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UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

CIVIL DIVISION

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JAN 18 1972

Dear Mr. Hargrove:

As part of our continuing review of Postal Service operations, we have examined into certain payroll activities at the Atlanta Postal Data Center (PDC) and at the Atlanta and Columbus, Georgia; and Greenville, South Carolina, Post Offices. Minor weaknesses were noted in the Columbus and Greenville Post Offices and have been, or will be, corrected by the respective postmasters. The deficiency noted in payroll activities at the Atlanta Post Office, where the postal source data system is located, is discussed in the following paragraphs.

Many employees at the Atlanta Post Office were overpaid for holiday leave and overtime by the PDC because of the computerized method used in determining the employee payroll amounts due. During pay periods 3, 1970 through 7, 1971, there were 171 overpayments of about \$5,000 for 1,384 holiday leave hours. During the same period, there were 378 overpayments of about \$3,000 for 1,726 overtime hours. Although most of the overpayments were collected in subsequent pay periods, an indeterminable amount of administrative expense was incurred in making reviews to identify the overpayments, make adjustments, and collect the amounts overpaid.

Payroll procedures provide that employees are entitled to holiday pay if they work on the holiday or are in a pay status for either the last hour of their scheduled workday preceding the holiday or the first hour of their scheduled workday following the holiday. For entitlement to overtime pay, an employee must be in a pay status for more than 8 hours in one day or 40 hours in one week. However, where an employee works beyond his daily tour of 8 hours but has leave without pay (LWOP) during the daily 8-hour tour, the hours in excess of such tour must be reduced by the LWOP hours to determine the overtime pay entitlement. Where an employee works on nonscheduled workdays, but has LWOP hours during his normal 40-hour week, the LWOP hours must be offset against the nonscheduled workday hours to determine overtime entitlement.

The overpayments to employees at the Atlanta Post Office occurred because time and attendance data forwarded to the Atlanta PDC at the

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end of the pay period by the automatic data processing center (ADPC) at Wilkes-Barre, Pennsylvania, did not include sufficient information for the PDC to determine whether the employees were entitled to holiday or overtime pay. The time and attendance data reported to the PDC shows, by employee, only total hours for the pay period in each category such as regular, sick leave, annual leave, LWOP and holiday leave, rather than a daily breakdown of such hours.

Each employee's time and attendance data received from the ADPC by the PDC is matched with his official annual and sick leave balances maintained by the PDC. If an employee's sick leave balance is insufficient to cover the amount used, the difference is automatically changed to annual leave. If the annual leave balance is insufficient to cover the difference, it is automatically designated as LWOP and the regular pay status hours are correspondingly reduced. However, since the PDC, at the time it prepares the payroll, does not have the daily time and attendance data necessary to determine whether this LWOP will affect entitlement to pay for holiday and overtime, in keeping with the payroll procedures described above, each employee is automatically paid the hours reported by the ADPC.

At the time the payroll is being prepared by the PDC, a listing is also produced showing employees who are being paid for holiday and overtime hours but who had annual leave changed to LWOP. The PDC forwards the listing to the Director, Office of Finance, Atlanta Post Office, who has the responsibility of assuring that time and attendance data is reviewed to determine if employees named on the listing are entitled to the holiday or overtime pay which was automatically paid by the PDC. For those employees found to be entitled to the pay no further action is required. However, for those employees found not to be entitled to the pay an adjustment must be prepared and forwarded to the PDC for processing in a subsequent pay period.

We discussed this matter with the Director of the Atlanta PDC who brought it to the attention of the Bureau of Finance and Administration at headquarters. The Bureau then changed the ADPC's procedures for reporting time and attendance data for employees charging LWOP and holiday and/or overtime hours in the same period. Before sending the data to the PDC, the ADPC sends a list of such employees to their respective post offices which determine whether the LWOP reduces or eliminates the indicated holiday and overtime pay. The new procedure may prevent some overpayments, but it will not cover the situation where holiday and overtime payments are not warranted because annual leave had to be changed by the PDC to LWOP.

We believe that the Postal Service should consider, as a means of correcting the overpayment problem, the transfer of employees' leave balances from the PDC to the computer at the ADPC. With leave balances maintained at the ADPC, computer programs could be implemented to make appropriate adjustment to employees' time and attendance data in those cases where annual leave must be changed to LWOP and the change affects entitlement to holiday leave or overtime. This procedure would permit the ADPC to prepare and submit an accurate tape of total payroll hours to the PDC and thereby eliminate the administrative costs associated with overpayments. This suggestion was discussed with postal officials of the Accounting Systems Branch at headquarters who agreed to look into the matter.

Our review at the Columbus and Greenville Post Offices, which are operating under the manual timecard system rather than the postal source data system, did not disclose any significant deficiencies in their payroll activities. Postmasters at both post offices stated that appropriate action would be taken to correct the minor deficiencies we brought to their attention.

We appreciate the cooperation extended our representatives during our survey.

A copy of this letter is being sent to the Deputy Postmaster General.

Sincerely yours,



Max A. Neuwirth
Associate Director

The Honorable James W. Hargrove
Senior Assistant Postmaster General
for Support
United States Postal Service

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