



HIGHLIGHTS

BACKGROUND:

The U.S. Postal Service has 308 vehicle maintenance facilities (VMFs) nationwide to maintain its vehicle fleet. The Northeast Area has 36 VMFs. Officials acquire vehicle parts via the parts consignment program from two primary national ordering agreement (NOA) suppliers. These suppliers provide parts to maintain and repair vehicles, which range from motors, transmissions, tires, and batteries to nuts, bolts, and screws. Repair parts can also be purchased locally. In fiscal year 2011, Northeast Area officials purchased \$23,472,793 in vehicle parts.

To maintain vehicle parts, stockrooms have been established at every VMF. Postal Service policies require VMF personnel to perform regular inventories of its vehicle parts to ensure the inventories are sufficient and accurate. Additionally, personnel must safeguard all assets.

Our objectives were to determine whether vehicle parts were being purchased and maintained appropriately and whether controls were adequate to safeguard vehicle parts inventory.

WHAT THE OIG FOUND:

Overall managers at selected Northeast Area VMFs generally purchased and maintained inventory levels for NOA and non-NOA parts. We found that part inventory balances for 81 percent were

sufficient and within established levels, 18 percent were below minimum levels, and only 1 percent exceeded the maximum level. Parts were not at required levels because they were either due in, on back order, or not used as planned and returned to inventory. Not maintaining minimum established inventory levels could potentially increase delays in vehicle repairs. Further, management did not always safeguard parts inventory. This occurred because managers were not aware of security risks and policies regarding safeguarding of assets. As a result of inadequate controls, vehicle parts valued at \$8,331,963 were at risk.

WHAT THE OIG RECOMMENDED:

We recommended the vice president, Northeast Area Operations, require district officials to ensure they maintain established minimum inventory levels. Further, we recommended district officials re-emphasize the safeguarding of vehicle parts and the proper management of inventories. We also recommended they implement training for stockroom personnel.