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JAN 20 1976

The Honorable David N. Henderson
Chairman, Committee on Post Office
and Civil Service
House of Representatives

Dear Mr. Chairman:

Your letter of June 23, 1975, requested that we investigate allegations of exaggerated mail volumes and overstuffed operations at the Washington, D.C., City Post Office. These allegations were valid. However, the Postal Service has taken and is continuing to take actions to improve operations at that office.

Similar problems occurred at other post offices. In November 1974, the Postmaster General sent a message to all postal managers stating that several instances of deliberate falsification of production records had been uncovered and that a grace period to correct irregularities would be given. After the grace period, however, strict accountability for accurate and reliable data would be required and violators would be subject to dismissal.

In addition, a new system for measuring productivity was implemented in September 1975. This system was designed to eliminate many of the weaknesses of the old system which resulted in falsified productivity reports.

HOW MAIL VOLUME STATISTICS
CAME TO BE EXAGGERATED

In 1970 the Postal Service implemented the Work Load Recording System to assist management in measuring and analyzing mail volume and staff-hour data in specific operations, post offices, and regions. The chief elements

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of this system were a standardized description of mail processing, support, and administrative operations; records of mail volume by weight, containers, and pieces; and records of hours worked by mailhandlers and supervisors.

Postal management used data from this system to compare productivity office by office and to foster competition among post offices. When management started listing the top 80 post offices in the country by productivity and by mail volume, both of these factors appeared to increase nationwide.

When the top-80 list was first started, the City Post Office ranked near the bottom. Before long, however, it began to rise. Larger and larger mail volumes were reported and productivity improved until the City Post Office consistently ranked at or near the top. Thus, it was considered one of the best-run post offices in the Nation.

Recognition of the problem

The City Post Office is one of several comprising the former Capital District. The individual who served as the Capital District manager from July 1971 until October 1975 served as postmaster of the City Post Office from December 16, 1958, until his promotion on July 23, 1971. After a series of officers-in-charge, the current postmaster was appointed on January 12, 1974.

The postmaster told us that, after being on the job for only a brief period, he realized the mail volumes being recorded were incorrect. His tours of the facility indicated (1) the volumes recorded were higher than those he observed and (2) the facility was generally overstaffed. He said this overstaffing resulted from the inflated mail volumes. In his office, he found prior Inspection Service reports which documented a history of falsification of mail volumes. There was no record, however, of any corrective action having been taken by his predecessors. The postmaster said at this point he really did not know what to do about the problem so he decided to allow mail-processing operations to continue as they were for the time being.

The postmaster told us that, after assuring himself that a serious problem existed, he took corrective action. During May 1974 he called a series of meetings of all tour

supervisors and informed them he knew of the volume falsification and wanted it stopped immediately. He threatened to fire anyone caught falsifying volumes in the future. As a result, mail volumes and productivity reported in the Work Load Recording System for the period June 2-28, 1974, declined about 25 percent. (See enc.)

When the results for this period became known at the district level, the district manager called the postmaster to his office and requested an explanation for the drop in productivity. When the postmaster said the prior productivity figures were false, the district manager disagreed and accused him of having lost control of the City Post Office.

This controversy ultimately resulted in a request by the Eastern Regional Postmaster General for an Inspection Service audit.

Reasons for inflating statistics

The Inspection Service audit of the City Post Office began on August 20, 1974, and concluded on March 12, 1975. The Inspection Service found that, in spite of the postmaster's warning to subordinates to cease all volume inflation, the situation had not been completely corrected. The Inspection Service estimated that inflation of total piece handlings may have exceeded 60 percent.

As a result of the audit, 28 supervisory employees, ranging from first-line manager to tour superintendent, admitted falsifying Work Load Recording System data and/or were implicated by others. Eighteen craft employees also admitted deliberate falsification of data and/or were implicated by others.

The most common reasons given by employees for participating in the fabrication were the pressure from higher management to achieve unrealistic productivity levels and a belief that their careers would suffer if these levels were not met. The Inspection Service report contained statements from employees such as "I, as a supervisor, knew that desired productivity had to be met or my career would suffer;" "word from higher up would come down to improve productivity or be fired;" and, "for me, it meant that if I did not satisfy demands, my 20 years of service was in jeopardy."

Supervisors who were implicated said the former postmaster, subsequently district manager, managed his staff

dictatorially by setting unrealistic production goals and then threatening that, if these goals were not met, the person involved would be fired or transferred to a less desirable assignment.

The supervisors also cited as a reason for falsification the former postmaster's practice of keeping his staff on "acting" status. Supervisors serving in acting status positions considered themselves to be more vulnerable to pressure than employees holding regular positions. They felt they were being tested to determine whether they would conform to the system and meet productivity goals. To satisfy these goals, many employees either inflated mail volumes themselves or condoned such actions by subordinates.

The Inspection Service report concluded that, despite repeated letters from the region calling attention to Postal Service procedures and stating that mail volumes were inflated due to improper recording procedures, the former postmaster took no corrective action.

The district manager (former postmaster) contended that the problems at the City Post Office came about because the current postmaster was not qualified for the job. He believed productivity decreased because the postmaster was a poor manager and not because inflated statistics were corrected. Inspection Service officials said the district manager was unwilling to examine the evidence that statistics had been inflated under his management.

On the basis of our discussions with Service officials, it appears that falsification continued after the postmaster ordered it stopped because (1) the true productivity statistics would have painted an unfavorable picture and (2) the former postmaster, as district manager, was still in a position of authority and influence over City Post Office operations.

IMPROVEMENTS BEING MADE

In the view of regional and headquarters officials, the current postmaster has made several improvements in the efficiency of the City Post Office. He has reduced the number of employees and paid hours, and the trend of continually decreasing productivity has stabilized since the Inspection Service audit. (See enc.)

The following table compares the numbers of employees and paid hours for the City Post Office at the end of fiscal years 1974 and 1975.

	<u>Number of paid employees</u>	<u>Number of paid hours</u>
June 30, 1974	9,043	19,400,000
June 30, 1975	<u>8,489</u>	<u>18,384,000</u>
Difference	554	1,016,000

As stated earlier, a new productivity-measuring system--called the Management Operating Data system (MOD)--was implemented in September 1975. This system was designed to eliminate many of the weaknesses of the old system which had resulted in falsified productivity reports.

Arrangements have been made with the University of Maryland, the Postal Service Training and Development Institute, and other institutions to conduct classes at the City Post Office to train and develop the management staff. The postmaster said the quality of management had advanced greatly in the last 2 years, but, over the next 2 or 3 years, continued progress would have to be made to improve City Post Office operations.

Progress in improving the operations was hampered by the district manager's relationship to the postmaster. Normal lines of communication broke down and the postmaster frequently bypassed the district manager and dealt directly with the regional office in Philadelphia or headquarters in Washington.

The former district manager has told us that the present postmaster was not his choice for the job; he wanted a former officer-in-charge to get it instead. According to regional and headquarters officials, this created a strained relationship from the time the postmaster took the job. The situation finally reached the breaking point when the postmaster called attention to the volume inflations which had occurred during the district manager's tenure. Neither individual attempted to resolve their problem; it had reached an impasse, awaiting the influence of some outside party.

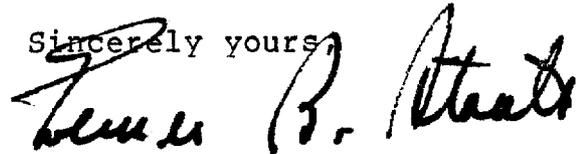
Under the Postal Service nationwide program to reduce the number of postal districts, certain changes have been made which will affect the City Post Office. The old Capital District, of which the City Post Office was a part, has been combined with the old Chesapeake District to form a new Maryland-D.C. District. A new district manager was appointed by a review panel in early October 1975. The panel consisted of six experts who interviewed six candidates, including the former Capital District manager.

The Inspection Service has scheduled a full-scale audit of the City Post Office for January 1976. At that time, the inspectors will be able to assess the impact of their earlier recommendations and offer suggestions for further improving mail-processing operations.

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We did not obtain formal agency comments; however, we discussed the report with Postal Service officials and they generally agreed with its contents.

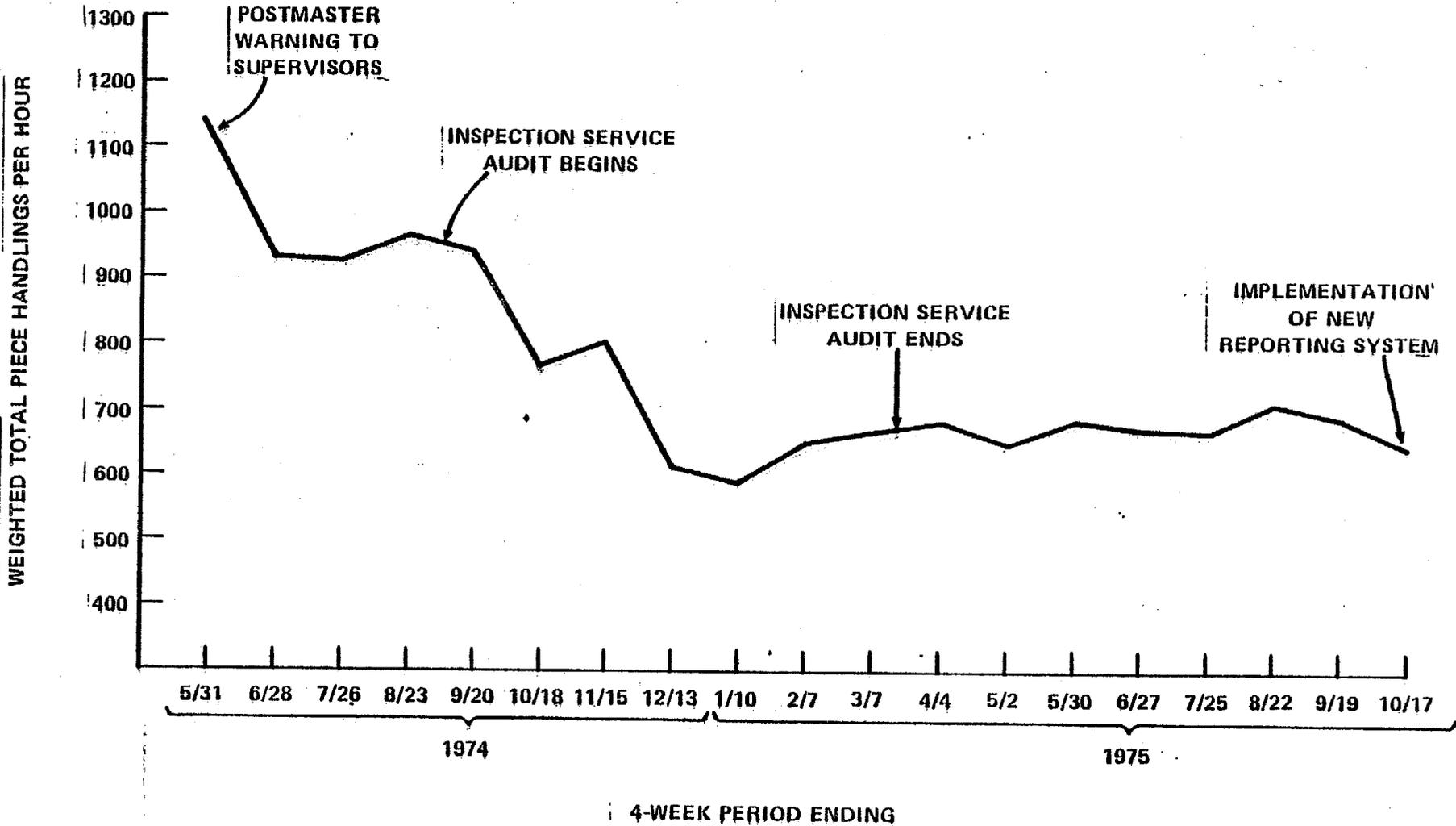
Sincerely yours,



Comptroller General
of the United States

Enclosure

WASHINGTON, D.C., CITY POST OFFICE WORK LOAD
RECORDING SYSTEM PRODUCTIVITY



ENCLOSURE

ENCLOSURE