



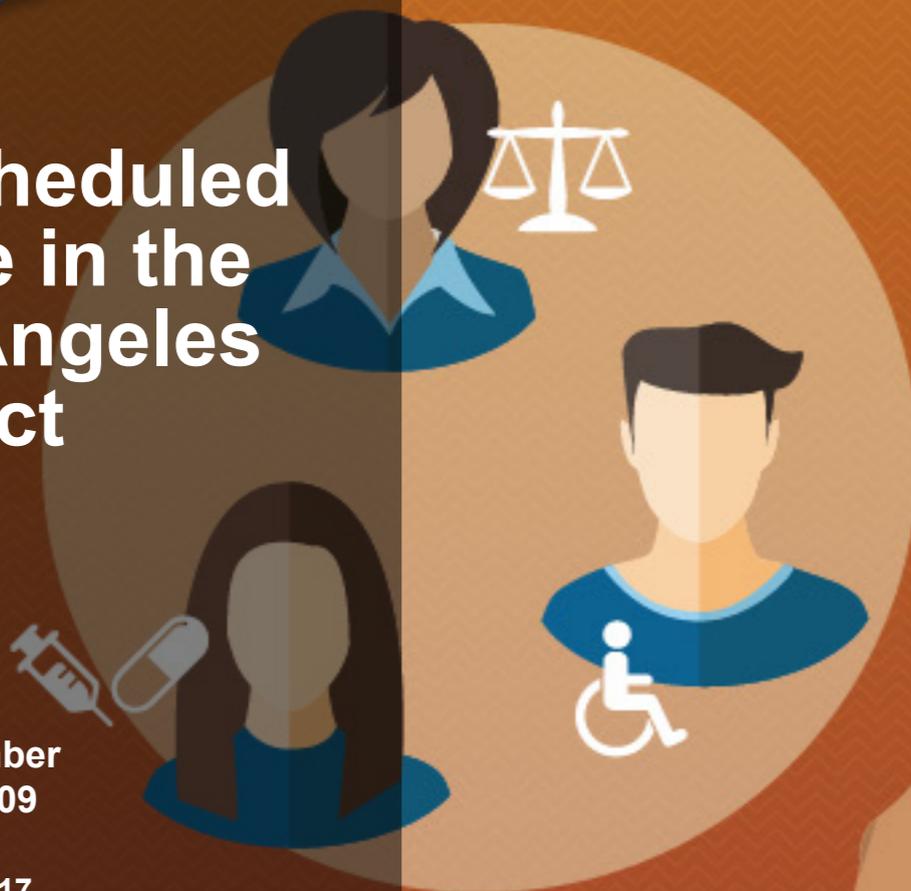
OFFICE OF INSPECTOR GENERAL

UNITED STATES POSTAL SERVICE

Unscheduled Leave in the Los Angeles District

Report Number
HR-AR-17-009

August 16, 2017





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Highlights

Our objective was to conduct a follow-up audit to assess the management of unscheduled leave in the Los Angeles District and identify opportunities to reduce unscheduled leave and its associated costs.

Background:

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

The U.S. Postal Service Office of Inspector General (OIG) developed a Human Resource Risk Model (risk model) to monitor key Postal Service metrics, including unscheduled leave that could potentially affect productivity, efficiency, costs, and employee morale. For all four quarters in fiscal year (FY) 2016, the risk model identified the Los Angeles District in the Pacific Area as having the third highest percentage of unscheduled leave in the Postal Service. This is the second in a series of unscheduled leave audits.

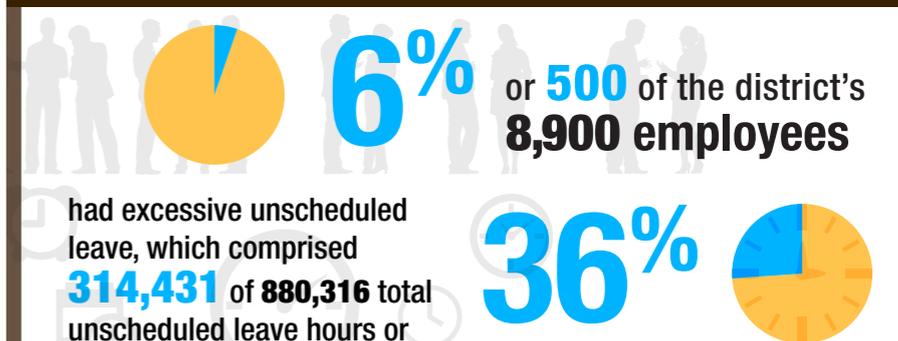
Our objective was to conduct a follow-up audit to assess the management of unscheduled leave in the Los Angeles District and identify opportunities to reduce unscheduled leave and its associated costs. In addition, we will assess whether management effectively implemented the recommendations in a prior management advisory report (Unscheduled Leave Activity in the Los Angeles District, Report Number HR-MA-14-004, dated February 6, 2014).

What the OIG Found:

The Los Angeles District did not adequately manage excessive unscheduled leave. This leave could be reduced to acceptable levels by appropriately completing required forms, enforcing disciplinary actions, and providing supervisors with sufficient training. In addition, Los Angeles District management did not effectively implement recommendations from our prior OIG management alert.

We determined that employees with a combined 88 or more occurrences of unscheduled leave during FYs 2015 and 2016 to be excessive. In FY 2016, 500 of the district's 8,900 employees (or 6 percent) had excessive unscheduled leave, which comprised 314,431 of 880,316 total unscheduled leave hours (or 36 percent).

In FY 2016





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The top three unscheduled leave types recorded for the 500 employees were absent without leave, sick leave, and full day leave without pay, which represented 280,228 of 314,431 of their unscheduled leave hours taken (or 89 percent).

This occurred because Postal Service supervisors did not properly complete, approve, and maintain copies of Postal Service Forms 3971, Request for or Notification of Absence, which they were required to complete when employees returned to work; did not take appropriate disciplinary action against employees with excessive leave; and did not receive sufficient training on the unscheduled leave systems/processes or the disciplinary process.

Managers at the site with low unscheduled leave occurrences stated to reinforce the policy, they reviewed call-ins every morning and made an effort to obtain employees' signature on PS Forms 3971 upon their return to work. These practices have led to the facility having employees using a low amount of unscheduled leave.

In addition, the current oversight process for district managers to monitor unscheduled leave activity is not effective to ensure adherence to policy, adequate monitoring, or promote accountability. District Labor Relations agreed to conduct

reviews of the facilities with the highest amount of unscheduled leave monthly; however, they only conducted reviews quarterly of random facilities.

In FY 2016, per our risk model, 5 percent of the employees in the Pacific Area had 20 or more unscheduled leave occurrences per 100 employees, whereas 14 percent of the Los Angeles District's employees had 20 or more occurrences per 100 employees.

By reducing the Los Angeles District's unscheduled leave occurrence percentage per 100 employees to that of the Pacific Area, the Los Angeles District would reduce their excessive unscheduled leave hours by 62 percent (or 116,426 hours). These hours cost the Postal Service about \$2.5 million in labor and overtime costs during FY 2016.

During the audit, in efforts to reduce unscheduled leave, management implemented corrective actions of implementing a process to realign resources to match workload, and issuing three memorandums regarding approving and monitoring overtime and leave without pay. However, additional actions are warranted to fully address the factors that contributed to excessive unscheduled leave use.



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What the OIG Recommended:

We recommended management issue guidance and require managers and supervisors to attend training that reiterate policies and processes for managing and documenting

unscheduled leave and initiating appropriate disciplinary actions. We also recommended enhancing the district's current review process to promote supervisor accountability to follow policies for managing unscheduled leave and initiating appropriate disciplinary action.

Transmittal Letter

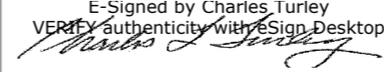


OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

August 16, 2017

MEMORANDUM FOR: ALFRED SANTOS
MANAGER, LOS ANGELES DISTRICT

E-Signed by Charles Turley
VERIFY authenticity with eSign Desktop



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

SUBJECT: Audit Report – Unscheduled Leave in the Los Angeles
District (Report Number HR-AR-17-009)

This report presents the results of our audit of Unscheduled Leave in the Los Angeles District (Project Number 17SMG012HR000).

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

Attachment

cc: Postmaster General
Vice President, Employee Resource Management
Pacific Area Vice President
Corporate Audit and Response Management

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Findings

Unscheduled leave is any absence from work that is not requested or approved in advance.

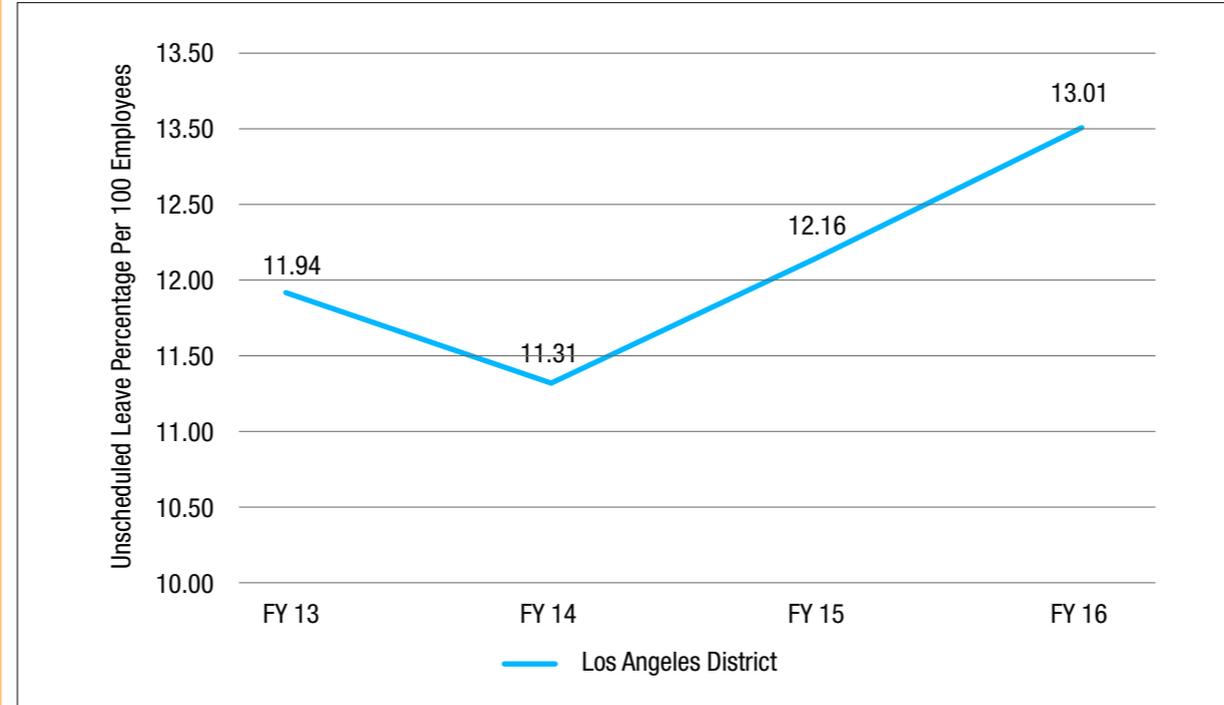
Introduction

This report presents the results of our audit of unscheduled leave in the Los Angeles District (Project Number 17SMG012HR000). This is a self-initiated audit based on an analysis of the U.S. Postal Service Office of Inspector General's (OIG) fiscal year (FY) 2016 Human Resources Risk Model, which identifies risks that could impact employee morale, productivity, efficiency, and costs. Our objective was to conduct a follow-up audit to assess the management of unscheduled leave in the Los Angeles District and identify opportunities to reduce unscheduled leave and its associated costs. In addition, we will assess whether management effectively implemented the recommendations we made in a prior management advisory report (Unscheduled Leave Activity in the Los Angeles District, Report Number HR-MA-14-004, dated February 6, 2014).

Unscheduled leave is any absence from work that is not requested or approved in advance. An OIG risk model metric monitor's unscheduled leave and ranked the Los Angeles District in the Pacific Area as number three in unscheduled leave used during all four quarters of FY 2016. The risk model bases district rankings on Enterprise Resource Management System (eRMS)¹ data showing the ratio of employees with 20 or more unscheduled leave occurrences to the average number of employees in the district, per 100 employees.

In FY 2016, per our risk model, 5 percent of the average number of per 100 employees in the Pacific Area had 20 or more unscheduled leave occurrence. Unscheduled leave in the Los Angeles District has increased each fiscal year from 2013 through 2016. In FY 2013, the unscheduled leave occurrence ratio was 12 while the ratio in FY 2016 was 13 (see Figure 1). See [Appendix A](#) for additional information about this audit.

Figure 1: Los Angeles District Unscheduled Leave Trend



Source: Human Resources Risk Model.

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

The Los Angeles District did not adequately manage excessive unscheduled leave.

Summary

The Los Angeles District did not adequately manage excessive unscheduled leave. This leave could be reduced to acceptable levels by appropriately completing required forms, enforcing disciplinary actions, and providing supervisors with sufficient training. In addition, Los Angeles District management did not effectively implement recommendations from our prior OIG management alert.

We determined that employees with a combined 88 or more occurrences² of unscheduled leave during FYs 2015 and 2016 to be excessive. In FY 2016, 500 of 8,900 district employees (or 6 percent) had excessive unscheduled leave, which comprised 314,431 of 880,316 of the total unscheduled leave hours (or 36 percent).

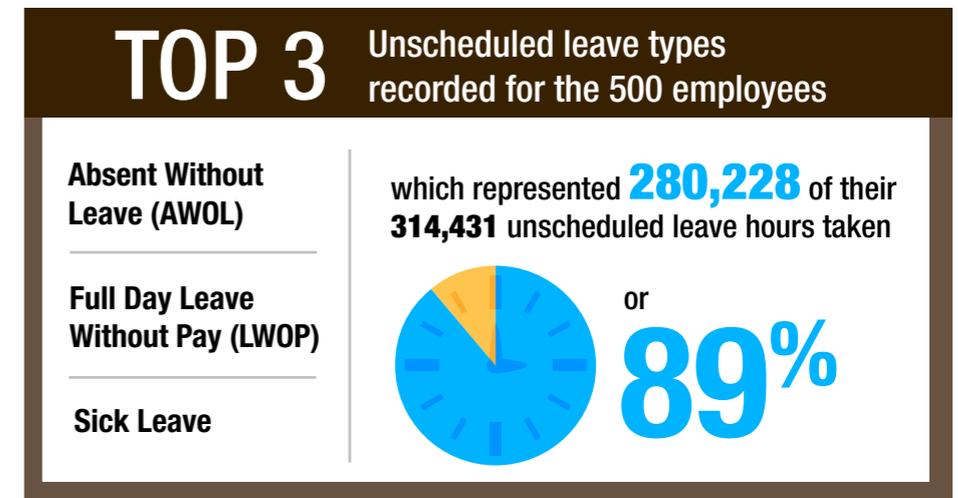
The top three unscheduled leave types recorded for the 500 employees were absent without leave (AWOL), sick leave, and full day leave without pay (LWOP), which represented 280,228 of 314,431 of their unscheduled leave hours taken (or 89 percent).

This occurred because Postal Service supervisors did not properly complete, approve, and maintain copies of Postal Service Forms 3971, Request for or Notification of Absence, which they were required to complete when employees returned to work; did not take appropriate disciplinary action on employees with excessive leave use; and did not receive sufficient training on the unscheduled leave systems/processes or the disciplinary process. In addition, the district's current manager oversight process to monitor unscheduled leave activity is not effective to promote adherence to policy and accountability. District Labor Relations did conduct various audits at Postal Facilities, but did not conduct monthly reviews of offices with high unscheduled leave.

Although Los Angeles District management implemented recommendations from our prior OIG management alert, they did not implement the recommendations effectively to reduce unscheduled leave. This contributed to the district having the third highest percentage of unscheduled leave nationwide for FY 2016.

Excessive Unscheduled Leave

We determined that Los Angeles District employees with a combined 88 or more unscheduled leave occurrences during FYs 2015 and 2016 as excessive.³ In FY 2016, the outliers consisted of 500 of the district's employees (or 6 percent) who used nearly one-third (36 percent) of unscheduled leave hours (or 36 percent). See [Table 1](#).



² We considered each day of unscheduled leave an occurrence.

³ We used FYs 2015 and 2016 data to determine two times the standard deviation that allowed us to identify the unscheduled leave amount that is considered excessive. We determined that employees with a combined 88 or more unscheduled leave occurrences during FYs 2015 and 2016 are considered excessive. The standard deviation is a statistic that calculates how closely data points are clustered around the mean in a set of data.

Table 1: Outliers of Unscheduled Leave Hours in the Los Angeles District

Employee	Number of Employees	Percentage of Employees	Unscheduled Leave Hours	Total
87 or less	8,400	94%	565,885	64%
88 or more	500	6%	314,431	36%
Total	8,900	100%	880,316	100%

Source: Enterprise Data Warehouse (EDW).

During FY 2016, the top three unscheduled leave types recorded for the 500 employees with 88 or more occurrences of unscheduled leave were AWOL, sick leave, and LWOP, which represented 89 percent of all unscheduled leave hours. About 40 percent of total unscheduled leave hours were used for AWOL and totaled 124,785 hours. Sick leave was the second most frequently used type of leave, representing a combined total of 85,825 hours of total unscheduled leave (27 percent) and comprised of the following categories:

- Sick Leave – Regular
- Full Day LWOP in Lieu of Sick Leave
- Annual Leave in Lieu of Sick Leave

Full day LWOP was the third most frequently used type of leave, representing about 69,618 total hours of unscheduled leave (or 22 percent). See [Table 2](#).



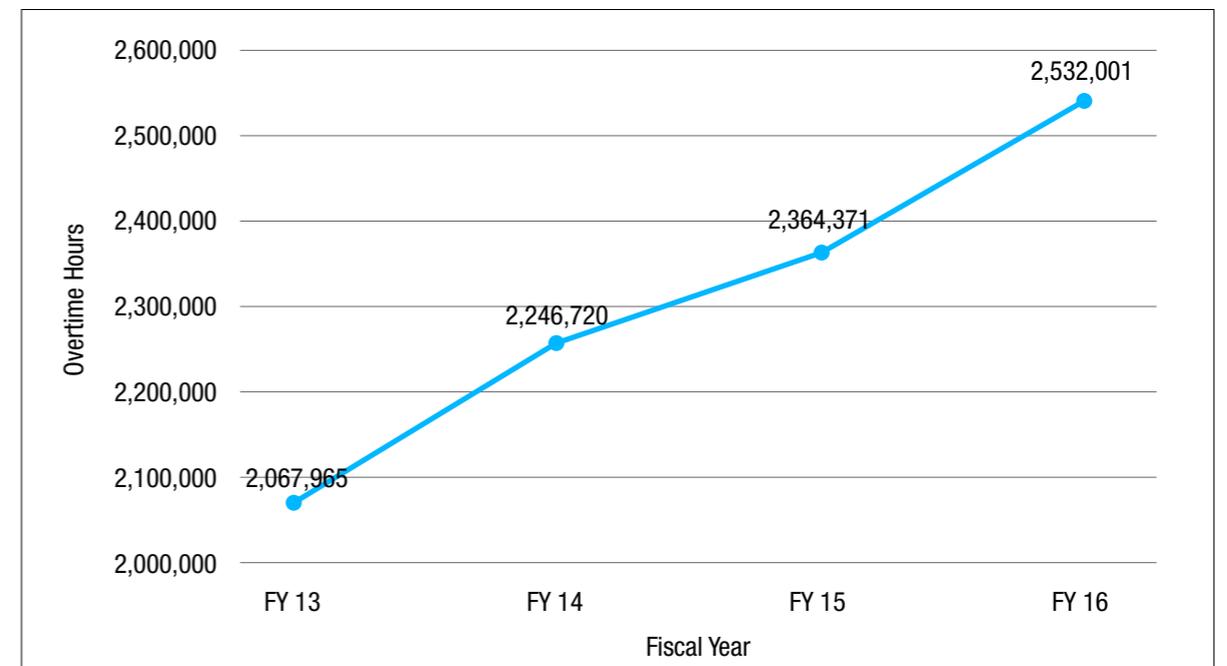
Table 2: Types of Leave Most Frequently Used by Employees with 88 or more Unscheduled Leave Occurrences

Rank	Leave Types	Unscheduled Leave Hours	Total
1	AWOL	124,785	40%
2	Sick Leave		
	Sick Leave - Regular	48,510	
	Full Day LWOP in Lieu of Sick Leave	29,699	
	Annual Leave in Lieu of Sick Leave	6,915	
	Sick Leave - Restricted	700	
	Sick Leave Sub-Total	85,825	27%
3	Full Day LWOP	69,618	22%
	Other ⁴	34,203	11%
Total		314,431	100%

Source: EDW.

The Postal Service used overtime hours as a mitigating factor to offset unscheduled leave and from FYs 2013 through 2016. Overtime hours have consistently increased in the Los Angeles District (see Figure 2).

Figure 2: Overtime Hours Trend



Source: EDW.

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

District officials stated that supervisors are responsible for issuing disciplinary action but postmasters and supervisors did not take disciplinary action on employees with excessive unscheduled leave.

We conducted interviews with supervisors⁵ of employees who used excessive unscheduled leave and one site⁶ with employees who used low amounts of unscheduled leave. The three sites with excessive leave contained 283 of 500 employees (or 57 percent) with 88 or more unscheduled leave occurrences. In addition, those employees used 153,445 of 314,431 unscheduled leave hours (or 49 percent). See Table 3.

Table 3: Employees with 88 or More Unscheduled Leave Occurrences at the Three Sites Reviewed

Group	Complement	Unscheduled Leave Hours	Percentage of Total Unscheduled Leave Hours
Los Angeles CA P&DC	245	124,109	
Redondo Beach Post Office	25	19,001	
Santa Monica Post Office	13	10,335	
Total	283	153,445	49%
Other Employees in District	217	160,986	51%
Grand Total	500	314,431	100%

Source: EDW.

Managers at the site with low unscheduled leave occurrences stated to reinforce the policy, they reviewed call-ins every morning and made an effort to obtain employees' signature on PS Forms 3971 upon their return to work. These practices have led to the facility having employees using a low amount of unscheduled leave.

Supervisors at the three sites with high unscheduled leave that we reviewed cited several factors that contributed to their employees' excessive unscheduled leave use:

- District officials stated that supervisors are responsible for issuing disciplinary action but postmasters and supervisors did not take disciplinary action on employees with excessive unscheduled leave.⁷ Specifically, there was no noted disciplinary action taken in eRMS for 36 of 100 employees (or 36 percent) with excessive leave at the three sites visited during FY 2016. Los Angeles District management considered three unscheduled leave occurrences in a three-month period as excessive. In addition, the Los Angeles District has high supervisory turnover that can affect the timeliness of the disciplinary process.
- The current oversight process for district managers to monitor unscheduled leave activity is not effective to ensure adherence to policy, adequate monitoring, or promote accountability. District Labor Relations agreed to conduct reviews of the facilities with the highest amount of unscheduled leave monthly; however, they only conducted reviews quarterly of random facilities. These audits consists of a review of PS Form 3971 and PS Form 3972, Absence Analysis, and documentation for disciplinary actions, if applicable. The district found that most audited offices were not completing leave forms as required.
- Of the training records for 111 managers/supervisors reviewed at the three sites visited with high unscheduled leave usage, we identified 81 supervisors (or 73 percent) who did not receive supervisory eRMS training. Additionally, we identified

⁵ Los Angeles P&DC, Redondo Beach Post Office, and Santa Monica Post Office.

⁶ Torrance Post Office.

⁷ Employee Labor Relations Manual (ELM) 41, Section 665.41, Requirement of Regular Attendance , dated September 2016.

21 supervisors (or 19 percent) who did not receive leave control training and 77 supervisors and managers (or 69 percent) who did not receive Time and Attendance Collection System (TACS)⁸ training. While not required, these trainings would provide valuable resources for managing leave. The Postal Service began offering a training course in January 2017 called “Time is Money: Time and Attendance for Supervisors” which covers eRMS, TACS, and attendance control. This course, which is not mandatory, combines aspects of the three other training courses and would benefit all managers and supervisors, but specifically acting supervisors, since they do not receive supervisor training.

In addition, we judgmentally selected 493 PS Forms 3971 for 100 employees who used 3,944 unscheduled leave hours for the three facilities we visited in the Los Angeles District. None of the supervisors at the three sites properly completed, approved, and maintained PS Forms 3971.⁹ Of 493 PS Forms 3971 reviewed, the Los Angeles District maintained 41 (or 8 percent) We determined that managers at the three facilities visited could not provide proper documentation (PS Forms 3971) for 3,832 of the 3,944 unscheduled leave hours reviewed (or 97 percent). The forms were either not available or were missing the necessary dates and signatures.

Achieving the Pacific Area’s average¹⁰ in unscheduled leave would have reduced unscheduled leave hours in the Los Angeles District by 65 percent in FY 2015 and by 59 percent in FY 2016. Lastly, when a district or site reaches its maximum complement, the Postal Service cannot replace the employees with excessive unscheduled leave until they remove the employees from payroll which hinders hiring capabilities.

During FYs 2015 through 2016, the Postal Service would have saved about \$4.9 million in labor and overtime costs. These costs had a direct impact on Postal Service’s controllable income, which primarily consisted of workhours and transportation costs.¹¹ The \$4.9 million in labor and overtime costs contributed to about \$2.5 million of the \$610 million of controllable income net loss in FY 2016 and about \$2.4 million of the \$1.2 billion of controllable income net loss in FY 2015.¹²

During the audit, management implemented corrective actions to facilitate reducing overtime and unscheduled leave. On April 1, 2017, they implemented a process to realign resources to match workload. In addition, the district manager and senior plant manager issued the following three memorandums to local management:

- City Carrier Overtime Controls and Approval Process, April 28, 2017.
- EAS Instructions Clarifications and Expectations for approving overtime and supervisors responsibilities, May 8, 2017.
- Full Day LWOP Authorization Process, June 8, 2017.

However, additional actions are warranted to fully address the factors that contributed to excessive unscheduled leave use.

8 The system (used by all installations) that automates the collection of employee time and attendance information.

9 ELM 41, Section 511.42, Management Responsibilities, dated September 2016.

10 The average unscheduled leave rate in the Pacific Area was 5.24 percent in FY 2016 and 4.86 percent in FY 2015.

11 Postal Service Regulatory Commission 2016 Form 10-K.

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

Prior Audit Review

In our prior audit of unscheduled leave activity at the Los Angeles P&DC¹³, we found that supervisors did not always regularly monitor unscheduled leave activity and erroneously added new leave entries during reviews instead of editing existing ones, which may have increased reported unscheduled leave occurrences. In addition, supervisors did not always properly document and maintain attendance records, which could weaken management's ability to take corrective action and effectively address formal disputes. In addition, management did not conduct attendance reviews at the Los Angeles P&DC.

District management agreed to our recommendations to:

- Develop and implement a clearly defined unscheduled leave activity review process for supervisors to follow that includes schedules for monitoring leave activity and employee discussions as it relates to unscheduled leave control;
- Instruct supervisors, Distribution Operations, to approve or deny existing unscheduled leave entries by accessing the link contained in the email generated by the Interactive Voice Response System (IVR);¹⁴
- Implement controls over PS Forms 3971 to ensure proper completion and security; and
- Implement controls to ensure that leave review teams conduct attendance reviews at the highest risk offices with unscheduled leave activity.

Management did not effectively implement the recommendations made in our prior management advisory (Unscheduled Leave Activity in the Los Angeles District, Report Number HR-MA-14-004, dated February 6, 2014) to reduce unscheduled leave at the Los Angeles P&DC. Management submitted corrective actions to close prior recommendations 1 and 3, which were to develop and implement a clearly defined unscheduled leave activity review process and controls over PS Forms 3971 to ensure proper completion and security. During our review, we interviewed the Plant Manager, Los Angeles P&DC, who assigned a tour attendance control lead to review and assist management on unscheduled leave occurrences throughout the plant in November 2016. Additionally, supervisors were trained on how to respond to leave requests. However, these actions were not effective in reducing unscheduled leave. Management did not take any actions toward prior recommendations 2 and 4 which were to provide instructions to supervisors to approve or deny existing unscheduled leave entries by accessing the link contained in the email generated by the IVR. These recommendations remained open.

We will close prior audit recommendations 2 and 4 with the issuance of this report as the recommendations in this report will address the outstanding issues.

¹³ Unscheduled Leave Activity in the Los Angeles District (Report Number HR-MA-14-004, dated February 6, 2014).

¹⁴ IVR is a technologically advanced application for handling calls to request unscheduled leave.

Recommendations

We recommend management issue guidance to managers and supervisors to reiterate policies in using the eRMS; require managers and supervisors, including detailed supervisors, to attend training; and enhance the current district review process.

We recommend the Manager, Los Angeles District:

1. Issue guidance to managers and supervisors to reiterate policies in using the Enterprise Resource Management System to manage and document unscheduled leave and initiate disciplinary actions when appropriate.
2. Require managers and supervisors, including detailed supervisors, to attend training that includes Enterprise Resource Management System, Time and Attendance Control System, and Leave Control.
3. Enhance the current district review process to include formal monitoring protocols to promote supervisor accountability to follow policies for managing unscheduled leave, and initiating appropriate disciplinary action.

Management's Comments

Management agreed with all recommendations, including our conclusion that prior OIG recommendations, while implemented, were not sustained and, therefore, not effective. Management generally agreed with our findings; however, they disagreed the monetary impact and that supervisors did not have sufficient training. Management stated that supervisors received their New Supervisor training and the district provided additional training from their TACS coordinator but agreed that they have not adequately trained 204Bs (detailed supervisors).

Regarding the monetary impact, management specifically disagreed with the assumption that, "The Postal Service used overtime hours (exclusively) as a mitigating factor to offset unscheduled leave from FYs 2015 through 2016." Management stated that to assume that each hour of unscheduled leave is replaced one-for-one with an overtime hour is a generalization. Management asserts the audit did not take into account individual units' ability to "absorb" unscheduled leave workload based on whether or not authorized leave is at capacity or not, to include employees being allotted two breaks and other allied times that do not need to be "replaced" if the employee is on leave. Management stated that in their Delivery Operations, it takes about 6.5 hours to replace a vacant route and using this approach would have reduced the OIG's unscheduled leave monetary impact.

Regarding recommendations 1 and 2, management stated that they will require managers, supervisors, and 204Bs to take Time is Money training to provide guidance in using the eRMS systems and policies associated with the program, including initiating corrective actions when appropriate. Management stated they will complete the training on September 30, 2017.

Regarding recommendation 3, management stated that they will enhance the current district review process, which includes formal monitoring protocols. Labor Relations will be required to review offices, conduct meetings with management to review findings, provide recommendations, and conduct follow-up visits to ensure compliance with policies and implementation of recommendations. Management stated they will complete this by August 31, 2017, and will continue going forward.

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

Evaluation of Management's Comments

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

Regarding management's disagreement with the monetary impact, the audit does not imply that overtime is used "exclusively" as the mitigating factor to offset unscheduled leave but rather "a" mitigating factor. As such, we reaffirm that overtime is one of the mitigating factors to offset unscheduled leave.

Regarding management's assertion that the analysis generally assumes that there is a one-for-one relationship with overtime hours and unscheduled leave, the scope of the analysis was employees who incurred excessive unscheduled leave, or a combined 88 or more occurrences, not the total of all unscheduled leave hours. We based the monetary impact calculation on reducing the Los Angeles District's unscheduled leave rate to align with the Pacific Area's average rate, which provides a conservative approach to identifying the monetary impact of overtime and unscheduled leave hours.

Regarding management's disagreement that supervisors did not have sufficient training, we acknowledge that supervisors receive training during the new supervisor orientation; however, the supervisors and managers we interviewed stated that the orientation training is not sufficient to allow supervisors to understand how to adequately manage unscheduled leave. Additionally, we determined that supervisors did not always complete the related individual trainings we reviewed: eRMS, Leave Control, and TACS.

As stated in the report, the Postal Service's Time is Money: Time and Attendance for Supervisors is more comprehensive; combines aspects of the three training courses reviewed; and would benefit all managers, supervisors, and acting supervisors.

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

Appendices

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Appendix A: Additional Information

Employees are expected to maintain their assigned schedules, make every effort to avoid unscheduled absences, and provide acceptable supporting documentation for absences when required.

Background

We based this audit on analysis of the OIG's FY 2016 Human Resources Risk Model, which ranked the Los Angeles District number three in unscheduled leave use during all four quarters in FY 2016. Unscheduled leave percentages for these quarters ranged from 12 to 14 percent. In FY 2016, per our risk model, 5 percent of the average number of employees in the Pacific Area had 20 or more unscheduled leave occurrences. District rankings are based on eRMS data showing a percentage of employees with 20 or more unscheduled leave occurrences to the average number of employees in the district, per 100 employees.

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

Postal Service management is responsible for controlling unscheduled leave by informing employees of leave regulations, discussing attendance records with individual employees when warranted, and maintaining and reviewing PS Forms 3971 and 3972. There are policies in place for station managers and supervisors to monitor unscheduled leave using eRMS and take disciplinary action when appropriate. The primary focus of eRMS is to aid a manager's efficiency in managing their resources and workload and provide reports and assistance in tracking employee leave balances and usage.

eRMS automates the unscheduled leave process by providing employees with a telephone number for calling in when an unscheduled leave situation occurs. eRMS generates an electronic PS Form 3971 form and routes the form to the appropriate supervisor, eliminating manual intervention. Supervisors must then approve or disapprove employee's leave requests on the form and, upon returning to work, the employee must immediately sign the form and provide supporting documentation to the supervisor, if required.

In regard to disciplinary action, the supervisor must first conduct informal conversations with the employee when corrective action is necessary. The process can then progress to a pre-disciplinary interview to allow the employee the opportunity to address the alleged poor attendance. If the excessive unscheduled leave continues, the supervisor can decide to take further disciplinary action by first issuing a letter of warning giving the employee a certain amount of time to improve attendance. Lastly, the supervisor can decide to continue with disciplinary action with a seven-day suspension, followed by a 14-day suspension, and then removal.

There are also many TACS tools available to supervisors to use to control attendance (see Table 4).

Table 4: Examples of TACS Reports

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

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

Objective, Scope, and Methodology

Our objective was to conduct a follow-up audit to assess the management of unscheduled leave activity in the Los Angeles District and identify opportunities to reduce unscheduled leave and cost. In addition, we will assess whether management effectively implemented the recommendations in our prior management advisory (*Unscheduled Leave Activity in the Los Angeles District*, Report Number HR-MA-14-004, dated February 6, 2014).

The scope of the current audit was FY 2016 data to identify employees using unscheduled leave above the normal average in the Los Angeles District, as well as the total amount of unscheduled leave usage for these employees. In addition, we reviewed unscheduled leave and overtime data from FYs 2013 through 2016 to assess trends.

To accomplish our objective, we

- Reviewed the OIG's Human Resources Risk Model to identify districts with high unscheduled leave percentages during FY 2016. The Los Angeles District was ranked number one, with the largest amount of unscheduled leave.
- Reviewed Postal Service policies and procedures relating to unscheduled leave and Labor Relations' leave management policy and employee disciplinary actions for excessive unscheduled leave and return to work procedures.
- Analyzed FY 2015 and 2016 unscheduled leave data for the Los Angeles District recorded in TACS. We used two standard deviations from the unscheduled leave occurrences mean to identify the unscheduled leave amount that is considered excessive.
- Judgmentally selected the Los Angeles P&DC, Redondo Beach Post Office, and Santa Monica Post Office for site visits. We selected these sites because they had the largest number of employees who took excessive unscheduled leave. We selected the Torrance Post Office to identify any best practices because this site had low unscheduled leave occurrences.
- Identified 62 employees at the Los Angeles P&DC, 25 employees at the Redondo Beach Post Office, and 13 employees at the Santa Monica Post Office who incurred unscheduled leave and selected hard copies of 493 PS Forms 3971 and 3972 and other available supporting documentation.
- Interviewed Postal Service district and unit managers and supervisors regarding the processes used to control unscheduled leave and observed their use of eRMS.
- Obtained and reviewed supervisor training records at the four sites selected.
- Contacted San Diego District personnel to determine if they used any monitoring methods that can be used as a best practice in the Los Angeles District to reduce unscheduled leave.

We conducted this performance audit from January through August 2017, in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for

our findings and conclusions based on our audit objective. We discussed our observations and conclusions with management on June 9, 2017 and included their comments where appropriate.

We assessed the reliability of eRMS data randomly selected ten employees' terms data and traced the data to the TACS data in EDW. We determined that the data were sufficiently reliable for the purposes of this report.

Prior Audit Coverage

Report Title	Objective	Report Number	Final Report Date	Monetary Impact
<i>Unscheduled Leave in the Chicago District</i>	Assess unscheduled leave activity in the Chicago District and identify opportunities to reduce it.	HR-AR-15-006	5/21/2015	\$6,562,716
<i>Unscheduled Leave in the Los Angeles District</i>	Assess unscheduled leave activity in the Los Angeles District and identify opportunities for reducing unscheduled leave.	HR-MA-14-004	2/6/2014	None

Appendix B: Management's Comments

Los Angeles Performance Cluster



August 10, 2017

MEMORANDUM FOR: LORI LAU DILLARD
DIRECTOR, AUDIT OPERATIONS
USPS-OIG

SUBJECT: Revised Response to Draft Audit Report – Unscheduled Leave in
the Los Angeles District (Report Number HR-AR-17-DRAFT)

Thank you for the opportunity to respond to the revised OIG Audit of Unscheduled Leave in the Los Angeles District. The Los Angeles District generally agrees with the findings and recommendations noted in the audit pertaining to the unscheduled leave usage during FY15 & FY16.

The Los Angeles District does not agree with the identified monetary impacts. Specifically, the Los Angeles District disagrees with the assumption that: "The Postal Service used overtime hours (exclusively) as a mitigating factor to offset unscheduled leave from FYs 2015 through 2016." To assume that each hour of unscheduled leave is replaced one-for-one with an overtime hour is very generalized. The audit does not take into account staffing within the individual units and their ability to "absorb" unscheduled leave workload based upon whether or not authorized leave is at capacity or not. If the unit is not at capacity for leave, then employees would be available to work at the straight time rate. Another factor to consider, employees are allotted two breaks and other allied times that do not need to be "replaced" if the employee is on leave. This is exemplified in our Delivery Operations, where it takes approximately 6.5 hours to replace a vacant route; 6.5 hrs. divided by 8.0 hrs. equals an 81.25% replacement rate. Applying the 81.25% (instead of 100%, i.e. a 1 for 1 OT for unscheduled leave replacement rate) across the board to the OIG's targeted reduction in unscheduled leave would drop the monetary impact by \$757,705; reducing the identified "Labor Savings" monetary impact from \$3,393,999 to \$2,636,294.

The Los Angeles District does agree that the recommendations implemented from the prior OIG management alert; while implemented, were not sustained and therefore not effective. We agree that supervisors did not properly complete, approve, or maintain copies of Postal Service Forms 3971, Request for or Notification of Absence, and did not take appropriate disciplinary action against employees with excessive leave. We do not agree that supervisors did not receive sufficient training on the unscheduled leave systems/processes or the disciplinary process because it is a part of the New Supervisor Program and the training is provided during their initial supervisory training. Furthermore, the Manager, Financial Programs Compliance provides TACS training to employees acting in the capacity of an EAS, and access to the system is not granted unless they participate in the physical training. We do however; agree that 204B's have not been adequately trained in the areas of unscheduled leave management or discipline procedures.

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Recommendation #1

We recommend the Manager, Los Angeles District issue guidance to managers and supervisors to reiterate policies in using the Enterprise Resource Management System (ERMS) to manage and document unscheduled leave and initiate disciplinary actions when appropriate.

Management Response/Action Plan

The Los Angeles District agrees that the managers, supervisors and 204b's require guidance and have scheduled "Time is Money" training which includes ERMS LMS Course No. 10021142. This will provide guidance to promoted EAS as well as 204b's in using the ERMS system and the policies associated with the program including initiating corrective action where appropriate.

Target Implementation Date

Wednesday/Thursdays, June 28 thru September 28, 2017.

Responsible Official(s)

Manager Human Resources
Manager Labor Relations

Recommendation #2

We recommend the Manager, Los Angeles District require managers and supervisors, including detailed supervisors, to attend training that includes Enterprise Resource Management System, Time and Attendance Control System, and Leave Control.

Management Response/Action Plan

The Los Angeles District concurs with this recommendation. Refer to response for recommendation 1 for specifics. The Leave Control policy will be reviewed and reissued.

Target Implementation Date

See recommendation 1
Leave control review and issuance September 30, 2017

Responsible Official(s)

Manager Human Relations
Manager Labor Relations
District Finance Manager

Recommendation #3

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

Management Response/Action Plan

The Los Angeles District concurs with this recommendation that we enhance the current district review process to include formal monitoring protocols. Labor Relation Specialists will be required to conduct reviews of offices which will include the initial audit, exit meeting with Leadership team to review findings and provide recommendations, follow up visits to ensure compliance to policies and implementation of recommendations/audit review findings. This will promote supervisor accountability for managing unscheduled leave and initiating appropriate discipline.

Target Implementation Date

August 2017 and ongoing

Responsible Official(s)

Postmaster LA
Lead Sr. MDO
District Leadership Team
Lead MPOO
Manager Human Resources
Manager, Labor Relations
Postmasters
Station Managers



Al Santos
District Manager

cc: Sally K. Haring
Manager, Corporate Audit and Response Management
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