



Office of Inspector General | United States Postal Service

## Audit Report

# Earned Work Hours in Customer Service Operations - Tennessee District

Report Number DR-AR-18-005 | May 21, 2018



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# Highlights

## Objective

Our objective was to assess the accuracy of earned workhours in customer service operations in the Tennessee District.

Customer service operations consist of employees at post offices, stations, and branches involved in mail distribution, retail window, and miscellaneous administrative operations. The U.S. Postal Service uses the Customer Service Adjusted Workload (CSAW) and Customer Service Variance (CSV) models to optimize retail and customer service operations.

The CSAW model is used daily to record the actual workload in customer service units. Supervisors input actual workload for manual distribution of letters and flats volume in this system. Once input is complete, Postal Service data systems automatically upload manual package volume and retail transactions to the CSAW model. This workload data generates earned workhours by a Labor Distribution Code, a two-digit number used to identify major employee activities and compile workhours.

The Postal Service measures customer service operations performance using the CSV model, which incorporates data from the CSAW model. CSV calculates earned workhours based on actual mail volume and target productivity. The actual mail volume for customer service units is downloaded to CSV from several data systems, including the Web End-of-Run and eFlash systems, along with retail transactions and workhours from the Windows Operating Survey. The CSV model compares earned workhours to actual workhours, a measurement called the variance achievement. The CSV model measures a unit's variance achievement against the national performance target for their expected workload.

The Tennessee District operated over 200 post offices, stations, and branches from October 1, 2016, through June 30, 2017. The Tennessee District processed 319 million pieces of mail, received 11.5 million customer visits, processed more than 21.4 million retail window transactions, and generated retail revenue totaling \$137.2 million.

We selected the Tennessee District because of the large number of units that exceeded or did not meet the customer service performance measurement.

## What the OIG Found

Opportunities exist to improve the accuracy of customer service operations earned workhours in the Tennessee District. Our analysis of 14 customer service units showed earned workhours for retail transactions and mail volume was not always accurate to perform daily operations. Specifically:

- Passport transactions at six of 14 (43 percent) customer service units were not properly initiated in the Point-of-Sale (POS) system.
- Lobby assistant duties at seven of 14 (50 percent) customer service units were not always recorded in the POS system.
- Secondary mail volume (mail received not in delivery point sequence) at three of 10 (30 percent) customer service units with post office boxes were not always recorded in the CSAW model.
- Parcel mail volume was incorrectly recorded in the CSAW at three of four (75 percent) customer service units co-located with processing and distribution centers.
- Allied operations, which is the time used by personnel to set up and stage mail equipment, exceeded earned workhours at one unit (7 percent).

These conditions occurred because:

- Customer service personnel did not have a process in place that clearly instructed them to begin passport transactions immediately in the POS system.
- Management did not enforce the policy that requires customer service operations personnel to record non-revenue transactions on a checklist and input these transactions every half hour in the POS system.
- Customer service personnel were not aware of the requirement to record secondary mail volume in CSAW.

- Plant personnel did not ensure correct mail volume from mail processing equipment and did not input correct mail volume data in CSAW.
- One facility's infrastructure and space limitations hindered package distribution and office operations inside the building.

Customer service operations rely on accurate workload data to establish earned workhours for staffing in units. Inaccurate workload and earned workhours increased the district's overtime and penalty overtime workhours. The Tennessee District's use of additional overtime and penalty overtime workhours resulted in \$4.3 million in questioned cost annually. Improving workload and earned workhours could eliminate excess overtime and penalty overtime and help the district realize a cost avoidance of about \$114,316 annually.

## What the OIG Recommended

We recommended management:

- Develop a standard operating procedure to instruct customer service personnel to begin passport transactions immediately in the POS system.
- Reinforce the importance of adhering to customer service procedures for recording non-revenue transactions.
- Reinforce the importance of adhering to customer service procedures for recording secondary mail volume in the CSAW system.
- Ensure plant personnel research and resolve mail processing equipment malfunctions and record accurate mail volume data for customer service units co-located with processing and distribution centers.
- Continue with a feasibility of facility modification review at the Concord Annex and other facilities with similar issues throughout the district.

# Transmittal Letter



OFFICE OF INSPECTOR GENERAL  
UNITED STATES POSTAL SERVICE

May 21, 2018

**MEMORANDUM FOR:** CHRISTOPHER R. ALEXANDER  
ACTING TENNESSEE DISTRICT MANAGER

E-Signed by Kimberly Benoit  
VERIFY authenticity with eSign Desktop  
*Kimberly Benoit*

**FROM:** Janet M. Sorensen  
Deputy Assistant Inspector General  
for Retail, Delivery, & Marketing

**SUBJECT:** Audit Report – Earned Workhours in Customer  
Service Operations – Tennessee District  
(Report Number DR-AR-18-005)

This report presents the results of our audit of the Earned Workhours in Customer Service Operations – Tennessee District (Project Number 18RG002DR000).

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Rita F. Oliver, Director, Delivery Operations, or me at 703-248-2100.

Attachment

cc: Postmaster General  
Corporate Audit Response Management  
Vice President, Retail and Customer Service Operations  
Vice President, Eastern Area Operations

# Results

## Introduction/Objective

This report presents the results of our self-initiated audit of Earned Workhours in Customer Service Operations – Tennessee District (Project Number 18RG002DR000).

## Background

Customer Service operations consist of employees at post offices, stations, and branches involved in mail distribution, retail window, and miscellaneous administrative operations. The Postal Service uses the Customer Service Adjusted Workload (CSAW) and Customer Service Variance (CSV) models to optimize retail and customer service operations.

The Postal Service uses the CSAW model daily to record the actual workload in customer service units. Supervisors input actual workload for manual distribution of letters and flats volume in this system. Postal Service data systems automatically upload manual package volume and retail transactions to CSAW. The actual workload volume, transactions, revenue and non-revenue and mail volume is input or imported daily to generate earned workhours for Customer Service Labor Distribution Codes (LDC)<sup>1</sup> 41- 48, in CSAW to determine staffing.<sup>2</sup> Therefore, it is critical that management have accurate data to manage operations.

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***“The Tennessee District processed 319 million pieces of mail, received 11.5 million customer visits, processed more than 21.4 million retail window transactions and generated retail revenue totaling \$137.2 million.”***

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The Postal Service measures customer service operations performance using the CSV model, which incorporates data from the CSAW model. CSV calculates earned workhours based on actual mail volume and target productivity. The actual mail volume for customer service units is downloaded to CSV from several data systems, including the End of Run and eFlash systems, along with retail transactions and workhours from the Windows Operating Survey. The CSV model compares earned work hours and actual workhours; this measurement is the variance achievement. The CSV model measures the unit’s variance achievement against the national performance target for their expected workload.

The Tennessee District operated over 200 post offices, stations, and branches from October 1, 2016 through June 30, 2017. The Tennessee District processed 319 million pieces of mail, received 11.5 million customer visits, processed more than 21.4 million retail window transactions and generated retail revenue totaling \$137.2 million. We selected the Tennessee District because it had many customer service units that exceeded or did not meet the customer service performance measurement.<sup>3</sup>

## Finding #1: Inaccurate Retail Transactions

Passport transactions at six of 14<sup>4</sup> (43 percent) customer service units were not properly initiated in the Point-of-Sale (POS) system. These locations had 1,169<sup>5</sup> passport transactions with transaction time averaging 00:07:45 (see [Table 1](#)). During our site visits, we observed customer service personnel initiating passport transactions in the POS system after greeting customers, reviewing paperwork and taking photos, which could take up to 7 or 8 minutes. The actual time to conduct passport transactions was not recorded in the POS system. Instead, customer service personnel initiated the passport transaction in POS system when it was time to record the passport information and receive payment.

1 An LDC is a 2-digit number used to identify the major employee activities. The LDC is used to compile workhour, labor utilization, and other financial reports for management use.

2 *Post Office Operations – Function 4 Guidebook*, February 2014.

3 We used the fiscal year (FY) 2016 CSV Performance target of 85 percent, the contributor level, successfully met the target. Below 85 percent, the unit did not meet the target and above 85 percent, the unit is either a contributor, high contributor or exceptional contributor. The FY 2017 CSV Performance target was not adjusted at the time of data analysis.

4 The remaining eight customer service units did not have passport services.

5 We reviewed retail transactions during October 8-14, 2016, and March 11-17, 2017. The Postal Service identified the second full week of March and October as a full year’s worth of transactions as their staffing model for retail window.

According to guidance, passport transactions are allocated 0:17:09 minutes per transaction.<sup>6</sup>

**Table 1. U.S. Postal Service Office of Inspector General (OIG) Analysis of Passport Transactions**

No.	Unit	Total Passport Transactions	Earned Transaction Time <sup>7</sup>	Average Transaction Time	Difference
1	Chattanooga – Main Office Window	151	0:17:09	0:08:29	0:08:40
2	Knoxville – Main Office Window	258	0:17:09	0:08:23	0:08:46
3	Memphis – Bartlett Station	60	0:17:09	0:10:20	0:06:49
4	Nashville – Arcade Station	18	0:17:09	0:07:06	0:10:03
5	Nashville – Broadway Station	36	0:17:09	0:07:04	0:10:05
6	Nashville – Main Office Window	646	0:17:09	0:05:07	0:12:02
<b>Total</b>		<b>1,169<sup>8</sup></b>	<b>0:17:09</b>	<b>0:07:45</b>	<b>0:09:24</b>

Source: Enterprise Data Warehouse (EDW)<sup>9</sup>– Retail Data Mart (RDM).

***“Passport transactions at 43 percent of the customer service units we visited were not properly initiated in the POS system. Lobby assistant duties at 50 percent of the customer service units we visited were not always recorded in the POS system.”***

This condition occurred because customer service personnel did not have a process in place that clearly instructed them to begin passport transactions immediately in the POS system. Although the Postal Service provides guidance on passport acceptance procedures,<sup>10</sup> the procedures only provide instructions on how to enter passport transactions in the POS system,<sup>11</sup> these procedures do not address when the passport transaction should be initiated. As a result, earned workhours do not reflect the actual work to be performed in the units and negatively impacts staffing and scheduling.

We also determined that lobby assistant duties at seven of 14 (50 percent) customer service units were not always recorded in the POS system. Lobby assistant duties include mail pickup, hold mail requests, passport forms and

<sup>6</sup> EDW-RDM WOS Account Identifier Code Look-Up Report-POSONE, October 26, 2017. An Account Identifier Code is a three-digit code that assigns financial transactions to the proper account on the general ledger.

<sup>7</sup> The time factor for passport transaction is 0:12:98 minutes and passport photo transaction is 0:4:11 minutes.

<sup>8</sup> The 1,169 total passport transactions included 887 passport photo transactions.

<sup>9</sup> The repository intended for all data and the central source for information on retail, financial, and operational performance.

<sup>10</sup> Passport Agent Application Training – Course 4120118.

<sup>11</sup> Retail System Software, Full Window Service Procedure Guide, Section 3.5, Passports, January 2018.

customer's requests for supervisor's assistance. In one customer service unit,<sup>12</sup> failure to record non-revenue transactions from lobby duties in the POS system is one of the factors that contributed to a performance measurement of 58.63 percent in Retail Operations (LDC 45) – far below the national performance measurement target of 85 percent.

This occurred because management did not enforce the policy that requires customer service operations personnel to record non-revenue transactions on a checklist and input these transactions every half hour in the POS system.<sup>13</sup> As a result, earned work hours do not reflect the actual work to be performed in the units and negatively impacts staffing and scheduling.

#### **Recommendation #1**

**The Acting District Manager, Tennessee District,** develop a standard operating procedure to instruct customer service personnel to begin passport transactions immediately in the Point-of-Sale system.

#### **Recommendation #2**

**The Acting District Manager, Tennessee District,** reinforce the importance of adhering to customer service procedures for recording non-revenue transactions.

## **Finding #2: Customer Service Mail Volume Not Recorded**

Secondary mail volume at three of 10 (30 percent) customer service units with Post Office (PO) Box operations that required subsequent handling were not always recorded in CSAW. Secondary volume reporting occurs when PO Box mail received from the mail center processing is not in Delivery Point Sequence. This requires subsequent handling by customer service personnel to manually sort the mail to distribute to PO Boxes.

This condition occurred because supervisors were not aware of the requirement to record secondary mail volume in CSAW. Postal Service guidance states any volume requiring subsequent handling, such as box priming or other secondary distribution where deemed necessary by the Manager, Operations Program Support, should be recorded as mail volume in Manual Distribution - Letters, Flats, and Parcels (LDC 43).

Customer service operations rely on accurate workload data to establish earned work hours for staffing in units. Inaccurate workload and earned workhours increased the district's overtime (OT) and penalty overtime (POT) workhours. The Tennessee District's use of additional OT and POT workhours resulted in \$8.6 million in questioned costs. Improving workload and earned workhours could eliminate excess OT and POT and help the district realize a cost avoidance of \$228,631.

#### **Recommendation #3**

**The Acting District Manager, Tennessee District,** reinforce the importance of adhering to customer service procedures for recording secondary mail volume in the Customer Service Adjusted Workload system.

<sup>12</sup> Nashville – Donelson Station.

<sup>13</sup> *Lobby Assistance Standard Operating Procedures*, page 5., April 2016.

### Finding #3: Mail Volume Data Errors

Parcel mail volume for manual mail distribution<sup>14</sup> and PO Box mail<sup>15</sup> operations were incorrectly recorded in CSAW at three of the four (75 percent) customer service units that were co-located with the district’s processing and distribution centers (P&DCs). These units did not have manual distribution operations, therefore, they should not have any earned workhours. The mail volume recorded in manual distribution gave the appearance that the customer service units had an opportunity to reduce staffing because they used fewer or no actual workhours than what they earned to perform customer service operations (see Table 2). For example, one facility earned over 2,000 hours in manual distribution that should not have been earned.

***“Parcel mail volume for manual mail distribution and PO BOX mail operations were incorrectly recorded in CSAW at 75 percent of the customer service units that were co-located with the district’s P&DCs.”***

**Table 2. Erroneously Recorded Earned Workhours in CSV**

Unit Name	Customer Service Operation	Manual Distribution	Earned	Actual	Performance Measurement <sup>16</sup>
Nashville - Main Office Window	Retail and Box Section	LDC 43P Hours	2,079	34	6,115.13%
Chattanooga - Main Office Window	Retail Only	LDC 43P Hours	31	0	0.00%
		LDC 43A Hours	91	0	0.00%
		LDC 43 Total	122	6	2,028.60%
		LDC 44 Hours	80	22	364.17%
Knoxville - Main Office Window	Retail Only	LDC 43P Hours	191	291	65.61%
		LDC 43A Hours	120	-8	-1,505.54%
		LDC 43 Total	311	283	110.02%
		LDC 44 Hours	78	0	0.00%

Source: Postal Service Variance Program – CSV.

<sup>14</sup> LDC 43 - Manual Distribution Operations.

<sup>15</sup> LDC 44 - Post Office Box Distribution.

<sup>16</sup> Performance measurement is calculated by dividing earned customer service workhours by actual customer service workhours, to determine if the unit is meeting the customer service performance measurement target.

According to management, this occurred because the Nashville P&DC's mail processing equipment malfunctioned and the volume data for this unit was erroneously recorded. Management also informed the OIG that this error occurred previously, and it was corrected; however, it continues to occur. For Knoxville and Chattanooga facilities, these errors occurred because mail volume data for manual distribution was manually recorded by mail processing personnel at the P&DCs in CSAW, not customer service personnel. As a result, these volume errors may not allow managers to make informed decisions for customer service operations.

**Recommendation #4**

**The Acting District Manager, Tennessee District,** ensure plant personnel research and resolve mail processing equipment malfunctions and record accurate mail volume data for customer service units co-located with the processing and distribution centers.

**Finding #4: Actual Allied Workhours Exceeded Earned Workhours**

Allied operations, which is the time used by personnel to set up and stage mail equipment, exceeded the earned workhours at one unit, the Concord Annex in Knoxville, TN. Customer service personnel used hours to move mail equipment inside and outside of the building to the parking lot to manually sort letters, flats, and parcel mail volume for routes. The allied operations, LDC 43A, significantly exceeded earned work hours with a performance measurement of 25 percent – far below the performance measurement target of 85 percent (see Table 3).

**Table 3. Allied Operations Data in CSV for the Concord Annex – Knoxville, TN (October 1, 2016 through June 30, 2017)**

Allied Operations					
Unit Variables	Benchmark	Earned	Actual	Variance	Performance Measurement
LDC 43A Hours	1,477	1,477	5,865	4,388	25.18%

Source: Postal Service Variance Program – CSV.

This occurred because of limited floor space at this customer service unit (see Figures 1 and 2). The space limitation led to workroom congestion, and hindered package distribution and office operations. Management also informed us they temporarily move some of their distribution operations outside the building during peak season when there is an increase in the number of parcels. As a result, when a significant amount of customer service personnel use time to set up and stage mail equipment and do not include it in earned workhours, management could be making staffing decisions using inaccurate information.

Nashville District officials indicated they were aware of the impact the space constraints had on delivery operations and were approved to review this issue at Concord Annex and other facilities with similar issues.

**Figures 1 and 2. Knoxville – Concord Annex Manual Distribution Operations**



Source: OIG photograph taken December 13, 2017.

**Recommendation #5**

**The Acting District Manager, Tennessee District,** continue with a feasibility study of facility modification review at the Concord Annex and other facilities with similar issues throughout the district.

## Management's Comments

Management agreed with the findings and recommendations except for the conclusion related to Allied Operations, and disagreed with the monetary impact.

In response to recommendation 1, management agreed with instructing customer service personnel to begin passport transactions immediately in the Point of Sale System. Management stated this process will include a review of the passport forms, photos and the finalization process. Management will provide this information in the form of a standup talk to all Sales and Service Associates and management staff. Further, the District Retail Operations will continue to conduct daily and weekly Sales and Service Retail Diagnostic (SSRD) reviews with select offices to include a periodic review of proper passport transactions. Also, each Retail System Software office is required to conduct their own SSRD review daily. Compliance is tracked each day on 30 vital offices, to ensure the review is conducted. The expected completion date is May 15, 2018.

In response to recommendation 2, management agreed to reinforce the importance of adhering to customer service procedures for recording non-revenue transactions. Management stated the Standard Operating Procedures for lobby assistance was recently sent to field offices. District Retail Operations will continue to conduct daily and weekly reviews with vital offices, also conduct periodic Function 4 reviews, which will verify the proper use and credit for all LDCs. The expected completion date is May 15, 2018.

In response to recommendation 3, management agreed to reinforce the importance of adhering to customer service procedures for recording secondary mail volume in the Customer Service Adjusted Workload (CSAW) system. Management stated the Plant and customer service management will work together to improve mail products provided to the delivery units with the PO Box sections. Also, the Manager, Operations Program Support (MOPS) will provide training materials concerning customer service volume recording and proper CSAW entries. The expected completion date is May 15, 2018.

In response to recommendation 4, management agreed with ensuring plant personnel research and resolve mail processing equipment malfunctions and record accurate mail volume data for customer service units co-located with the Processing and Distribution Centers. Management stated they will continue to investigate mail processing data transmission anomalies at box sections co-located with processing facilities and monitor weekly CSAW/Customer Service Variance (CSV) numbers and make necessary adjustments if anomalies are discovered. Also, the MOPS will provide training materials concerning customer service volume recording and proper CSAW entries to the co-located box sections. The expected completion date is May 15, 2018.

In response to recommendation 5, management agreed to continue with a feasibility study of facility modification review at the Concord Annex and other facilities with similar issues throughout the district. Management stated the Knoxville Concord Annex has been identified and submitted as a Tennessee District space constrained facility and with the assistance of the Eastern Area Facilities, district management will continue to monitor space constrained facilities and explore options to better utilize existing facility space and/or add potential new space as required. Further, management will continue to explore new processes to improve operational efficiencies using Lean Six Sigma methodologies, onsite reviews, and benchmarking. The expected completion is under review by Postal Service Headquarters Facility Planning. In subsequent correspondence, management submitted documentation to Eastern Area officials, requesting a review of space constraints at Knoxville Concord Annex in May 25, 2017.

Regarding the disagreement with Allied Operations, management stated the tent was used only during peak season (Nov-Dec) to alleviate congestion. They noted the report focused on LDC 43A targets, and did not include OSHA complaints or the offset time savings concerning the sortation of an entire Postal zone outside of the constrained space facility at the heaviest parcel volume of the year.

Management also disagreed with the monetary impact, stating no quantitative analysis was done to determine the impact of deficiencies identified in the report to the hours earned for customer service operations. Also, management stated there was no analysis to support the claim that inaccurate workload reporting resulted in increased OT and POT. In addition, management stated the monetary impact did not reflect a variance in the earned hours, but implied all OT and POT variances to plan were a result of the data recording deficiencies. Management noted the data presented in [Table 2](#) of the monetary impact form was inaccurate and contained calculation errors.

See [Appendix C](#) 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 Allied Operations, the OIG did not perform any calculations for allied operations workhours for LDC 43A, for the Concord Annex. The information cited in our report was obtained directly from the Customer Service Variance Program, which showed allied operations hours significantly exceeded earned work hours, with a performance measurement of 25 percent for this location. We observed the operations with the tent at this location during peak season, and management acknowledged that a feasibility study should be considered for this location.

Regarding management's disagreement with the Questioned Costs and Funds Put to Better Use, the OIG conducted subsequent discussions after receiving management's written comments with district management regarding the monetary impact.

Based on the new information from discussions, the OIG has revised the monetary impact using only the consolidated Reference Number 440 line to calculate the Accounting Data Mart paid OT and POT work hours. This calculation decreased the Questioned Costs and Funds Put to Better Use from \$31,268,653 to \$8,806,212. We adjusted our report accordingly and provided the revised calculations to management via email on May 9, 2018, and discussed this revised amount with them on May 10, 2018.

Based on those discussions, management maintained their disagreement with the revised monetary impact of \$8,806,212. Management stated the actual and planned eFlash hours do not align with end of year eFlash reports, and the OIG plan variance for OT is discrepant by about 50,000 hours. During a subsequent meeting, management stated the plan OT and POT target percentages provided by district officials were inaccurate, and the plan percentages are available in eFlash. The OIG reviewed the eFlash plan OT and POT target percentages and determined all customer service units did not have a plan OT and POT target. Therefore, we could not rely on this data. On May 14, 2018, we discussed the incompleteness of the data with management and believe our analysis accurately reflects the Questioned Costs and Funds Put to Better Use.

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

# Appendices

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# Appendix A: Additional Information

## Scope and Methodology

Our objective was to assess the accuracy of customer service operations earned workhours in the Tennessee District. To meet our objective, we:

- Obtained and analyzed data from CSV from October 1, 2016, through June 30, 2017 (Quarters 1-3, FY 2017), to rank customer service units from smallest to largest using the FY 2016 CSV performance target percentage.
- Selected the Tennessee District for review because it had a large number of customer service units that exceeded or did not meet the customer service performance measurement in the nation.
- Categorized each Tennessee District customer service unit's performance measurement into three tiers based on how the unit met the CSV performance measurement<sup>17</sup> target. We used three ranking tiers: 85 to 100 percent, less than 85 percent, and greater than 100 percent.
- Judgmentally selected and reviewed 14<sup>18</sup> customer service units from the three tiers ranked by their performance measurement as it related to the CSV performance measurement target.
- Obtained, analyzed, and reviewed customer service operations data such as CSV, EDW-RDM, and the Staffing and Scheduling Tool.<sup>19</sup>
- Conducted observations, interviews, and obtained information on customer service operations, processes, and procedures.

- Reviewed documentation and applicable policies and procedures for customer service operations.

We conducted this performance audit from November 2017 through May 2018, 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 March 30, 2018, and included their comments where appropriate.

We assessed the reliability of computerized data from CSV and EDW-RDM by tracing a sample of data to source documents and interviewing knowledgeable Postal Service personnel. We determined the data were sufficiently reliable for the purposes of this report.

## Prior Audit Coverage

The OIG did not identify any prior audits or reviews related to the objective of this audit issued within the last five years.

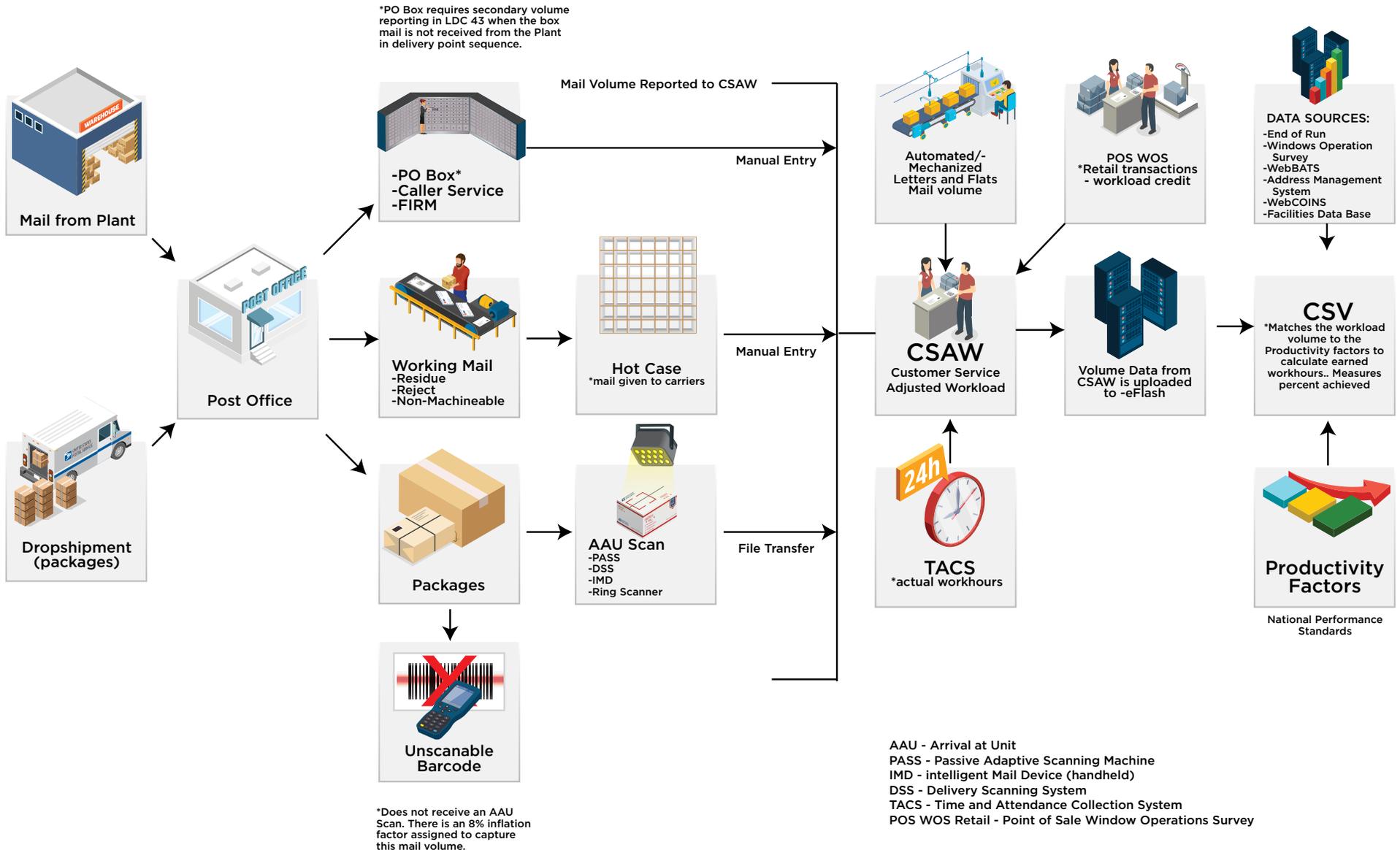
<sup>17</sup> Percent achieved is referred to as performance measurement.

<sup>18</sup> We judgmentally selected 12 customer service units to review. We included two additional customer service units in Nashville at the request of Nashville Post Office management.

<sup>19</sup> This tool helps optimize scheduling and bids for operations management.

# Appendix B: Flow Chart of Customer Service Operations

## Workload Volume Data Flow to Earned Workhours



Source: Post Office Operations - Function 4 Guidebook, February 2014.

# Appendix C: Management's Comments



May 03, 2018

LORI LAU DILLARD  
DIRECTOR, AUDIT OPERATIONS

**SUBJECT: Earned Work Hours in Customer Service Operations – Tennessee District (Report Number 18RG002DR000 DRAFT)**

The following is provided in response to your audit of Earned Customer Service Hours in the Tennessee District. The Tennessee District remains committed to improving efficiency and workload reporting at all of our customer service facilities and we appreciate the review and identification of opportunities for improvement within the district. However, we believe the survey is flawed and strongly disagree with the findings as they relate to the reported monetary impact.

The objective of the survey was to "assess the accuracy of earned work hours in customer service operations" and while some inaccuracies and omissions were observed, no quantitative analysis was done to determine the impact of those deficiencies to the hours earned for customer service operations. Nor was there an analysis to support the claim that inaccurate workload reporting resulted in increased overtime and penalty overtime. The Monetary Impact does not in any way reflect a variance in earned hours but rather implies that all overtime and penalty overtime variances to plan are a result of the data recording deficiencies identified. Additionally, the data presented in Table 2 of the Monetary Impact is grossly inaccurate and contains simple calculation errors. Table 1 below is an excerpt of Table 2 of the Monetary Impact identifying the actual overtime (OT) and penalty overtime (POT) hours, planned OT and POT hours, and a calculated variance to plan. The data presented indicates a total OT variance to plan of 1,404,903 hours and a POT variance to plan of 96,483 hours. Table 2 was recreated using our data extracts from ADM for the same periods. This data reflects a total OT variance of 197,403 hours and a POT variance of 2,188 hours.

Table 1: Excerpt of Monetary Impact Table 2 (OIG Submission)

Fiscal Quarter	Comparison of Actual Paid OT vs Planned OT			Comparison of Actual Paid POT vs Planned POT		
	ADM OT Paid Work Hours	eFlash OT Plan Work Hours	OT Paid Variance	ADM POT Paid Work Hours	eFlash POT Plan Hours	POT Paid Variance
FY 16 Q1	315,985	33,859	282,126	16,671	1,496	15,175
FY 16 Q2	269,916	36,035	233,881	25,400	2,197	23,203
FY 16 Q3	279,644	38,481	243,593	21,466	2,374	20,337
FY 16 Q4	328,912	35,936	294,775	24,208	2,139	23,175
FY 17 Q1	235,135	39,923	196,361	8,481	1,766	7,401
FY 17 Q2	139,556	38,975	103,318	6,911	2,414	5,749
FY 17 Q3	87,120	40,950	50,879	2,329	2,479	1,442
FY 17 Q4	70,008	41,130	35,671	2,004	2,441	1,147
Grand Totals	1,656,268	264,159	1,404,932	105,466	14,864	96,483

Table 2: Excerpt of Monetary Impact Table 2 (USPS Data Extract)

Fiscal Quarter	Comparison of Actual Paid OT vs Planned OT			Comparison of Actual Paid POT vs Planned POT		
	ADM OT Paid Work Hours	eFlash OT Plan Work Hours	OT Paid Variance	ADM POT Paid Work Hours	eFlash POT Plan Hours	POT Paid Variance
FY 16 Q1	86,667	33,529	53,138	2,512	1,199	1,313
FY 16 Q2	62,851	33,707	29,144	2,050	1,611	439
FY 16 Q3	62,284	35,223	27,061	2,021	1,727	294
FY 16 Q4	61,433	34,343	27,090	1,653	1,581	72
FY 17 Q1	96,868	46,217	50,651	2,642	2,688	-46
FY 17 Q2	61,920	43,051	18,869	2,174	1,961	213
FY 17 Q3	39,263	44,280	-5,017	1,013	1,222	-209
FY 17 Q4	40,590	44,123	-3,533	992	880	112
Grand Totals	511,876	314,473	197,403	15,057	12,869	2,188

Responses to individual findings are provided below.

**Finding #1: Inaccurate Retail Transactions**

**Recommendation #1:** We recommend the District Manager, Tennessee District to develop a standard operating procedure to instruct customer service personnel to begin passport transactions immediately in the Point of Sale System. (Marketing)

**Management Response/Action Plan:**

Management agrees to instruct all customer service personnel that the passport transaction is to be initiated at the beginning of the appointment with the customer. This should also include review of the passport forms, photos and the finalization process. This will be in the form of a standup talk for all SSA and management staff.

In addition, Tennessee District Retail Operations will continue to conduct daily and weekly SSRD reviews with select offices to include a periodic review of proper passport

transactions. Each RSS office is required to conduct their own SSRD review daily. Compliance is tracked each day on 30 vital few offices ensuring the review has been conducted.

Target Implementation Date:

May 15, 2018

Responsible Official:

Lori Slater-Trautwein, Manager, Marketing

**Recommendation #2:** We recommend the District Manager, Tennessee District to reinforce the importance of adhering to customer service procedures for recording non-revenue transactions. (Marketing)

Management Response/Action Plan:

Management agrees to instruct all field personnel on the proper recording of non-revenue transactions. The Standard Operating Procedures (SOP) for lobby assistance has recently been sent to the field again to provide instruction. Tennessee District Retail Operations will continue to conduct daily and weekly reviews with vital offices where this will be discussed. Tennessee Operations Support will also continue to conduct periodic Function 4 reviews which will verify the proper use and credit for all LDCs.

Target Implementation Date:

May 15, 2018

Responsible Official:

Lori Slater-Trautwein, Manager, Marketing  
Lisa Rogers, Manager, Operations Programs Support

**Finding #2: Customer Service Mail Volume Not Recorded**

**Recommendation #3:** We recommend the District Manager, Tennessee District to reinforce the importance of adhering to customer service procedures for recording secondary mail volume in the Customer Service Adjusted Workload system.

Management Response/Action Plan:

Management agrees to reinforce the importance of adhering to customer service procedures for recording secondary mail volume in CSAW. Plant and customer service management will work jointly to improve mail products provided to delivery units with PO Box sections. The Manager, Operations Programs Support will provide training materials concerning customer service volume recording and proper CSAW entries.

Target Implementation Date:

May 15, 2018

Responsible Official:

Troy Perlov (A), Manager, In-Plant Support  
Lisa Rogers, Manager, Operations Programs Support

**Finding #3: Mail Volume Data Errors**

**Recommendation #4:** We recommend the District Manager, Tennessee District to ensure plant personnel research and resolve mail processing equipment malfunctions and record accurate mail volume data for customer service units co-located with the Processing and Distribution Centers.

Management Response/Action Plan:

Management agrees with ensuring that plant personnel research and resolve mail processing equipment malfunctions and the proper recording of accurate mail volume recording for units co-located with the Processing and Distribution Centers. Management will continue to investigate mail processing data transmission anomalies at box sections co-located with processing facilities and monitor weekly CSAW/CSV numbers and make necessary adjustments (thru Finance) if data anomalies are discovered. It should be noted that management does not schedule employees to the known "erroneously recorded earned work hours in CSV." The Manager, Operations Programs Support will provide training materials concerning customer service volume recording and proper CSAW entries to the co-located box sections.

Target Implementation Date:

May 15, 2018

Responsible Official:

Roger Crawford (A), Sr. Plant Manager  
Troy Perlov (A), Manager, In-Plant Support  
Lisa Rogers, Manager, Operations Programs Support

**Finding #4: Actual Allied Work Hours Exceeded Earned Work Hours**

**Recommendation #5:** We recommend the District Manager, Tennessee District to continue with a feasibility of facility modification review at the Concord Annex and other facilities with similar issues throughout the district.

Management Response/Action Plan:

Although management agrees to continue with a feasibility of facility modification review at the Concord Annex and other facilities with similar issues throughout the district, management does not agree with the findings of "The allied operations, LDC 43A, significantly exceeded earned work hours with a performance measurement of 25

percent – far below the performance measurement target of 85 percent.” The tent was utilized during peak season (Nov-Dec) to alleviate congestion. Although the report focused on LDC 43A targets, there was no mention of safety (OSHA complaints for the facility) or the offset time savings concerning the sortation of an entire Postal zone outside of the constrained space facility (at the heaviest parcel volume of the year). The Knoxville Concord Annex has been identified and submitted as a Tennessee District Space Constrained facility. With the assistance of Eastern Area Facilities, district management will continue to monitor space constrained facilities and explore options to better utilize existing facility space and/or add potential new space as required. Additionally, management will continue to explore new processes to improve operational efficiencies through the use of Lean Six Sigma methodologies, onsite reviews, and benchmarking.

Target Implementation Date:

TBD; under review by HQ Facility Planning

Responsible Official:

Lisa Rogers, Manager, Operations Programs Support

Richard Ryman, Manager, Finance



Christopher Alexander  
District Manager (A), Tennessee District

cc: David Williams Jr.  
Kelly Sigmon  
Joshua Colin Ph.D.



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