



OFFICE OF  
**INSPECTOR  
GENERAL**  
UNITED STATES POSTAL SERVICE

---

# HIGHLIGHTS

---

## Mail Transport Equipment – Shortages of Pallets, Tubs, and Trays – Fall 2011 Mailing Season

Report Number NL-AR-12-011

### **BACKGROUND:**

This report focuses on Mail Transport Equipment (MTE). MTE are containers, such as pallets, flat tubs and letter trays that hold mail during transportation. The U.S. Postal Service loans MTE to its customers for shipments through the Postal Service and has spent about \$426 million on MTE from fiscal years (FY) 2006 to 2011, covering over 149 million pieces of MTE.

This audit was initiated in response to mailers' complaints about MTE shortages during the fall 2011 mailing season. Our objectives were to assess these shortages and management controls over MTE.

### **WHAT THE OIG FOUND:**

We confirmed that unprecedented MTE shortages existed at Postal Service facilities and mailers during the fall 2011 mailing season. This occurred because management did not effectively plan to have sufficient quantities on hand nor develop a risk mitigation plan to avoid shortages. Also, management has not fully developed and instituted adequate controls for effective MTE management. The shortages were compounded by a shrinking MTE budget. As a result, the Postal Service and its mailers faced challenges in moving mail resulting in customer complaints and emergency purchases of less durable equipment to meet the challenges. We determined the

Postal Service could have avoided purchases of less durable MTE totaling \$11.1 million in FY 2011 and \$15.6 million in FY 2012 had adequate planning and controls been in place. We also estimate that MTE purchases of \$24.3 million in FY 2011 and \$23.6 million in FY 2012 are at risk of loss, theft, and misuse due to control weaknesses. Further, MTE shortages reflect poorly on the Postal Service's brand and place revenue at risk and less durable MTE raises safety concerns for mailers. Finally, we determined that the Postal Service initiated efforts to improve management of MTE, including developing a system to track and monitor MTE.

### **WHAT THE OIG RECOMMENDED:**

We recommended the Postal Service develop processes and procedures for effective planning of and budgeting for MTE needs for the fall mailing season; implement prior U.S. Postal Service Office of Inspector General recommendations over MTE internal controls; and develop processes and procedures to limit distribution and improve accountability of MTE provided to mailers. We also recommended that management assess and implement industry best practices for inventory control, considering the cost benefit.