



Office of Inspector General | United States Postal Service

Audit Report

Management Structure at the Postal Service

Report Number 19SMG011HR000-R20 | March 18, 2020



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Highlights

Objective

As an organization, the Postal Service maintains a headquarters and a field office structure that comprises seven areas, 67 districts and more than 31,000 facilities. The field office management structure includes functional managers who oversee the core areas of finance, human resources, marketing, operations program support, and information systems; and operational managers and supervisors who oversee retail, delivery, and mail processing operations.

The Postal Service ranks each district into one of five size categories—Major, Metro, and Levels 1, 2, or 3—with Major being the largest. The category determines the executive administrative schedule (EAS) pay level of the respective district's functional managers. It also determines the number of support employees in each functional area, which can vary depending on district size. Functional managers at Major, Metro, and Level 1 districts are designated at the EAS-25 pay level; Level 2 managers are EAS-24; and Level 3 managers are EAS-23.

The Postal Service utilizes 14 workload models and/or specific defined criteria to determine the EAS pay level and/or number of authorized positions for operational managers and supervisors at the area, district, and facility levels. Workload is defined as the work done by the position and is based on objective data, such as the number of city and rural routes, projected deliveries, and revenue. This data feeds into each model to calculate authorized positions. Specific defined criteria, such as span of control, related to the ratio of employees to managers and supervisors within a specific function and facility, or it can also include other measures such as plant type. Span of control can vary based on type of work conducted, complexity of the work, and other factors.

Our objective was to assess the management structure at the Postal Service, specifically with regards to how the districts are ranked and how operational manager and supervisor positions are allocated at the area, district, and facility levels (the field). As part of our focus on first-line supervisors, this included an assessment of the first-line supervisor organizational structure and span of control at select facilities. We focused on customer service, distribution,

maintenance, and transportation operations supervisors located in retail, delivery, and processing facilities.

To achieve our objective, we reviewed the processes for ranking the 67 districts and for allocating operational managers and supervisors in the field. We also assessed the 14 workload models and defined criteria for the operational management positions at seven judgmentally-selected facilities in two districts. This assessment was used to determine if the model/criteria results were accurate when compared to the current allocation of positions. The positions included supervisors and managers for customer service, distribution operations, transportation operations, and maintenance operations; postmasters; manager of post office operations; and manager of customer service operations.

To drill down further, we also examined first-line supervisor workload models and spans of control at 28 facilities—12 retail/delivery facilities and 16 processing facilities.

Findings

The Postal Service does not have a standard schedule to reassess staffing models and/or criteria. Also, the authorized staffing is validated and updated as necessary, including how it ranks districts and/or how operational managers and supervisors are authorized. This can impact the EAS pay levels of functional managers and the number of support personnel under each function at the district level. It can also impact the appropriate allocation of operational managers and supervisors assigned to each field location. Additionally, the Postal Service did not ensure processing facilities had the appropriate number of authorized first-line supervisors.

“The Postal Service ranks each district into one of five size categories—Major, Metro, and Levels 1, 2, or 3—with Major being the largest.”

District Level Rankings

Postal Service districts have not been assessed or re-ranked since 2010, but the changes proposed at that time were not implemented. Moreover, the Postal Service was unable to explain why changes were not implemented, historical insights on when the districts were last ranked prior to 2010, or the process or methodology used.

Each district did have the authorized functional managers; however, management did not provide criteria for the specific number of district-level support personnel—such as retail specialists, financial analysts, and labor relations specialists—required under each functional area. Therefore, we were unable to validate that districts had the correct EAS pay levels or validate the number of support personnel positions for their ranked size.

In May 2019, the Postal Service proposed a new methodology and updated structure, which is in the review process. The new ranking methodology is based on four equally weighted factors—employee complement, total retail revenue, possible delivery points, and mail volume—as well as other complexity factors that are still being determined. Based on their current proposed methodology, 43 of 67 districts (64 percent) would change category rankings.

Using our own analysis, we applied the same four factors—excluding any complexity factors—and determined that 47 of 67 districts (70 percent) would change category rankings. Specifically, the number of districts ranked in each of the five categories would change as follows:

- Major: Decrease from seven to four.
- Metro: Increase from two to 19.
- Level 1: Decrease from 25 to 11.
- Level 2: Decrease from 29 to 16.
- Level 3: Increase from four to 17.

An increase or decrease in category rankings can affect the EAS pay level of functional managers at the district.

Operational Management Positions

With regard to the 14 workload models/criteria for operational managers and supervisors, based on our judgmental sample at seven facilities, we determined the number of authorized positions generated by the models/criteria matched the authorized positions for those facilities. However, regarding the first-line supervisor workload models at 28 facilities, we identified the Postal Service did not have the correct number of authorized first-line supervisors at 12 processing facilities, thus impacting spans of control.

Workload Models

There is not a standardized schedule to ensure workload models and designated criteria for operational managers and supervisors are reassessed regularly. Specifically, 11 of the 14 (79 percent) workload models and defined criteria for these positions have not been reviewed or updated in over five years. Since our review, management indicated that they recently conducted assessments of the workload models.

These issues occurred because (1) the methodology to rank the districts was not documented and could not be replicated; and (2) there were no policies, procedures and processes to require continuous monitoring of district category rankings. In

addition, district offices did not effectively oversee first-line supervisor authorized positions at the facility level. Further, the Postal Service does not have a policy to periodically review workload models and criteria for operational management positions in the field. Instead, the positions are reviewed individually upon vacancy, prior to posting.

“Using our own analysis, we applied the same four factors—excluding any complexity factors—and determined that 47 of 67 districts (70 percent) would change category rankings.”

Due to the rapid growth of ecommerce and trend toward digital communication, the Postal Service is delivering fewer letters and more packages to more addresses than it did 10 years ago. These factors impact all aspects of Postal Service operations and should be considered when ranking districts and allocating management positions in the field.

The Postal Service's proposed new methodology and our ranking analysis incorporated current operational metrics such as mail volume and delivery points. Both methods resulted in category changes for 64 and 70 percent of the districts, respectively. This indicates districts may not be properly categorized as they do not reflect current operating conditions.

When districts are not properly categorized, the Postal Service is at risk of not adequately positioning the appropriate level of management positions in the field. Also, ineffective controls related to span of control increase the risk that the Postal Service is incurring unnecessary costs if the facility is over its authorized first-line supervisor positions. Conversely, the Postal Service may incur additional

overtime costs if a facility is under their authorized first-line supervisor positions. Finally, when workload models and criteria are not updated timely, it can directly impact the number of authorized positions for operational managers and supervisors at the facility level. Specifically, some locations could be allotted more or less positions than needed and some EAS pay levels could be higher or lower than required.

Recommendations

We recommended management implement an updated district ranking methodology and reassess district rankings based on the approved methodology; formalize guidance to address roles and responsibilities, frequency, and methodology for the district ranking process; implement an oversight process to ensure district offices regularly monitor and maintain authorized first-line supervisor positions; and formalize a regular review process of workload models and criteria, for each operational manager and supervisor position.

Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

March 18, 2020

MEMORANDUM FOR: SIMON M. STOREY
VICE PRESIDENT, EMPLOYEE RESOURCE
MANAGEMENT

E-Signed by Jason Yovich
E-Verify authentic with eSign Desktop

FROM: Jason M. Yovich
Acting Deputy Assistant Inspector General
for Supply Management and Human Resources

SUBJECT: Audit Report – Management Structure at the
U.S. Postal Service (Report Number 19SMG011HR000-R20)

This report presents the results of our audit of Management Structure at the U.S. Postal Service.

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

Attachment

cc: Postmaster General
Corporate Audit Response Management

Results

Introduction/Objective

This report presents the results of our audit of management structure at the U.S. Postal Service (Project Number 19SMG011HR000). The report responds to a request from Postal Service Governor David C. Williams. Our objective was to assess the management structure at the Postal Service, specifically, with regard to how districts are ranked and how operational managers and supervisors are allocated at the area, district, and facility levels. As part of our focus on first-line supervisors, this includes assessing the first-line supervisor organizational structure and span of control at select facilities. We focused on customer service, distribution, maintenance, and transportation operations supervisors at retail and delivery and processing facilities. The scope included processes in place as of fiscal year (FY) 2018. See [Appendix A](#) for additional information regarding the audit.

Background

The Postal Service maintains a headquarters and a field office structure. Headquarters is primarily responsible for the overall strategic direction of the Postal Service, including setting overall policy and overseeing financial and operational functions. The field office structure, which consists of seven areas and 67 districts, is primarily responsible for overseeing and executing day-to-day operations at the more than 31,000 facilities in effort to achieve the Postal Service's mission. The field office management structure includes managers who oversee the core functions of finance, human resources, marketing, operations program support, and information systems; and operational managers and supervisors who oversee retail, delivery, and mail processing operations.

The Postal Service's 67 districts are ranked in one of five size categories — Major, Metro, and Levels 1, 2, or 3 — with Major being the largest. The category determines the Executive & Administrative (EAS) pay level of the functional managers¹ for that respective district as well as the number of support employees, such as retail specialists, financial analysts, and complement

coordinators in each functional area. Functional managers at Major, Metro, and Level 1 districts are designated at the EAS-25 pay level, Level 2 managers are EAS-24, and Level 3 managers are EAS-23. Each district has five functional managers; however, the number of support employees under each of these functions varies depending on district size.

First-Line Supervisor Structure

The first-line supervisor reporting structure is different at processing facilities than at a retail and delivery facilities. Generally, at a retail and delivery facility, the customer services supervisor reports to the postmaster or a customer service manager at a station or branch. Customer service supervisors are responsible for overseeing letter carriers (both city and rural), clerks, and maintenance custodial employees. At processing facilities, the reporting structure aligns more with the area of operation. For example, first-line supervisors for distribution, maintenance, and transportation operations report to the manager responsible for that respective operation. Likewise, first-line supervisors for distribution, maintenance, and transportation operations are responsible for those employees that align with their specific function.²

Span of control identifies the ratio of employees who report to each supervisor. This number can vary based on type of work conducted, complexity of the work, and other factors. Within the Postal Service, span of control is determined based on the facility and function (see [Table 1](#)).

“Functional managers at Major, Metro, and Level 1 districts are designated at the EAS-25 pay level, Level 2 managers are EAS-24, and Level 3 managers are EAS-23.”

¹ The district ranking category does not determine the EAS pay level for the manager, information systems.

² A function is a principal method of devising work. A function may be a single activity but is more commonly a group of related activities placed together under one responsibility.

Table 1: Span of Control Standards

Supervisor Type	Span of Control
Customer Service	Supervisory Workload Credit (SWC) calculation ³
Distribution Operations	1:25
Maintenance Operations	1:12 until six supervisors, then 1:20
Transportation Operations	1:25 for Processing and Distribution Centers (P&DC) and International Service Centers
	1:19 for Network Distribution Centers

Source: Job Descriptions and Qualification Standards System.

Workload Models

The Postal Service uses 14 workload models and/or specific defined criteria to determine the EAS pay level and/or number of authorized positions for operational managers and supervisors who oversee retail, delivery, processing, and distribution operations at the area, district, and facility levels. Workload is defined as the work done by the position, based on objective data, such as the number of city and rural routes, projected deliveries, and revenue. This data is fed into each model to calculate authorized positions. Specific defined criteria relate to the ratio of employees to managers and supervisors within a specific function and facility, or it can also include other measures such as plant type.

Finding #1: District Level Rankings

The Postal Service does not have a process to periodically validate and update its management structure to include how it ranks its districts. Specifically, Postal Service districts have not been recently assessed or re-ranked and the Postal Service could not provide any historical insights on when the districts

³ The SWC is a complement-driven objective calculation used to determine the number of customer service supervisors who are authorized in post office operations. SWC worksheets are to be completed on a facility-by-facility basis.

⁴ Each district has five functional managers who oversee finance, human resources, marketing, operations support, and information systems; however, district ranking categories determine the EAS pay level for four. The ranking category does not affect the EAS pay level for the manager, information systems.

were last ranked, the process or methodology, or previous actions taken as a result of re-rankings.

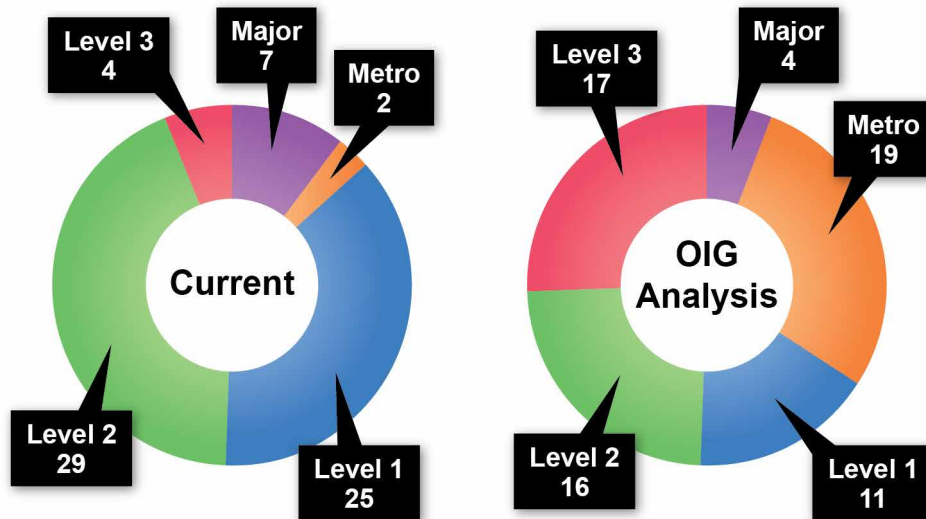
Additionally, while each district did have the authorized number of functional managers,⁴ management did not provide criteria to determine the specific number of support personnel required under each functional area. Therefore, we were unable to validate that districts had the correct EAS pay levels or validate the number of support personnel positions for their ranked size. Management did indicate that a new district ranking methodology was proposed in 2010; however, they were never implemented and management could not provide a reason why.

In May 2019, the Postal Service proposed a new district ranking methodology and structure which is currently being reviewed. The new district ranking methodology is based on four equally weighted factors — employee complement, total retail revenue, possible deliveries, and mail volume — as well as other complexity factors that are still being determined. Based on their current proposed methodology, 43 of 67 districts (64 percent) would change category rankings.

Using our own analysis, we applied the same four factors — excluding any complexity factors — and determined that 47 of 67 districts (70 percent) would change category rankings. Specifically, the number of districts ranked in each of the five categories would change as indicated in [Figure 1](#).

“The Postal Service uses 14 workload models and/or specific defined criteria to determine the EAS pay level and/or number of authorized positions for operational managers and supervisors who oversee retail, delivery, processing, and distribution operations at the area, district, and facility levels.”

Figure 1: Districts' Current Ranking vs. OIG Analysis



Source: Postal Service and OIG analysis.

Per the Postal Service Job Descriptions Online, EAS pay levels for four functional managers are determined based on the district level and are indicated in Table 2. Therefore, an increase or decrease in category rankings can affect the EAS pay level of functional managers at the district.

Table 2: EAS Level by District

District Level	EAS Levels
Major	
Metro	EAS-25
Level 1	
Level 2	EAS-24
Level 3	EAS-23

Source: Postal Service Job Descriptions Online.

Districts had not been recently assessed or re-ranked because the methodology to rank the districts was not documented and could not be replicated. Additionally, there were no policies, procedures, or processes to require continuous monitoring of district category rankings. As such, when personnel transitioned, institutional knowledge was not transferred or retained, resulting in management being unable to replicate the methodology used to support the districts' current rankings.

“There were no policies, procedures, or processes to require continuous monitoring of district category rankings.”

Due to the rapid growth of ecommerce and the trend toward digital communication, the Postal Service is delivering fewer letters and more packages to more addresses than it did 10 years ago. These factors affect all aspects of Postal Service operations and should be considered when ranking districts and allocating management positions in the field.

The Postal Service's proposed new methodology and the OIG's ranking analysis incorporated current operational metrics such as mail volume and delivery points. Both methods resulted in category changes for 64 and 70 percent of the districts, respectively. This indicates districts may not be properly categorized as they do not reflect current operating conditions. When districts are not properly categorized, the Postal Service is at risk of not adequately positioning the appropriate level and number of management and support employees in the field.

Recommendation #1

We recommend the **Vice President, Employee Resource Management**, implement an updated district ranking methodology and reassess district rankings based on the approved methodology.

Recommendation #2

We recommend the **Vice President, Employee Resource Management**, formalize policy guidance to address a reassessment schedule and process for district rankings, including frequency, methodology, and roles and responsibilities.

Finding #2: Operational Management Positions

We assessed the workload models and/or designated criteria for all 14 operational management positions⁵ at seven judgmentally selected facilities within two districts to determine if the model/criteria results were accurate when compared to the current allocation of managers and supervisors. Based on that sample, the number of authorized positions generated by the model/criteria matched the number of authorized positions for those facilities. However, as part of our audit focus on first-line supervisors, we also assessed workload models specific to the first-line supervisor position and identified the Postal Service did not have the correct number of authorized first-line supervisor positions at 12 processing facilities.

We analyzed an additional number of first-line supervisors at 28 facilities within the seven areas — 12 retail and delivery and 16 processing — based on the most recent workload models and/or criteria for each of the four first-line supervisor types. We determined that all 12 retail and delivery facilities had the correct number of authorized customer service supervisors. However, of the processing facilities, two of 16 (or 13 percent) should have an additional transportation first-line supervisor and 10 of 16 (or 63 percent)⁶ should have reductions in transportation and/or maintenance first-line supervisors. See Table 3 for details on the processing facilities with an incorrect number of authorized first-line supervisors.

Table 3: Authorization Discrepancies of First-Line Supervisors at Processing Facilities⁷

P&DC	Supervisor Type	Authorized ⁸	Earned ⁹	Difference	Current Span of Control	Required Span of Control ¹⁰
Miami	Transportation	8	9	+1	1:29	1:25
Tacoma		2	1	-1	1:22	1:43
West Palm Beach	Maintenance	9	7	-2	1:13	1:16
Hartford		8	9	+1	1:17	1:15
Boston	Transportation	7	6	-1	1:23	1:27
Detroit	Maintenance	10	9	-1	1:14	1:16

⁵ We reviewed workload models and criteria specific to managers and supervisors of customer service, distribution operations, transportation operations, and maintenance operations, as well as postmasters, manager of post office operations, and manager of customer service operations who oversee operations at the area, district, and facility levels.

⁶ The Pittsburgh P&DC had an incorrect number of authorized maintenance and transportation supervisors but was counted only once.

⁷ Miami, Tacoma, and West Palm facility data as of September 12, 2019. All other facility data as of October 10, 2019.

⁸ The number of authorized first-line supervisors listed at the facility.

⁹ The number of earned first-line supervisors based on the most recent workload models.

¹⁰ Based on the Postal Service span of control ratio requirements.

P&DC	Supervisor Type	Authorized ⁸	Earned ⁹	Difference	Current Span of Control	Required Span of Control ¹⁰
Louisville	Transportation	2	1	-1	1:23	1:46
Milwaukee		3	2	-1	1:19	1:29
Pittsburgh		3	2	-1	1:22	1:34
Raleigh	Maintenance	9	8	-1	1:13	1:15
Richmond		13	12	-1	1:16	1:17
San Francisco		11	10	-1	1:15	1:17
Pittsburgh		14	12	-2	1:15	1:17

Source: Postal Service Headquarters workload models and Field and Staffing System.

The number of authorized first-line supervisor positions is based on Postal Service span of control requirements.¹¹ When the number of authorized first-line supervisors change, the span of control at the facility will also change. If a facility does not have the correct number of authorized first-line supervisors, their span of control will not meet Postal Service requirements.

District offices are responsible for verifying organizational and staffing information for all facilities in their district.¹² The districts use workload models and/or criteria

“When the number of authorized first-line supervisors change, the span of control at the facility will also change. If a facility does not have the correct number of authorized first-line supervisors, their span of control will not meet Postal Service requirements.”

which are calculations with different factors incorporated into the models to determine the authorized number of each type of first-line supervisor at a facility.

This issue occurred at the sites because the district offices did not effectively oversee first-line supervisor authorized positions. While district offices are responsible for verification of the staffing, facilities are responsible for submitting and updating the necessary inputs.

Specifically:

- Miami P&DC management were aware they were authorized an additional transportation supervisor and are in the approval process to change the listed authorized amount.
- West Palm Beach P&DC management is in the process of resubmitting their electronic Workhour Estimator Program, which calculates necessary staffing at processing facilities. A review of the maintenance supervisor authorized positions at the facility will be conducted based on their submission.

¹¹ The Job Description Online System displays span of control requirements for each type of first-line supervisor.

¹² ELM 46, Section 161.3.

- Tacoma P&DC management was not aware that they were over their authorized transportation supervisor amount. They do not monitor the transportation supervisor authorization levels and will adjust supervisor staffing once they are notified from the district about a change in supervisor authorization.

By not ensuring the authorized first-line supervisor positions are up-to-date, there is an increased risk that the Postal Service is incurring unnecessary costs if the facility is over its authorized first-line supervisor positions. Additionally, there is increased risk that the mail will not be processed on time or the Postal Service will incur additional overtime costs if a facility is under their authorized first-line supervisor positions.

Recommendation #3

We recommend the **Vice President, Employee Resource Management**, implement an oversight process to ensure district offices regularly monitor and maintain authorized first-line supervisor positions.

Finding #3: Workload Models for Operational Positions

The Postal Service does not have a policy to periodically evaluate and update its management structure to include how it assigns operational managers and supervisors. Specifically, there is not a formal schedule that requires workload models and designated criteria be reassessed regularly to ensure, or reaffirm, appropriate allocation of management positions.

We identified that 11 of the 14 (79 percent) workload models and/or defined criteria have not been re-evaluated or updated in over five years (see Table 4).¹³

Table 4: Operational Workload Models

Management Position	Model or Criteria	Date of Last Assessment/ Staffing Changes ¹⁴	Next Assessment Date ¹⁵ / Next Planned Staffing Changes
Area Office			
Manager, Operations Support	Criteria: Staffing Metric 1 Position per Area	May 2007/May 2007	[REDACTED]
District Office			
Postmaster ¹⁶	Model: Postal Service (PS) 150/MCSO	May 2018/December 2018	[REDACTED]
Plant Manager ¹⁷	Model: Plant Model	May 2013/October 2013	[REDACTED]
Manager, Post Office Operations (MPOO)	Model and Criteria: MPOO	May 2018/December 2018	[REDACTED]

¹³ Based on the date of last assessment and highlighted in red in Table 4.

¹⁴ Dates provided by the Postal Service on September 18, 2019.

¹⁵ Planned assessment dates were provided by discussions with Postal Service and no formal timeline was provided.

¹⁶ EAS-26 and Postal Career EAS levels reporting directly to district manager.

¹⁷ This determines the level of the plant manager.

Management Position	Model or Criteria	Date of Last Assessment/ Staffing Changes ¹⁴	Next Assessment Date ¹⁵ /Next Planned Staffing Changes
Facility			
<i>Operational Supervisors</i>			
Customer Service	Model: Supervisor Workload Credit (SWC)	October 2012/Upon vacancy or operational change	[REDACTED]
Maintenance	Criteria: Supervisor to maintenance employee ratio	May 2013/October 2013	[REDACTED]
Transportation	Criteria: Supervisor to transportation employee ratio	May 2013/October 2013	[REDACTED]
Distribution	Model and Criteria: SDO/MDO ¹⁸ Staffing Tool	May 2013/October 2013 (Monthly)	[REDACTED]
<i>Operational Managers</i>			
Customer Service	Model: Workload Service Credit (WSC)	February 2007/Upon vacancy or operational change	[REDACTED]
Maintenance	Criteria: Manager to maintenance employee ratio	May 2013/October 2013	[REDACTED]
Transportation	Criteria: One per processing facility	May 2013/October 2013	[REDACTED]
Distribution	Model and Criteria: SDO/MDO Staffing Tool	May 2013/October 2013 (Monthly)	[REDACTED]
Other			
Postmaster	Model: PS 150 ¹⁹	October 2012/Upon vacancy or every three years	[REDACTED]
Manager, Customer Services Operations (MCSO)	Model and Criteria: MCSO	May 2018/December 2018	[REDACTED]

Source: Postal Service data.

¹⁸ Distribution operations supervisors and distribution operations managers.

¹⁹ EAS 18-26 levels.

“Since our review, management indicated that they recently assessed the workload models and have planned dates to reassess and/or change each model.”

Each workload model incorporates data inputs based on the specific location such as number of city and rural routes, projected deliveries, and revenue. This data feeds into each model to calculate authorized positions, which can vary by facility. For example, every retail facility uses the SWC model to determine the number of authorized customer service supervisors assigned to each facility. Model results depend on the data inputs that feed into the model such as the numbers of city and rural carriers, window clerks, and highway contract routes. To illustrate, as of July 2019, the Cape Coral Central Branch

in the Suncoast District is authorized six customer service supervisors. However, the Mendell Carrier Annex in the San Francisco District is authorized nine.

Workload models should be updated periodically to ensure the mechanics of each model (i.e., metrics, data points, and inputs) accurately reflect operational changes and result in an appropriate allocation of management positions. For example, additional distribution operations supervisors or managers may be needed because of a workload increase to maintain an appropriate span of control. Likewise, if workload decreases, a reduction of supervisors or managers may be necessary. Per policy,²⁰ the volume of work may require workload changes (increase or decrease) for staffing authorizations. Specifically, the ELM states:

“When the volume of work increases to the point where an existing organization can no longer effectively complete the work in accordance with accepted performance standards, organizational change may be justified.” In addition, “When the volume of work decreases to the point where the organization’s existing resources are underutilized, a reduction in authorized staffing and layers of management may be justified.”

Workload models and designated criteria have not been reassessed timely because there is no policy to periodically review the models and criteria for operational management positions in the field. In interviews, Postal Service management acknowledged the need to update workload models and criteria due to operational changes over time. As such, they indicated they are currently in the process of implementing several updates on some models, which began in December 2017. Since our review, management indicated that they recently assessed the workload models and have planned dates to reassess and/or change each model.

When workload models and criteria are not updated timely, it can directly impact the number of authorized positions for operational managers and supervisors at the facility level. For example, metrics related to equipment, transportation, delivery points, and mail volume have consistently fluctuated over the years. These factors impact the calculations incorporated into some of the workload models, which could result in management allocations being over or under. Specifically, some locations could be allotted more or less positions than optimal given existing workload or some EAS pay levels could be higher or lower than required.

Recommendation #4

We recommend the **Vice President, Employee Resource Management**, formalize a regular review process of workload models and criteria, for each operational manager and supervisor position.

²⁰ *Employee and Labor Relations Manual 46*, Section 131, March 2019.

Management's Comments

Management agreed with all recommendations along with citing clarifications of some statements in the report.

Regarding recommendation 1, management stated that they revised the existing district model with improved methodology, ranking districts based on FY 2019 data. The target implementation date is September 2020, pending leadership approval.

Regarding recommendation 2, management stated that they plan to formalize a process and schedule for reassessing district rankings, including the frequency, methodology, and roles and responsibilities. The target implementation date is April 2020.

Regarding recommendation 3, management plans to implement a regular national review process of earned versus authorized first-line supervisor positions. They also stated that they will continue to leverage complement visibility and reassess earned and authorized staffing as vacancies occur. The target implementation date is October 2020.

Finally, regarding recommendation 4, management agreed to formalize a regular review and frequency process of workload models and criteria for the operational manager and supervisor positions by April 2020.

Management also made some clarifications and expressed some disagreements with the report. They disagreed with our statement that there is not an evaluation process to re-rank districts. They stated the most recent version has been in place since 2010 and they regularly analyze the outputs for re-ranking. However, they acknowledged that they do not have a policy that specifies a schedule or frequency for review.

Management also stated that the OIG's statement that districts had not been recently assessed or re-ranked because of undocumented methodology or lack of knowledge is not accurate. Management stated that district rankings have been reviewed and re-ranked over the years, but they only implement changes as necessary. During a review in 2017, they stated that the existing model was

revised with improved methodology. Management updated and completed the model based on FY 2019 data, resulting in newly re-ranked districts.

Management also stated that they are aware that district offices may not always ensure that authorized supervisor positions match earned positions. They stated that staffing changes to craft complement occur for numerous reasons, which affects supervisor positions. They also stated that the OIG's data and analysis for maintenance and transportation supervisors were a snapshot of a point in time and do not account for craft staffing changes during that time and that they were not given the opportunity to validate the data. However, management agreed there is not a current policy to evaluate and update management structure. In the last two years, management began to review operational workload models, which includes a proposed schedule for review updates.

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 and corrective actions should resolve the issues identified in the report.

We acknowledge that management did review and re-rank the districts in the past; however, during our audit, management was unable to explain or provide documentation of the previous methodology they used. Specifically, during our August 29, 2019, meeting with the Director of Organization Design, we asked directly if the Postal Service has any standard operating procedures that document the district ranking process. Management stated that they were not aware of any.

Additionally, management stated that they used current district rankings/levels before July 2010 as the area and district came in existence in 1993 and were first ranked in June 2003. Lastly, management expressed that they had a new proposed model in 2010; however, it has never been implemented and management is unsure why. Therefore, because the Postal Service never implemented a new model and did not document the process or provided a copy to us, district rankings continue to remain outdated. We also acknowledge

the Postal Service did update district rankings with FY 2019 data and plans to implement the new rankings and model upon leadership approval.

Regarding maintenance and transportation supervisor data, to portray the authorized staffing of these positions, we used a snapshot of a specific time using the calculations the Postal Service gave us. The analysis was provided to facility management and certain inputs to the workload models were not updated, causing the staffing differences. The OIG shared this information with the Postal Service at the exit conference prior to issuing the draft report. We

acknowledge that craft staffing can change, which may affect the calculations, and some variables in the calculations are constant while some are not. This further supports the need for an oversight process.

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

The scope of our audit was the allocation of supervisors and managers in FY 2018. We only focused on the operational supervisor and manager functions and the specific positions where workload models are used for allocation to include: customer service supervisor and manager; transportation operations supervisor and manager; distribution operations supervisor and manager; maintenance operations supervisor and manager; postmaster; manager of customer service operations; and manager of post office operations. We also focused on span of control for first-line supervisors at retail and delivery and processing facilities.

To accomplish our objective, we:

- Interviewed Postal Service Headquarters personnel to gain an understanding of the following:
 - The organizational structure of Postal Service Headquarters, area, and district offices and if organizational structure reviews have recently occurred.
 - District and office rankings, process, and reviews.
 - Operational workload models, calculations, and data.
 - How/when the models were determined and what systems are used.
 - What data was used for each model for FY 2018 allotments.
- Determined the process, guidance, and approvals for updating workload models for each position.
- Using Web Complement Information System²¹ data, we determined if facilities had the correct number of first-line supervisors based on the supervisor models and analyzed their span of control.

We selected the following sites based on our *First-Line Supervisor Resources* audit:

District	Retail & Delivery	Processing
Nevada Sierra	East Las Vegas Station	Las Vegas Reno
	Summerlin Station	
	Valle Verde Station	
South Florida	Carson City Post Office	West Palm Miami
	Alridge Station	
	Davie Branch	
	Main Office Station	
	Miramar Branch	
Seattle	North Miami Branch	Tacoma Seattle
	Redmond Post Office	
	Tacoma Central Carrier Facility	
	Westwood Station	

Source: OIG.

- Judgmentally selected seven facilities from two districts²² and tested each of 14 workload models to determine the accuracy of allotments.

We conducted this performance audit from July 2019 through March 2020 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

²¹ A web-based tool for managing and tracking complement that provides easy access to information about employees, their work assignments, and on-rolls versus authorized complement levels by operational unit.
²² San Francisco District: (1) Mendell Carrier Annex, (2) San Francisco P&DC, and (3) Santa Rosa Post Office; Suncoast District: (4) Cape Coral Central Branch, (5) Ybor City P&DC, (6) and Orlando P&DC, and (7) Palmetto Post Office.

audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. We discussed our observations and conclusions with management on January 30, 2020 and included their comments where appropriate.

We assessed the reliability of Human Capital Enterprise System (HCES) data by validating employee on rolls and authorized counts against the employee data obtained from the Web Complement Information System (WebCOINs). In addition, we verified the accuracy of data by comparing HCES data to Enterprise Data Warehouse and Eagan Mainframe Payroll File. 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>Supervisory Span of Control - Southern Area</i>	Assess the span of control and use of supervisor workhours in post office operations in the Southern Area.	DR-AR-17-008	9/7/2017	None

Appendix B: Management's Comments

SIMON M. STOREY
VICE PRESIDENT
EMPLOYEE RESOURCE MANAGEMENT



March 6, 2020

LAZERICK POLAND
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Management Structure at the Postal Service Report
(Project Number 19SMG011HR000-DRAFT)

Thank you for the opportunity to review and comment on the above-mentioned draft audit report prepared by the Office of Inspector General (OIG), and to address the findings and recommendations contained therein. The following constitutes the Postal Service's response to the above-referenced audit.

United States Postal Service (USPS) management disagrees with two items for which clarification is provided. First, the report states, "The Postal Service does not have a process to periodically evaluate and update its management structure to include how it ranks its districts." The Postal Service does not agree with the OIG's statement that we do not have an evaluation process to rerank districts. There has always been an established district ranking process. The most recent version of the model has been in place since 2010. Management has regularly analyzed the output of the models to determine reranking recommendations. However, we do agree that we do not have a policy that specifies a schedule and frequency for the review of District ranks and levels. The second item, (related to the first) is that the report states that "Districts had not been recently assessed or re-ranked because the methodology to rank the districts was not documented and could not be replicated. As such when personnel transitioned, institutional knowledge was not transferred or retained, resulting in management being unable to replicate the methodology used to support the districts' current rankings." As previously shared with the OIG, districts have been reviewed and reranked over the years; however, the Postal Service reserved the right to implement these changes as necessary. During a district ranking review in 2017, USPS Management chose to revise the existing model with an improved methodology. An updated version of the model based on Total FY 2019 data has been completed, resulting in reranked districts.

USPS Management is aware that district offices may not always ensure that authorized supervisor positions match earned. However, management asserts that given the underlying variability and fluctuation of staffing, often it is not appropriate for them to implement adjustments to supervisory complement. Changes to craft complement (sometimes even small changes) may result in changes to earned supervisory staffing. As an example, if several employees retire within a short time (which happens regularly), replacing them takes time. If those retirements result in a decrease to earned supervisory staffing, it would not be advisable for district offices to adjust authorized EAS staffing to earn (as the employees will be replaced). The data compiled by the OIG on Supervisors in Maintenance and Transportation represents a snapshot in time, which does not account for craft staffing changes in process at the time the snapshot was taken, or for changes to EAS earned staffing that could have been pending at the time. Additionally, we were not provided with the opportunity to validate the OIG's data related to this finding at the time it was generated.

USPS Management has an established process to reevaluate earned staffing and authorized levels of that staffing, as vacancies occur. Management however agrees with the finding that the Postal Service does not have a defined policy to periodically evaluate and update its management structure or a schedule for same, even though we historically evaluate at the time of a vacancy. In the past two years, USPS Management sought to augment that process by reviewing operational models,

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instituting regular review schedules for some models (PCES Postmasters, Manager, Customer and Service Operations, and Manager Post Office Operations), creating a proposed schedule for the remaining models, and plans to institute regular reviews to assure appropriate allocation of management resources.

Recommendation #1: We recommend the Vice President, Employee Resource Management, implement an updated district ranking methodology and reassess district rankings based upon the approved methodology.

Management Response/Action Plan: The Postal Service revised the existing District model with the improved methodology which was shared with the OIG. An updated version of the model based on Total FY 2019 data has been completed, resulting in reranked districts.

Target Implementation Date: The implementation date of any structural changes resulting from this work will be determined by Postal leadership, currently [REDACTED]

Recommendation #2: We recommend the Vice President, Employee Resource Management, formalize policy guidance to address a reassessment schedule and process for district rankings, including frequency, methodology, and roles and responsibilities.

Management Response/Action Plan: The Postal Service agrees and will formalize the reassessment process and schedule for district rankings, including documenting frequency, newly enhanced methodology, and roles and responsibilities.

Target Implementation Date: April 2020

Recommendation #3: We recommend the Vice President, Employee Resource Management, implement an oversight process to ensure district offices regularly monitor and maintain authorized first-line supervisor positions.

Management Response/Action Plan: The Postal Service partially agrees, management will implement a regular national review of earned v. authorized first-line supervisor positions. However, management will continue to leverage complement visibility and continue the established process to reassess earned staffing and authorized levels of that staffing as vacancies occur.

Target Implementation Date: October 2020

Recommendation #4: We recommend the Vice President, Employee Resource Management, formalize a regular review process of workload models and criteria, for each operational manager and supervisor position.

Management Response/Action Plan: As described to the OIG, USPS has multiple models that are continuously reviewed. However, the Postal Service agrees and will formalize a regular review and frequency process of the workload models and criteria for operational manager and supervisor position.

Target Implementation Date: April 2020



Simon M. Storey

cc: Mr. Cronkhite

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