \$24 million in FY 2024. The top 24 facilities included Chicago post offices, stations, and branches, with grievance activity totaling more than 48,000 (61 percent) payments valued at \$31 million (75 percent).

The top two grievance categories with the highest payouts were related to 1) Non-Compliance and 2) Requests for Information (RFI). Non-Compliance grievances are generally awarded for failure to follow the terms of the national agreement or previously settled and arbitrated grievances. These grievances were commonly filed in this district when management failed to pay prior grievance payments to aggrieved employees. RFI grievances are union requests to Postal Service management for information necessary for collective bargaining and grievance processing. Payments for these

grievances are generally paid if management fails to provide the requested information to the union or does not provide the information within an agreed timeframe. Non-Compliance payments increased by 987 percent from about \$661,000 in FY 2022 to \$7.2 million in FY 2024, while RFI payments increased by 925 percent from about \$342,000 in FY 2022 to \$3.5 million in FY 2024 (see Figure 4).

**Figure 4. Non-Compliance and Requests for Information Grievance Payments, Illinois 1 District, FYs 2022-2024**



Source: OIG analysis of GATS.

Additionally, total grievance payment activity is understated in GATS. For example, an arbitration ruling<sup>8</sup> from FY 2022 requires the district to pay \$2,500 directly to the local Chicago NALC branch for each instance of non-compliance with: 1) settlement agreements, 2) cease and desist orders, and 3) Step B decisions. These payments, which are in addition to the normal grievance payments, totaled over \$10 million for FYs 2022–2024 and significantly increased by 3,057 percent, from over \$196,000 in FY 2022 to \$6.2 million in FY 2024 (see Figure 5). Due

<sup>8</sup> Case No. 4J-19N-4J-C-22103461.

to system limitations, these non-wage-related lump sum grievance payments cannot be processed through GATS and must be processed through the Postal Service's Accounting Service Center.<sup>9</sup> Since these payments are processed separately from grievance payments to individuals, they are not reflected in regular GATS payment details, and not included in the Illinois 1 District payment detail above.

**Figure 5. Direct Payments to Chicago NALC Branch, FYs 2022-2024**



Source: OIG analysis of Eagan Accounts Payable System (EAPS) data.

Illinois 1 management attributed the high grievance payments to practices by previous management of Chicago post offices, stations, and branches that failed to properly manage grievances. This mismanagement trickled down to supervisors, who consistently missed meetings with the unions and delayed monetary payments, which prompted additional grievances. This series of non-compliance ultimately escalated into an arbitration award requiring payouts for non-compliance with the grievance process. Once the award went into

effect, RFIs from the union increased by 925 percent between FYs 2022-2024, which continued to trigger instances of the \$2,500 award payouts. Additionally, some stations and branches had their own separate remedies, specific to each unit based on prior arbitration awards, where management had to pay monetary payments for each day they failed to respond to an RFI. These violations would likewise trigger the \$2,500 non-compliance payment.

Districts can successfully manage grievances more effectively if they focus extra resources and update existing practices. For example, management in the Illinois 1 District implemented several changes and reassessed existing practices to mitigate non-compliance activity and improve responsiveness to RFI deadlines. District management appointed a new postmaster in Chicago to oversee the more than 50 post offices, stations, and branches in the city, and assigned new customer service managers to the locations with the highest grievance payouts. The district also oversaw two dedicated teams — one to track all RFIs and another to work directly with union representatives — to resolve or settle Formal Step 1/A grievances before they advanced to Step 2/B. These actions significantly reduced overall grievance payments, with Non-Compliance payments decreasing 76 percent, from \$7.2 million in FY 2024 to \$1.7 million by the end of FY 2025. RFI grievances also decreased by about 88 percent, from about \$3.5 million in FY 2024 to about \$438,000 by the end of FY 2025. For additional best practices, see [Appendix B](#).

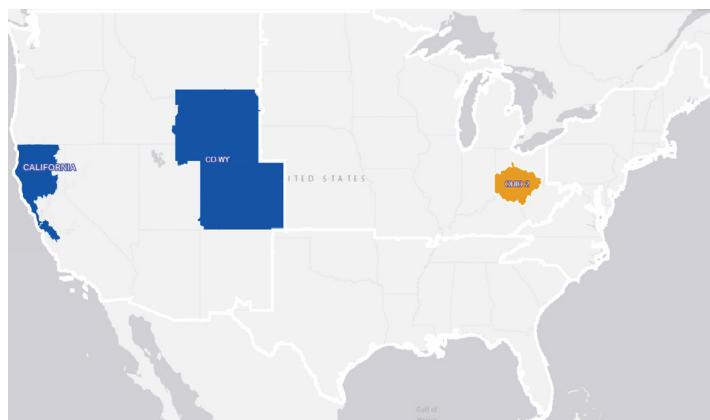
### Overtime Issues

Overtime-related<sup>10</sup> issues accounted for over \$252 million in grievance payments from FYs 2022-2024. For example, the Ohio 2 District paid out the highest overtime-related payments with \$15.2 million, the California 1 District paid about \$13 million, and the Colorado-Wyoming District paid \$12.3 million (see [Figures 6 and 7](#)).

<sup>9</sup> Management Instruction EL-430-2017-6, dated December 1, 2017.

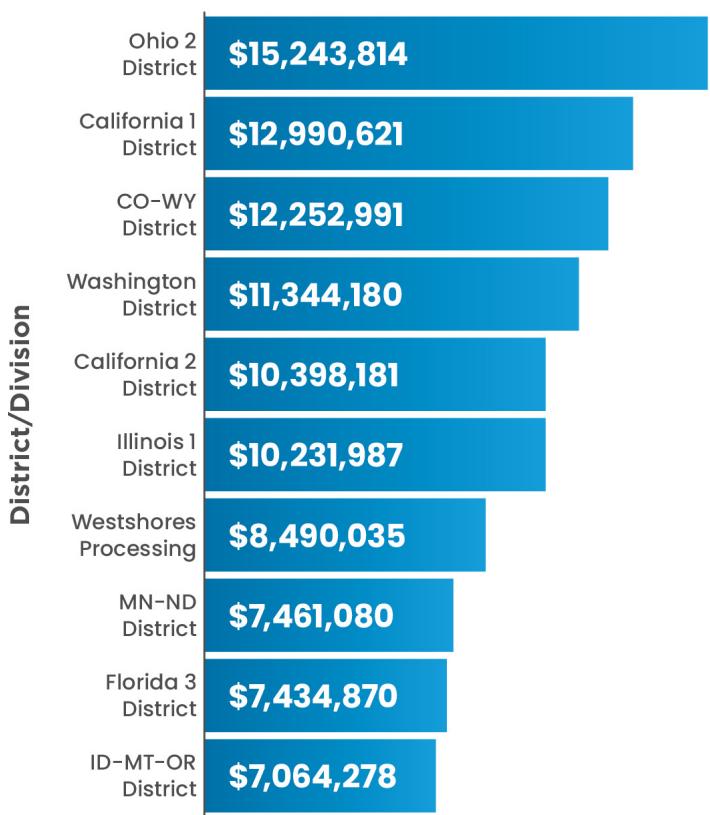
<sup>10</sup> Overtime-related issues include, but are not limited to, overtime work, hours, and assignments; equitable distribution; and the overtime desired list.

**Figure 6. Highest Overtime-Related Grievance Payments by District, FYs 2022-2024**



Source: OIG analysis of GATS.

**Figure 7. Overtime-Related Grievance Amounts Paid by District/Division, FYs 2022-2024**



Source: OIG analysis of GATS.

Postal Service policy requires management to be responsible for ensuring fair and consistent assignment of overtime for employees, as well as the use of the overtime desired lists and equitable overtime distribution, in conjunction with the union collective bargaining agreements.<sup>11</sup> Also, management in some facilities did not use the Overtime Administration (OT Admin) tool,<sup>12</sup> which is used by management to identify employees eligible for overtime, especially those on the overtime desired list to ensure a fair selection based on seniority or other criteria, depending on craft. Instead, management reported they did not use the tool because it was not required, not user friendly, not always accurate, or they preferred using manual or printed lists. In a prior OIG report, *Overtime Administration System*,<sup>13</sup> we reported OT Admin usage at selected facilities contributed to low grievance payments because it helped assign overtime in accordance with union contracts. For example, at one facility, grievance costs decreased by 94 percent and the number of grievances decreased by 93 percent over a two-year period after using the tool.

#### Improper Work Assignments

Regarding improper work assignment grievances, employees crossing crafts accounted for almost \$80 million in grievance payments nationwide from FYs 2022-2024. Unless specific circumstances exist,<sup>14</sup> employees are prohibited from crossing crafts. For example, employees from the mail handler craft, who move mail within the facility, cannot perform the duties of the clerk craft, who sort the mail. Westshores,<sup>15</sup> New England, and Pacific Northwest Processing Divisions paid out the highest total amounts of about \$5 million each. Overall, the mail handlers craft received the highest total amounts paid for cross craft grievances for the scope period (see Table 4).

<sup>11</sup> APWU-USPS National Agreement, Article 8, pgs. 24-29; NALC-USPS National Agreement, Article 8, pgs.18-24; NPMHU-USPS National Agreement, Article 8, pgs.17-22.

<sup>12</sup> A USPS web application that provides users with guidance regarding the contractually correct assignment of overtime, while providing tools to instill knowledge in the research and administration of developing case files in the event of grievance activity.

<sup>13</sup> Report Number 21-251-R22, dated April 29, 2022.

<sup>14</sup> Per union national agreements, management may establish full time schedule assignments by including work within different crafts after all available work within each separate craft by tour has been combined, and work of different crafts in the same wage level by tour has been combined.

<sup>15</sup> The Westshores Processing Division represents processing facilities within Illinois, Indiana, and Wisconsin.

**Table 4. Total Cross Craft Grievance Payments by Craft, FYs 2022-2024**

Craft	Number of Payments	Total Amount Paid
Mail Handlers	121,063	\$36,133,186
Clerks	109,882	31,068,617
Carriers	58,134	9,900,831
Maintenance	2,556	1,463,816
Rural Carriers	2,849	882,895
Motor Vehicle Service	413	143,880
Other	462	114,839
<b>TOTAL</b>	<b>295,359</b>	<b>\$79,708,064</b>

Source: OIG analysis of GATS.

Additionally, management performing bargaining unit work accounted for at least \$40 million in grievance payments from FYs 2022–2024. One of the larger issues surrounding this type of work involved management in at least 16 districts violating an MOU attached to the Postal Service’s and APWU’s national agreement by performing Time and Attendance Collection System (TACS)<sup>16</sup> entry duties. Based on the MOU, management assigned timekeeping duties in TACS to lead clerks. Postal headquarters labor relations issued a memorandum to managers and directors in July 2021 providing step-by-step instructions for lead clerks regarding their training and responsibilities. Despite the detailed guidance to management, non-compliance with the MOU has continued nationwide, resulting in continued grievance payouts. For example, at one facility reviewed in the Texas 2 District, management performed TACS duties resulting in the lead clerk receiving grievance payments. During our audit, management assigned future TACS entries to the lead clerk and provided instructions on how to perform them.

Management is required to staff positions according to the proper craft complement to avoid assigning work across crafts without contractually permitted justification. However, circumstances exist when

management may be permitted to assign employees to another craft, to include when there is insufficient work in an employee’s own assignment or an exceptional workload imbalance exists between crafts. In addition to limitations around TACS entries being performed by anyone other than lead clerks, management is prohibited from performing bargaining unit work at facilities with 100 or more bargaining unit employees, except in certain circumstances. Notably, management can only perform this work in an emergency, for training or instruction of employees, to assure proper operation of equipment, and to protect the property and safety of employees.<sup>17</sup>

According to district and facility management, overtime and cross craft grievances were partly caused by issues related to staffing. For example, some management reported persistent turnover, particularly among employees assigned to afternoon or evening shifts in facilities with 24-hour operating environments, such as processing and distribution centers. Some employees were unaware they could be assigned to any shift, resulting in resignations after placement. This led to cross-craft issues because, for example, shortages of mail handlers in some facilities led clerks to move mail or operate equipment designated for mail handlers, which increased both overtime and cross-craft grievances. A review of staffing at facilities was outside the scope of this project, so we will not be making a recommendation associated with staffing.<sup>18</sup>

However, we compared the Postal Service’s nationwide employee availability to the total grievance amounts paid for each quarter during FYs 2022–2024 to determine if there was a possible correlation between these two metrics. We determined that as employee availability decreased, the total grievance amount paid increased (see Figure 8). For example, during Quarter (Q)1 of FY 2024, the Postal Service’s employee availability was 80.9 percent, the highest of the scope period, while total grievance payments were \$47.9 million, the

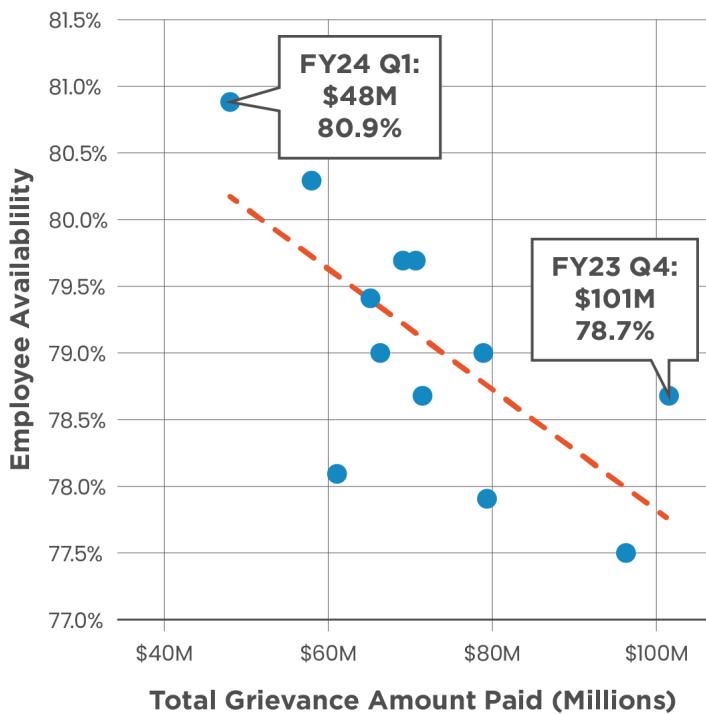
<sup>16</sup> Management uses TACS to collect time and attendance data to capture workhours employees spend on various operations.

<sup>17</sup> APWU-USPS National Agreement, Article 1.6, pg. 4; NALC-USPS National Agreement, Article 1.6, pg. 3; NPMHU-USPS National Agreement, Article 1.6, pg. 3.

<sup>18</sup> Staffing at processing facilities is assessed in Field Operations Review Team audits, available at <https://www.uspsoig.gov/reports/field-operations-reviews>.

lowest during the same period. Conversely, during Q4 of FY 2023, employee availability fell to 78.7 percent and payments rose to \$101.3 million, the highest of the period. This pattern suggests lower staffing levels may increase reliance on overtime and cross-craft work, thereby contributing to higher grievance costs.

**Figure 8. Employee Availability and Grievance Amounts Paid**



Source: OIG analysis of GATS and TACS.

In addition to staffing challenges and limited use of the OT Admin tool, local management also attributed supervisor inexperience in managing grievances and overtime. Many supervisors had less than three years of experience in the position and prioritized operational goals over labor compliance. Management in several districts also cited supervisor understaffing and turnover as a barrier to developing consistent knowledge of grievance processes, collective bargaining agreements, and union relations. We have other work reviewing new efforts aimed at creating more consistent leadership at local units through the relief supervisor initiative,<sup>19</sup>

so as mentioned above, we are not making a recommendation about staffing at this time.

Supervisors are required to complete the New Supervisor Program training course which includes a module on labor relations. The training covered grievance handling, the national agreements, and discipline procedures. However, some supervisors felt it lacked sufficient depth on complex grievance scenarios, such as interactions with union representatives and interpretation of national agreement provisions. Districts are responsible for monitoring compliance with this training.<sup>20</sup> Labor relations management in each district reviewed had their own training curriculum and relied on supervisors to complete training as schedules allowed. Some supervisors stated operational demands prevented them from attending training, and others reported completing training on personal time.

Awareness of requirements, such as lead clerks performing TACS entries, was inconsistent across districts. For example, some managers knowingly violated the agreement due to limited staff, while others were unaware it existed. Postal Service Headquarters offered various labor relations courses through its labor library and Learning Management System (LMS), with a variety of informal training on grievance-related subjects, such as arbitration, GATS, LMOU, punitive remedies, and RFI. However, headquarters management indicated many of these courses are not mandatory and attendance is not consistently tracked. There were two courses listed as active in LMS —Grievance Prevention and Article 15: Grievance-Arbitration Procedure — that had attendance data. Of the 624 management personnel at the facilities we reviewed, 569 (91 percent) did not complete Grievance Prevention and 557 (89 percent) did not complete Article 15.

The national agreement requires good faith in grievance settlements at the lowest step possible.<sup>21</sup> Because management and the unions are

19 Relief Supervisor Utilization, Project Number 25-131.

20 Headquarters Labor Relations memorandum, December 14, 2023.

21 APWU-USPS National Agreement, Article 15, Section 4, pg.97; NALC-USPS National Agreement, Article 15, Section 3, pg.67, May 2025; NPMHU-USPS National Agreement, Article 15, Section 3, pg.88; NRLCA-USPS National Agreement, Article 15, Section 4, pg. 79, 2021-2024.

encouraged to resolve disputes through mutual agreement, this process provides broad flexibility in determining appropriate remedies, especially ones that are monetary in nature. For example, neither management nor the unions had established formal monetary limits in their policies or agreements. Instead, both parties mutually agree on payment amounts and may approve any amount they both accept.

Furthermore, not all labor relations costs exist in the form of grievance payments. Management and union stewards also spend significant time researching and resolving grievances. From FYs 2022–2024, costs for steward time averaged about \$80 million annually. Because management does not track their time by specific activity, we could not quantify costs related to managing grievances. Finally, unresolved grievances may also escalate to arbitration, increasing financial exposure. During the scope period, 2,968 district-level arbitration cases resulted in more than \$166 million in grievance payments, and arbitration expenses averaged \$2.8 million annually for fees, travel, expert witnesses, and court reporting.

Without mandatory and comprehensive training on grievance management, union agreements, and the effects of grievance mishandling, local management is at a significant disadvantage in navigating labor relations. Managers and supervisors who lack a full understanding of contractual obligations and grievance procedures are more likely to make inconsistent or uninformed decisions, increasing the likelihood of contract violations and grievance escalation and may reinforce a cycle of increased grievance payments. Additionally, insufficient oversight of overtime, cross-craft issues, and management performing bargaining unit work, as well as insufficient staffing levels continue to contribute to increased grievance payments and associated costs. From FYs 2022–2024, management incurred about \$83 million in costs<sup>22</sup> involving overtime and cross craft grievance payments that were a result of violations of national agreements

with multiple unions. Given the Postal Service's current financial situation, there is a heightened importance for management to control and reduce overtime costs and grievance payouts, which ultimately impact their overall operating expenses.

#### **Recommendation #1:**

We recommend the **Vice President, Labor Relations**, provide remedial or refresher training to management handling grievances in areas of concern to include topics such as, but not limited to, knowledge of national bargaining and local agreements, grievance arbitration procedures, responding to union requests for information, and contending with challenges from union representatives.

#### **Recommendation #2:**

We recommend the **Vice President, Labor Relations**, develop a platform to share best practices identified by individual districts on grievance management and require each district to provide a plan to implement applicable best practices.

#### **Recommendation #3:**

We recommend the **Chief Retail and Delivery Officer and Executive Vice President**; and **Chief Processing and Distribution Officer and Executive Vice President**, require the use of the Overtime Administration tool at facilities with high or recurring overtime grievances, unless restricted by local agreements.

#### **Recommendation #4:**

We recommend the **Chief Retail and Delivery Officer and Executive Vice President**; and **Chief Processing and Distribution Officer and Executive Vice President**, require and reiterate training for supervisors on proper administration of overtime, including, but not limited to, overtime desired lists, equitable distribution of overtime, and craft jurisdiction rules.

<sup>22</sup> Supported questioned costs are costs the OIG believes are unnecessary, unreasonable, or an alleged violation of law, regulation, or contract.

#### **Recommendation #5:**

We recommend the **Vice President, Labor Relations**, 1) identify high or recurring grievance payment locations, 2) require applicable local management in those locations to develop and implement an improvement action plan to reduce grievances, and 3) monitor grievance progress in those locations.

#### **Postal Service Response**

Management agreed with this finding and recommendations 1, 2, 3, 4 and 5, and in subsequent correspondence agreed with the monetary impact.

Regarding recommendation 1, management stated they will provide refresher training for grievance handlers. The target implementation date is September 30, 2026.

Regarding recommendation 2, management stated they will share best practices with labor relations personnel during its Continuing Education Series Sessions. The target implementation date is March 31, 2026.

Regarding recommendation 3, management stated they will explore technological improvements in OT Admin and will continue

to encourage the use of the OT Admin tool to effectively manage overtime. The target implementation date is September 30, 2027.

Regarding recommendation 4, management stated that retail and delivery personnel will be required to take an online course titled OT Admin for National Association of Letters Carriers. Similarly, processing and distribution management will provide site specific training to top opportunity offices in conjunction with Labor Relations. The target implementation date is September 30, 2026.

Regarding recommendation 5, management stated Labor Relations will continue to identify the highest five offices/facilities in each labor relations district that incur the greatest amount of grievance activity and/or payouts, and management will proactively focus on addressing root cause problems and contract compliance in those locations. The target implementation date is September 30, 2026.

#### **OIG Evaluation**

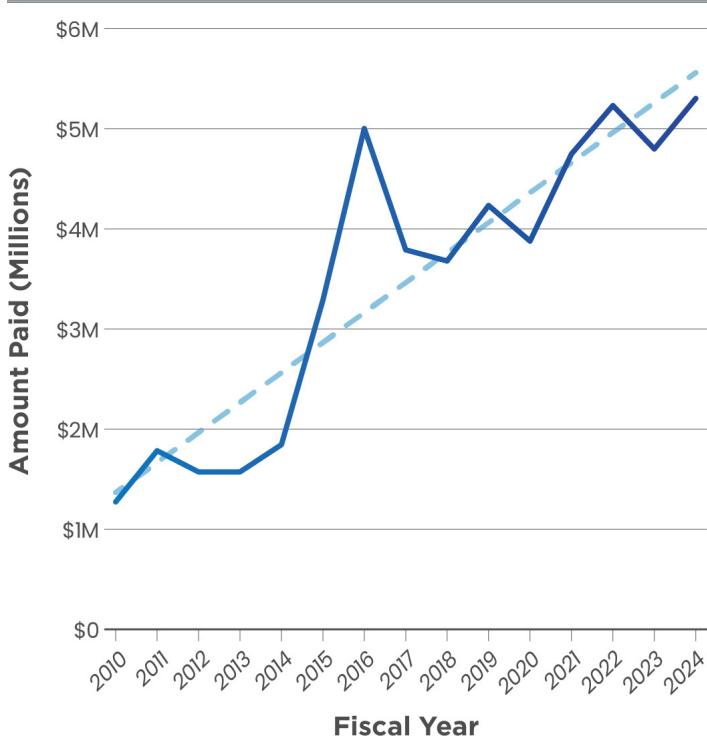
The OIG considers management's comments responsive to the recommendations and corrective actions should resolve the issues identified in the report.

## Finding #2: Oversight and Storage of Local Agreements

Field management entered into LMOUs or other binding local agreements that contained perpetual or escalating remedies and did not always align with current operational needs. For example:

- The “After 5” agreement in the Texas 2 District,<sup>23</sup> allowed payments to carriers delivering mail after 5 p.m., in addition to overtime. The agreement has remained in effect for over 30 years without revision and has expanded in scope, continuing to cost the Postal Service increased grievance payments without resolving the original issue. These payments totaled about \$15 million, which made up half of the district’s total amount paid during the scope period. As shown in Figure 9, these payments have trended upward since FY 2010,<sup>24</sup> with spikes in FY 2015 to \$3.2 million and FY 2016 to \$5 million. After some fluctuations, the amount increased further in FY 2022 to \$5.2 million, and again in FY 2024 to \$5.3 million.

**Figure 9. After 5 Payments Recorded in GATS, FYs 2010-2024**



Source: OIG analysis of GATS.

District management indicated the After 5 agreement was originally conceived after a mail carrier was attacked while delivering mail after dark. The monetary payment terms were initially to provide incentive to then-Houston District management to streamline operations so that mail carriers could complete their mail deliveries and return to their offices by 5 p.m. More recently in FYs 2023 and 2024, changes to processing operations in the district, along with the opening of a new processing facility, resulted in mail flow changes districtwide where delivery facilities received mail from the plant later than before. In response, district management created a later carrier start time of 9 a.m. at all post offices, stations, and branches in the district. This start-time virtually guaranteed full-time carriers receive the After 5 payments based on a full eight-hour workday. As of the end of FY 2025, these payments reached \$6.2 million, which was a 17 percent increase from the same period the previous year.

- As far back as 2001, the then-Corvallis, Oregon postmaster agreed to provide non-monetary remedies for each instance management did not provide the local NALC branch with a properly executed Postal Service (PS) Form 1723, *Assignment Order*, for an employee on higher-level detail. These remedies included providing an agreed-upon amount of food items such as doughnuts, bagels, and an assortment of meats and cheeses for the entire post office staff on a given day. When management and the NALC representatives agreed upon these terms in FY 2001, the quantity and variety of food items began with a set amount, which increased over time. By FY 2023, the quantity and variety of food items to be provided from a single violation had further expanded (see [Table 5](#)).

<sup>23</sup> The Texas 2 District represents the city of Houston, Texas and its outlying areas; a major metropolitan area located in southeast Texas.

<sup>24</sup> GATS payment detail was not available before FY 2007. We considered payments from FYs 2007-2009 insignificant compared to payments after FY 2009.

**Table 5. Example of Remedy Escalation,  
FY 2006 and FY 2023**

FY 2006 <sup>25</sup>	FY 2023
Four dozen assorted fresh bagels selected by the union	Seven dozen doughnuts or bagels
16 oz. of cream cheese	48 oz. of cream cheese
Assortment of no less than three 8-oz. jars of jams or jellies	Assortment of no less than six 8-oz. jars of jams or jellies
Assortment of sliced meats equal to no less than three pounds	Assortment of sliced meats equal to no less than eight pounds
No cheese requirement	Four pounds of Swiss and cheddar cheese

Source: GATS decision letters from the Idaho-Montana-Oregon District, FY 2006 and FY 2023.

- An LMOU that has been in effect for several years<sup>26</sup> between management and unions in the California 1 and California 2 Districts allowed carriers to receive grievance payments if they delivered mail to a ZIP Code outside of their assigned route. These situations would most likely occur when a carrier was unavailable and another carrier, whose regular route covered a different ZIP Code, assumed the route. Since the replacement carrier may incur overtime to deliver both routes, overtime grievances involving the overtime desired list could also apply. District management indicated this LMOU presented minimal operational concerns when first agreed to due to higher mail volume. However, with recent declining mail volumes and some ZIP Codes generating limited mail, this agreement may not reflect current operational needs.

Additionally, district management did not always maintain or update a centralized repository that contained local agreements. In the reviewed districts, management could not always provide or locate copies of LMOUs or agreements we requested. Specifically, two district labor relations offices did not have copies of the requested agreements on hand,

nor did they have a repository of LMOUs on their intranet website. Another labor relations office had an agreement repository on their local shared drive, accessible by users in that district only. This indicated there was no standard approach or consistent implementation across districts.

LMOUs include specific work rules and conditions allowed by the national agreements and are subject to contractual processes,<sup>27</sup> while separate local agreements outside these work rules and conditions have the potential to be informal or entered into by local facility management, usually at the postmaster or plant manager level, and without higher level or district review. Additionally, agreements can impose unlimited financial responsibility on one party, creating significant financial risk. Instead of accepting broad, open-ended liability, management has an obligation to negotiate clear and reasonable limits. Pay remedies should be reasonably related to any harm actually suffered by the grievant and “punitive” damages should be avoided to protect the organization’s financial integrity and to ensure settlements remain equitable.<sup>28</sup> Furthermore, agreements must also keep pace with operational changes. For example, as organizations expand, restructure, or pivot to new markets, provisions drafted years ago may no longer reflect the current environment. Conducting regular agreement reviews allows management to identify problematic clauses, including liability limitations.

Regarding repositories, scattered contract storage makes agreements difficult to trace, find, and prioritize, which may lead to excess time spent on finding contracts that could lead to increased contract administration time and higher contract costs.

We have reported challenges in this area before, and in response to a prior OIG audit, *Informal Grievance Oversight*,<sup>29</sup> headquarters labor relations

25 The FY 2001 food non-monetary remedy support documentation did not specify exact quantities of food.

26 While district management indicated the current LMOU terms began in 2019, they could not identify how far back the original agreement extended.

27 APWU-USPS National Agreement, Article 30, pgs. 125-128; NALC-USPS National Agreement, Article 30, pgs. 102-105; NPMHU-USPS National Agreement, Article 30, pgs. 114-117.

28 Handbook EL-921, *Supervisors Guide to Handling Grievances*, pages 17-18, April 2015; Headquarters Labor Relations memorandum, Grievance Settlements, dated October 27, 2021.

29 Report Number 19SMG007HR000-R20, dated July 14, 2020.

management agreed to issue communication to Postal Service Area managers of labor relations to have districts establish centralized repositories for LMOUs.

Headquarters and district labor relations management noted that agreement negotiations are dynamic and influenced by local operational needs, historical context, and originally-agreed-upon terms. Once provisions are included in an agreement, removing them is difficult without the acceptance of both parties. Regarding all three agreement examples provided, management indicated that without this acceptance, agreements can remain in place for long periods of time, if not indefinitely, even when outdated. Additionally, we found each of these local agreements were signed by postmasters or officers-in-charge. However, we could not identify any specific or consistent policy on which management positions have the authority to enter into local agreements. We also received conflicting information from labor relations personnel in the districts reviewed on who had authority to enter into local agreements. For example, some stated the authority rested with postmasters or plant managers while others stated it rested with the district labor relations manager. Furthermore, even though headquarters labor relations issued guidance to have districts establish centralized repositories for agreements, there was no standard approach to this implementation, and districts applied inconsistent practices.

Because reversing or modifying agreements is extremely difficult, management must thoroughly understand the commitments they make in each settlement. Before agreeing to any terms, they should consult relevant provisions of handbooks and manuals. Establishing financial and time boundaries helps maintain fairness, balance, and fiscal responsibility while minimizing unnecessary risks.

#### **Recommendation #6:**

We recommend the **Vice President, Labor Relations**, develop guidance to 1) identify which management positions have the authority to enter into local agreements, 2) include risk management practices such as expiration dates, legal review, or mandatory periodic review clauses, for management responsible for negotiating future local agreements, and 3) create a digital repository for local agreements.

#### **Recommendation #7:**

We recommend the **Vice President, Labor Relations**, develop and maintain a national repository for local memorandums of understanding for standardized ease of access by and for all levels of local management.

#### **Postal Service Response**

Management disagreed with finding 2 and recommendation 6, but agreed with recommendation 7. Regarding the finding, management stated that a mandate to catalog every local agreement, MOU, and grievance settlement would produce no meaningful institutional benefit, as the “vast majority are routine administrative instruments with no policy consequence whatsoever.”

Regarding recommendation 6, management stated some of the actions proposed in the recommendation are constrained by national contractual provisions within the National Agreements.

Regarding recommendation 7, management stated that during FY 2026, HQ Labor Relations will, in conjunction with District Labor Relations, accumulate all LMOUs. HQ Labor Relations will then explore technological solutions that can effectively and efficiently store the quantity of documents that will be received. The target implementation date is September 30, 2026.

### OIG Evaluation

Regarding management's disagreement with finding 2, the OIG takes issue with management's assertion that the majority of local agreements are "routine administrative instruments with no policy consequence," as we reviewed three local agreements with substantial impact, one of which resulted in millions of dollars in perpetual payments annually. These examples demonstrate that agreements can evolve into increasingly burdensome obligations that can have substantial, lasting financial and operational consequences.

Regarding recommendation 6, management was not specific in their response about which actions proposed are constrained by negotiated contractual provisions. The OIG maintains that identifying which management positions have

the authority to enter into local agreements is a necessary internal management practice. Once identified, those managers could be taught risk management practices for negotiating future local agreements to better equip them for negotiations. Further, management agreed that a repository of LMOUs would be helpful but objected to "a mandate to catalog every local agreement, MOU, and grievance settlement," which was not part of our recommendations. We will pursue this disagreement through the audit resolution process.

Regarding recommendation 7, we consider management's comments responsive and corrective actions should resolve the issues identified in the report.

## Finding #3: Grievance Decision Letters

Opportunities exist to strengthen management over grievances by completing all required elements of decision letters in GATS. We found local management did not consistently include sufficient support in GATS for grievance payments during the informal grievance process. The informal grievance process allows an employee's immediate supervisor to settle grievances at the lowest level and requires supervisors to support payments using justifications on decision letters. Specifically, of 208 randomly selected grievance payments reviewed, 199 (96 percent) totaling \$31,394, did not have complete information reported in the justification or rationale statements on the GATS decision letters. Of the 199 payments, required elements of the justification were missing such as the payee's name, contract violation dates and descriptions, the lump sum payment amounts, and the number of hours adjusted (see Table 6).

**Table 6. Missing Grievance Payment Decision Letter Elements**

Elements	Count of Decision Letters
Payee's name	174
Date(s) the contract violation occurred	163
Lump sum payment amount	106
Number of hours adjusted	69
Contract violation description	88

Source: OIG analysis of decision letters in GATS.

The justification or decision letter must include a detailed statement of the issue or dispute and the resulting decision that should include the payee's name, why the grievance is being paid, when the issue occurred, and the amount and type of payment. Additionally, reviews of payment amounts, especially for decision letters, are important since amounts can vary greatly for each grievance. GATS users can establish these reviews within contractual and statutory obligations through automatic email

alerts at the local level, which can be set up in GATS to inform management when certain payment activity has taken place.<sup>30</sup> Five of the eight districts reviewed used these alerts to prompt review of justifications. Furthermore, maintenance of grievance files should include appropriate grievance forms, documentation to support the Postal Service's position, and any documents the union provides to support its position.<sup>31</sup> However, these files are commonly maintained as physical files at the local level and can grow large over time and be more susceptible to being misplaced or overlooked, unlike decision letters stored in GATS, where information can be summarized and can be consistently accessible by management.

These things occurred, in part, because there is no minimum character limit in the decision letter box supervisors use to enter in their justifications, which means it can be left blank. Some supervisors leave the decision letters blank when a grievance is not met at Step 2/Formal A and is appealed by the union to the next level while others document the appeal in the decision letter to keep a formal audit trail. Consequently, we found no control within GATS to prevent supervisors from simply bypassing the decision letter and leaving it blank to move to the next step in the process. Additionally, management indicated these issues occurred because some supervisors did not have the necessary skills to identify and manage grievances. Specifically, many supervisors with the responsibility of managing grievances were not experienced in the grievance process; had only taken basic training; or other duties took priority, and they had rushed through the process. In some districts, supervisors were instructed to consult with their managers before making any payments to ensure the payments were accurate and justification was properly documented. Also, management stated supervisors did not always seek advice, even when presented with opportunities, such as recurring teleconferences or brown-bag-type training sessions.

<sup>30</sup> USPS GATS Informal Payments Educational User Guide, pgs. 25, 28-29, September 30, 2008; GATS User Guide 2.5, pages 7-10, 30-36; Headquarters Labor Relations Memorandum, December 14, 2023.

<sup>31</sup> Handbook EL-921, pg. 14.

Informal grievances comprised \$336 million (39 percent) of the total \$866 million in total grievance amounts paid during the scope period, representing a significant amount of financial costs to the Postal Service. Without required GATS decision letters for these informal grievances, management cannot always verify whether grievance payments settled locally are accurate and complete, which increases the risk of improper or erroneous payments. We identified about \$201 million in costs<sup>32</sup> due to grievance payments processed with incomplete decision letters from FYs 2023–2024. If not mitigated, this may increase the risk of future improper payments.

#### **Recommendation #8:**

We recommend the **Vice President, Labor Relations**, 1) develop automated controls in the Grievance and Arbitration Tracking System to add system-required fields for justification statements on decision letters, and 2) provide refresher training for supervisors on requirements for proper completion of decision letters.

#### **Postal Service Response**

Management disagreed with finding 3 and the monetary impact, stating the grievance file should contain any necessary supporting documentation for the decision or settlement made.

Regarding recommendation 8, management agreed, stating they will make “justification” a required entry field for informal lump sum payments. Additionally, management agreed to provide training to supervisors. The target implementation date is September 30, 2026.

#### **OIG Evaluation**

Regarding finding 3, our audit was based on Postal Service requirements that established GATS as a repository for documentation to support grievance-related settlement payments.

We maintain decision letters stored in GATS

should be able to be consistently accessed by management or authorized users, regardless of location, enabling increased oversight and monitoring, as physical files can grow large over time and are susceptible to being misplaced or overlooked. Regarding management’s disagreement with the monetary impact, the OIG maintains the \$201 million in monetary impact represents the financial exposure resulting from inadequate controls and documentation practices, including management’s own assertions of inadequate supervisory practices.

Regarding recommendation 8, we consider management’s comments responsive, and their corrective actions should resolve the issues identified in the report.

## **Looking Forward**

The Postal Service faces ongoing challenges of managing inconsistent grievance handling, insufficient oversight of overtime and improper work assignments, and outdated or open-ended local agreements. These conditions have contributed to persistent grievance payments, arbitration awards, and operational inefficiencies. Going forward, it is crucial the Postal Service strengthen labor relations and reduce financial exposure by enhancing supervisor training, completing proper documentation, and improving its management of grievance activity and overtime. Additionally, the Postal Service should consider reviewing all local agreements and pursuing collaborative efforts with the unions to update outdated provisions to allow it to better align contractual obligations with current operational needs and promote long-term financial stability.

<sup>32</sup> Unsupported questioned costs are a subset of questioned costs that are called into question because of missing or incomplete documentation, or because of failure to follow required procedures.

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# Appendix A: Additional Information

## Scope and Methodology

We reviewed and analyzed nationwide grievance data from GATS from FYs 2022–2024. We judgmentally selected and reviewed 25 facilities and labor relations offices in eight districts. We also statistically selected 208 grievance payment decision letters made during the same period.

The objective of this audit was to evaluate the Postal Service's management of grievances and its impact on the organization. To accomplish our objective, we:

- Analyzed grievance data to identify trends, risk areas, and anomalies.
- Obtained and reviewed Postal Service policies and procedures relating to the grievance–arbitration process, including national and LMOUs and local agreements with the Postal unions.
- Obtained, reviewed, and analyzed Postal Service complement, staffing, and time and attendance data.
- Interviewed headquarters and field labor relations personnel, field managers and supervisors, and union officials regarding responsibilities, processes and procedures over the grievance oversight process.
- Obtained, reviewed, and analyzed management training records.

We conducted this performance audit from February 2025 through January 2026 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 December 1, 2025, and included its comments where appropriate.

In planning and conducting the audit, we obtained an understanding of grievance internal control structure 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 components were significant to our audit objective:

- Control Environment
- Risk Assessment
- Control Activities
- Information and Communication
- Monitoring

We developed audit work to ensure that we assessed these controls. Based on the work performed, we identified internal control deficiencies related to all five components that were significant within the context of our objective. Our recommendations, if implemented, should correct the weaknesses we identified.

We assessed the reliability of FYs 2022–2024 GATS payment data retrieved from GATS–Application System Reporting by the OIG audit team and EAPS payment data retrieved by Eagan Accounting Service Center personnel by testing the completeness, reasonableness, accuracy, and validity of the data. We compared both payment data with information retrieved from facilities during our audit fieldwork and through interviews, discussing and verifying the data with management officials knowledgeable about the data. We determined the data was sufficiently reliable for the purposes of this report.

## Prior Audit Coverage

Report Title	Objective	Report Number	Final Report Date	Monetary Impact
<i>Springfield, MO, Processing and Distribution Center Grievances</i>	To review and assess grievances paid from October 1, 2017, through March 31, 2021, at the Springfield, MO, Processing and Distribution Center.	21-124-R22	October 22, 2021	\$3.6 million

# Appendix B: Best Practices Identified

To improve grievance monitoring and effectiveness, some district labor relations and facilities management adopted and implemented practices:

- Held regular calls or virtual meetings to address grievances and other labor-related issues and provide general advice.
- Provided grievance data and payment reports on a regular basis to notify management of its high grievance issues.
- Developed local frequently asked questions and shadowing opportunities and identified training programs for inexperienced supervisors that cover a variety of grievance topics such as GATS, decision writing, arbitration, and pay adjustments.

- Assigned existing supervisors to focus solely on grievance or labor-related work, which allowed other facility supervisors to oversee other supervisory operations.
- Created and implemented logs and standard operating procedures and used online applications and programs to track and respond to union RFIs.

These efforts helped reduce grievance payments in several districts, most notably in the California 1 District, where they lowered grievance payments from \$5.5 million in FY 2024 to \$1.2 million by August 2025, a decrease of about 78 percent.

# Appendix C: Management's Comments



January 5, 2026

LAURA LOZON  
DIRECTOR, AUDIT SERVICES

SUBJECT: Management Response: Grievance Management (25-068-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, *Grievance Management*.

### **Finding #1: Grievance Management Needs Improvement**

Management **agrees** with finding #1.

### **Finding #2: Oversight and Storage of Local Agreements**

Management **disagrees** with finding #2. While we are in agreement that a repository of LMOUs would be helpful and will pursue a technology-based solution, a mandate to catalog every local agreement, MOU, and grievance settlement would produce no meaningful institutional benefit. These documents are inherently fact-bound, crafted for singular and often fleeting circumstances, and therefore provide no reliable precedent or broader interpretive value. The vast majority are routine administrative instruments with no policy consequence whatsoever. Establishing and sustaining a comprehensive repository would impose a substantial and continuous administrative burden, introduce inevitable reporting gaps, and consume resources wholly disproportionate to any practical return. The operational cost and complexity far exceed the negligible utility such a depository could ever deliver.

### **Finding #3: Grievance Decision Letters**

Management **disagrees** with finding #3. GATS allows the user to input both decision letters and settlements which are based upon the grievance file. The grievance file should contain any necessary supporting documentation for why the decision or settlement was made.

We disagree with the percentage of cases the OIG found justification or rationale in the decision letters for payments. Relevant information could have been in the grievance files, which we understand OIG did not review. In addition, it is unclear whether these were individual grievances or class actions, or specific date incident cases or ongoing violation type of grievances that cover multiple dates over a period of time. The 201 million in costs (identified on page 21) cannot be verified without viewing the grievance file and/or postal records (i.e. TACS/ERMS), which the OIG did not do. Therefore, the amount of monetary impact identified is \$0.

475 L'ENFANT PLAZA SW  
WASHINGTON, DC 20260-4100  
[WWW.USPS.COM](http://WWW.USPS.COM)

The following are our comments on each of the eight recommendations:

Recommendation 1:

We recommend the **Vice President, Labor Relations**, provide remedial or refresher training to management handling grievances in areas of concern to include topics such as, but not limited to, knowledge of national bargaining and local agreements, grievance arbitration procedures, responding to union requests for information, and contending with challenges from union representatives.

Management Response/Action Plan:

Management **agrees** with this recommendation.

Management concurs with Recommendation #1. We have previously conducted training regarding local agreements, arbitration and grievance handling procedures, and requests for information. We will provide refresher training for grievance handlers.

Target Implementation Date: 09/30/2026

Responsible Official:

Manager, HQ Field Labor Relations

Recommendation 2:

We recommend the **Vice President, Labor Relations**, develop a platform to share best practices identified by individual districts on grievance management and require each district to provide a plan to implement applicable best practices.

Management Response/Action Plan:

Management **agrees** with this recommendation.

Management concurs with Recommendation #2. We agree to use existing Continuing Education Series (CES) Sessions for best practice sharing for labor relations professionals.

Target Implementation Date: 3/31/2026

Responsible Official:

Manager, HQ Field Labor Relations

Recommendation 3:

We recommend the **Chief Retail and Delivery Officer and Executive Vice President**; and **Chief Processing and Distribution Officer and Executive Vice President**, require the use of the Overtime Administration tool at facilities with high or recurring overtime grievances, **unless restricted by local agreements**.

Management Response/Action Plan:

Management **agrees** with this recommendation. Notwithstanding, we will need time to explore technological improvements in the functionality of OT Admin in order to accomplish this. In the interim, we will continue to encourage all facilities to use the OT Admin tool to effectively manage overtime.

Target Implementation Date: 9/30/2027

Responsible Official:

Vice President, Labor Relations

Recommendation 4:

We recommend the **Chief Retail and Delivery Officer and Executive Vice President**; and **Chief Processing and Distribution Officer and Executive Vice President**, require and reiterate training for supervisors on proper administration of overtime, including, but not limited to, overtime desired lists, equitable distribution of overtime, and craft jurisdiction rules.

Management Response/Action Plan:

Management **agrees** with this recommendation.

Management agrees with the overall premise outlined in the Recommendation. CRDO group will be required to take online **Course 2025LREL6619VO01** (OT Admin for National Association of Letter Carriers (NALC). CPDO group will provide site specific training to top opportunity offices in conjunction with Labor Relations.

Target Implementation Date: 09/30/2026

Responsible Official:

Manager, HQ Field Labor Relations

Recommendation 5:

We recommend the **Vice President, Labor Relations**, 1) identify high or recurring grievance payment locations, 2) require applicable local management in those locations to develop and implement an improvement action plan to reduce grievances, and 3) monitor grievance progress in those locations.

Management Response/Action Plan:

Management **agrees** with this recommendation.

Management concurs with recommendation # 5. The identification of locations with elevated or recurring grievance payments and the corresponding focus of management attention is already a foundational element of our established High 5 process, which has been in place for some time. In FY 2026, Labor Relations is once again focusing on the "High Five" offices/facilities in each LR District that incur the greatest amount of grievance activity and/or payouts. We will proactively focus on addressing root cause problems and contract compliance in those locations.

Target Implementation Date: 09/30/2026

Responsible Official:

Sr. Director, HQ Field Labor Relations Operations  
Directors, Area Labor Relations

Recommendation 6:

We recommend the **Vice President, Labor Relations**, develop guidance to 1) identify which management positions have the authority to enter into local agreements, 2) include risk management practices such as expiration dates, legal review, or mandatory periodic review clauses, for management responsible for negotiating future local agreements, and 3) create a digital repository for local agreements.

Management Response/Action Plan:

Management **disagrees** with this recommendation.

Management disagrees with this recommendation. Some of the actions proposed are constrained by negotiated contractual provisions within the National Agreements.

Target Implementation Date: N/A

Responsible Official: N/A

Recommendation 7:

We recommend the **Vice President, Labor Relations**, develop and maintain a national repository for local memorandums of understanding for standardized ease of access by and for all levels of local management.

Management Response/Action Plan:

Management **agrees** with this recommendation.

Management agrees with this recommendation. During FY26, HQ Labor Relations will, in conjunction with District Labor Relations, accumulate all LMOUs. HQ Labor Relations will explore technological solutions that can effectively and efficiently store the quantity of documents that will be received. The ability for these documents to be shared on a need-to-know basis for local management is contingent upon a technological solution not currently in place.

Target Implementation Date: 9/30/2026

Responsible Official:

Sr. Director, HQ Field Labor Relations Operations  
Director, HQ Field Labor Relations Support

Recommendation 8:

We recommend the **Vice President, Labor Relations**, 1) develop automated controls in the Grievance and Arbitration Tracking System to add system-required fields for justification statements on decision letters, and 2) provide refresher training for supervisors on requirements for proper completion of decision letters.

Management Response/Action Plan:

Management **agrees** with this recommendation.

Management will make "justification", a required entry field for informal lump sum payments. Additionally, management agrees to provide training for both "hours adjustments" and "lump sum" payments to supervisors. **Course 2025LREL6797SS01** (GATS Informal Training)

Target Implementation Date: 9/30/2026

Responsible Official:

Director, Labor Relations Systems  
Manager, HQ Field Labor Relations

 E-SIGNED by MICHAEL.J.ELSTON  
on 2026-01-05 15:53:49 EST

Michael J. Elston  
Vice President, Labor Relations

 E-SIGNED by ELVIN MERCADO  
on 2026-01-05 15:57:58 EST

Elvin Mercado  
Chief Retail and Delivery Officer and Executive Vice President

 E-SIGNED by ISAAC.S.CRONKHITE  
on 2026-01-05 16:05:18 EST

Isaac S. Cronkhite  
Chief Processing and Distribution Officer and Executive Vice President

cc: *Corporate Audit & Response Management*

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

For media inquiries, please email [press@uspsoig.gov](mailto:press@uspsoig.gov) or call (703) 248-2100