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In the past few years, GAO has recommended that Government printing operations be improved in the areas of: service to the public; pricing of publications sold to the public; management of agency printing plants; and management of regional printing procurement offices. In accordance with these recommendations, the Government Printing Office and other agencies have implemented many changes; printing costs have been reduced, and productivity has increased. Findings/Conclusions: The procurement process for many orders has been shortened. Sales revenues now exceed costs. Greater use by several agencies of regional printing procurement has reduced costs and increased productivity. Interagency groups are currently studying how printing can best be done in certain geographical areas. Customer service has been greatly speeded up, and inventory and quality control have been much improved. Regional procurement offices now provide better service to Federal agencies than they did in 1974; for instance, in the contractor selection and billing processes. Recommendations: The Public Printer should: establish more precise standards to compare expected with actual performance and productivity; establish a consistent approach to evaluating contractor's responsibility before making awards; determine whether cost plus 50% pricing is still necessary; and adjust the scale of billing prices so that agencies are charged the costs they incur on small, medium, and large dollar print orders. (DJM)

# REPORT TO THE CONGRESS



*BY THE COMPTROLLER GENERAL  
OF THE UNITED STATES*

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## Government Printing Operation Improvements Since 1974

Government Printing Office and  
Other Federal Agencies

The Government Printing Office has taken actions to implement recommendations in prior GAO reports. As a result, operations have improved and the public and Federal agencies are being served better.

Several agencies have reduced costs and increased productivity by having more printing done commercially and by consolidating in-house printing plants. However, GAO found that some improvements were still needed and is recommending further action.



COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D.C. 20543


B-114829

To the President of the Senate and the  
Speaker of the House of Representatives

This report discusses how the Government Printing Office has improved its management of printing operations to provide better customer service. We are also reporting on action taken by other Federal agencies to reduce their printing costs.

We made this followup review to determine what actions have been taken on our past recommendations. The review was made pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67).

We are sending copies of this report to the Director, Office of Management and Budget; the Chairman, Joint Committee on Printing; the Public Printer; the Secretary of Defense; the Secretary of the Air Force; the Commissioner of Internal Revenue; and the Administrator of General Services.

  
ACTING Comptroller General  
of the United States

## C o n t e n t s

	<u>Page</u>	
DIGEST	i	
CHAPTER		
1	INTRODUCTION	1
	Background	1
	Scope of review	2
2	IMPROVEMENTS MADE IN GPO'S SERVICES TO FEDERAL AGENCIES	3
	Searches for reproducibles	4
	Color and design reviews	4
	Small-purchase procedures	4
	Order-processing delays	5
	Required number of bids for small purchases	5
	Management information system	6
	Regional office procurement techniques	6
	Other improvements made	6
	Open recommendations	7
3	PRICING OF PUBLICATIONS SOLD TO THE PUBLIC	9
	Financial philosophy for sales program	10
	Recommendation to the Committee	10
4	IMPROVED AGENCY MANAGEMENT OF PRINTING AND DUPLICATING OPERATIONS	11
	Increasing commercial procurement and plant consolidations	11
	Improving compliance with Committee regulations	13
5	IMPROVEMENTS MADE IN SERVICE TO THE PUBLIC	15
	Order-processing control system	16
	Quality assurance program	17
	Researching orders	17
	Restocking procedures	18
	Inventory records	18
	Expedited processing	18

	<u>Page</u>
CHAPTER	
Supervisory pay	18
Employee records	19
Working conditions	19
6 BETTER MANAGEMENT OF REGIONAL PRINTING PROCUREMENT OFFICES	20
Automated bid evaluations	21
Simplified purchase procedures	21
Billing system	21
Procurement authority	22
Relations with customer agencies and commercial printers	22
Open recommendation	22
APPENDIX	
I Principal officials responsible for administering activities discussed in this report	24

#### ABBREVIATIONS

GAO	General Accounting Office
GPO	Government Printing Office

COMPTROLLER GENERAL'S  
REPORT TO THE CONGRESS

GOVERNMENT PRINTING OPERATION  
IMPROVEMENTS SINCE 1974  
Government Printing Office  
and other Federal agencies

D I G E S T

In the past few years, GAO has recommended that Government printing operations be improved in these areas:

- Service to Government agencies.
- Pricing of publications sold to the public.
- Management of agency printing plants.
- Service to the public.
- Management of regional printing procurement offices.

GAO's followup review was directed toward determining the status of agencies' actions to implement the recommendations in previous reports.

In accordance with these recommendations, the Government Printing Office and various other agencies have made many changes. Although some improvements are still needed, printing costs have been reduced, productivity has increased, and processing time for orders has been reduced.

SERVICE TO FEDERAL AGENCIES

Since GAO's report, "Substantial Improvements Needed in The Government Printing Office's Services To Federal Departments and Agencies" (LCD-75-437, Dec. 29, 1975), the Printing Office has taken many actions to shorten the printing procurement process and to exercise better management control at lower costs. As a result, the time to establish contracts for normal purchases has been reduced from 35 to 23 days and, for small purchases, from 20 to 10 days.

The procurement process for many orders was shortened by

- increasing the limitation for small purchases from \$2,500 to \$5,000 and increasing the small-purchase staff (see p. 4),
- obtaining no more than the specified number of bids for small purchases (see p. 5), and
- reducing the number of orders sent through the color and design review (see p. 4).

GAO believes that some matters require further action.

GAO's previous report recommended that the Government Printing Office use standards to evaluate performance and measure productivity. The Printing Office had not established standards for performing specific tasks. However, it established a group productivity measurement report based on statistics relating to the procurement of contracts. Although this productivity report is a step in the right direction, GAO recommends that the Public Printer establish more precise standards to compare expected with actual performance. Printing Office officials agree that more precise standards are needed and are now implementing the recommendation. (See p. 7.)

GAO's previous report found that the Printing Office lacked specific criteria for placing contractors on its experience list for unsatisfactory performance; some contractors who continually failed to meet delivery dates were not placed on the list and continued to receive contracts.

GAO recommends that the Public Printer establish a reasonably consistent approach for determining whether a contractor's prior performance should prevent him from being awarded a contract. Printing Office officials told us that they are developing an approach for evaluating all pertinent factors before denying contractor awards. However, officials also stated that they do not want to establish

inflexible procedures in which poor performance on one contract would preclude an award. (See p. 7.)

#### PRICING OF PUBLICATIONS

The Government Printing Office believes that sales revenues should exceed full cost. Except for 2 years, sales revenues have exceeded full cost because the law requires that 50-percent be added to the cost to determine the selling price.

The Printing Office recently developed a new pricing formula to

- better identify the costs of various types of publications;
- more accurately determine printing, binding, handling, and postage costs; and
- recover all costs associated with the sales program.

The Public Printer expects the new formula to recover full costs without the 50-percent factor. The new formula is being reviewed now and is expected to be implemented in early 1977.

In view of the Public Printer's planned action to recover full costs through the new pricing formula, GAO recommends that the Joint Committee on Printing determine whether the 50-percent factor is still needed. (See p. 10.)

#### MANAGEMENT OF PRINTING AND DUPLICATING OPERATIONS

GAO found several agencies could reduce costs by increasing commercial procurement through greater use of regional printing procurement offices. GAO also found these agencies could increase productivity by interagency consolidation of in-house printing plants.

Several agencies have taken action to reduce costs and increase commercial procurement. For example, Air Force printing plants



have reduced their capacity by 300 printing presses and 200 people. In addition, the General Services Administration and the Internal Revenue Service have eliminated unnecessary printing equipment and have converted printing plants into duplicating centers, which produce smaller quantities than printing plants.

An earlier GAO review found that some duplicating centers had exceeded the production quantity limits set by the Joint Committee on Printing. After the review, the Joint Committee revised its printing regulations to permit agencies to approve such excesses. Agencies now must report quarterly to the Joint Committee when duplicating centers exceed the quantity limits. If properly followed by the agencies, this procedure will result in more control over duplicating centers. (See p. 13.)

Interagency consolidation of printing plants has been limited. However, the Joint Committee staff told us that interagency study groups have been convened to determine how printing needs can best be met in certain geographical areas. The Joint Committee also intends to take such action in the future, when appropriate.

Our earlier review found that some agencies' duplicating centers had purchased printing equipment without obtaining the required Joint Committee approval. Agencies stated that equipment acquired without Joint Committee approval had been returned or that approval had been obtained. (See p. 13.)

#### SERVICE TO THE PUBLIC

Since GAO's report, "Observations and Suggestions for Improving the Public Documents Department," (B-114829, June 14, 1974), the Printing Office has instituted better control over the system for processing orders and has greatly improved customer service. The office has reduced order-processing time from several months to 14 days.

Some of the improvements made have been:

- Automation of the order-processing system.  
(See p. 16.)
- Automation of the inventory control system.  
(See p. 18.)
- Establishment of a quality assurance program. (See p. 17.)
- Establishment of more effective restocking procedures. (See p. 18.)

MANAGEMENT OF REGIONAL  
PRINTING PROCUREMENT OFFICES

The Printing Office's regional procurement offices now provide better service to Federal agencies than they did in 1974. For instance, computer programs have been developed to select the lowest bidders on term contracts. This is estimated to save 5,700 staff-hours, about \$47,000, each year. (See p. 21.) Also, the Printing Office has revised its billing system to eliminate unnecessary reexaminations of estimated bills and, thus, speed up the billing process. (See p. 21.)

The Printing Office analyzed its billing methods and concluded that its surcharge, on the average, recovered administrative costs but did not recover these costs sufficiently for small orders and resulted in overcharges for large orders. GAO recommends that the Public Printer adjust the scale of prices so that agencies are charged the costs they incur on small-, medium-, and large-dollar print orders. Officials said that a new scale of prices is being developed to more equitably charge the Printing Office's customers. GAO believes that when this is accomplished the intent of the recommendation will be satisfied. (See p. 22.)

## CHAPTER 1

### INTRODUCTION

In the past few years, we have issued 16 reports on Government printing, mostly as a result of congressional requests. Five of these reports contained recommendations for improvements in the following areas:

- Service to Government agencies.
- Pricing of publications sold to the public.
- Management of agency printing plants.
- Service to the public.
- Management of regional printing procurement offices.

Our followup review was directed toward determining the status of agencies' actions to implement recommendations in our previous reports. During the reviews of Government printing operations, the Public Printer and other responsible officials have been very cooperative and expressed considerable interest in our work. In the last few years the Government Printing Office (GPO) has made many improvements in its operations and service to the public and Federal agencies.

### BACKGROUND

By law (44 U.S.C. 501), all Government printing, binding, and "blank-book" work, except that of the Supreme Court of the United States, must be done at GPO, unless otherwise stated by the Joint Committee on Printing. Printing and Binding Regulations published by the Joint Committee prohibit Government printing plants from printing commercially procurable items.

The Joint Committee authorizes Federal agencies to establish printing plants and duplicating centers. The agencies are required to comply with the Joint Committee's regulations and to report the quantities of material they produce and the types of equipment their facilities use.

## SCOPE OF REVIEW

Our followup review was conducted from July to October 1976. We discussed current operations with headquarters officials of the following agencies: Department of the Air Force, General Services Administration, GPO, and Internal Revenue Service. We also reviewed these agencies' records to determine whether their actions have improved printing operations.

## CHAPTER 2

### IMPROVEMENTS MADE IN GPO'S

#### SERVICES TO FEDERAL AGENCIES

In a report 1/ to the Congress, we discussed GPO's printing services to Federal agencies and stated that GPO should use faster and less costly procedures. We recommended that the Public Printer:

- Eliminate manual searches for reproducibles used in reprint orders by including in the computer's data bank information on all stored reproducibles.
- Reduce the number of orders sent through the color and design review by training the appropriate people to determine whether the review is necessary.
- Increase the use of small-purchase procedures by (1) providing more staff or streamlining the small-purchase section, (2) providing more staff for making small-purchase decisions, and (3) increasing the dollar limit on small purchases.
- Determine the causes of order-processing delays between the writing of specifications and the mailing of invitations for bid.
- Improve the methods used to place small-purchase contracts by insuring that only the required number of bids are obtained.
- Install a management information system which would (1) compare the order-processing rate with scheduling criteria and (2) identify orders which are delayed.
- Investigate various ways in which the procurement techniques used at regional office III could speed up operations at GPO headquarters.

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1/"Substantial Improvements Needed in the Government Printing Office's Services to Federal Departments and Agencies" (LCD-75-437, Dec. 29, 1975).

- Consider using labor standards for processing procurement orders.
- Establish (1) specific criteria for placing contractors on the unsatisfactory performance list and (2) guidelines for determining when a contractor's performance should prevent him from being awarded a contract.

GPO has taken many actions to shorten the printing procurement process and to exercise better management control at lower costs. As a result, GPO has reduced the time to establish contracts for normal purchases from 35 to 23 days and, for small purchases, from 20 to 10 days.

#### SEARCHES FOR REPRODUCIBLES

In response to our recommendation, GPO has included information on all reproducibles in the computerized inventory control system. However, the specific locations of the reproducibles have not yet been entered into the computer; personnel must continue to use manual card files to locate reproducibles. According to GPO officials, when the locations have been entered into the computer, the manual card files will be eliminated.

GPO estimates that the upgraded system will eliminate 1 day of order-processing time and reduce operating costs by (1) reducing user service costs, the system's maintenance costs, and the number of inventory record maintenance personnel, and (2) reclaiming floor space needed to maintain manual files. Also, the system can now cross-reference files and produce improved reports.

#### COLOR AND DESIGN REVIEWS

GPO has reduced the number of orders sent through the color and design review by allowing planning personnel to approve simple and repetitive two-color orders. A planning official estimated that about 25 percent of the color orders are reviewed by the planning personnel, which saves a minimum of 1 day of processing time.

#### SMALL-PURCHASE PROCEDURES

Several actions have been taken by GPO to increase the number of orders placed by means of small-purchase procedures. For example, when the workload increases, an employee is

switched to the scheduling section to help decide which orders can be processed as small purchases. GPO has also added trainees to the small-purchase staff. In addition, on July 14, 1976, the Public Printer increased the dollar limit for small purchases from \$2,500 to \$5,000.

As a result of these changes, about 31 percent of the orders formerly processed as regular purchases will be considered small purchases, reducing the processing time an average of 13 days for each order. On the basis of GPO's estimate, labor savings of about \$50,000 a year should be attained when the trainees in the small-purchase section become fully proficient. Stationery, postage, and computer costs have also been reduced.

#### ORDER-PROCESSING DELAYS

GPO examined the delays between the writing of specifications on regular purchases and the mailing of invitations for bid. It found that the delays were due to staff shortages in the mailing section and the lack of proper nightshift supervision. GPO officials said they corrected the problem by counseling supervisors and employees and by reassigning personnel from other positions to fill shortages. The officials also noted that greater use of small-purchase procedures had reduced the need for written invitations for bid on regular purchases.

We found that GPO personnel now mail invitations for bid 1 day or less after they write the specifications--a reduction of about 1-1/2 days in processing time.

#### REQUIRED NUMBER OF BIDS FOR SMALL PURCHASES

Our previous report found that GPO personnel sometimes solicited six or more contractors to obtain three bids. GPO procedures require that only three bidders be solicited, not that three bids be obtained. In January 1976, GPO officials instructed procurement personnel to follow the procedures on soliciting bids and to obtain the minimum required number of bids for small purchases. We found that as a result of these instructions, GPO personnel follow the procedures on most contracts. The time to process small-purchase contracts has thus been reduced by 6 days.

## MANAGEMENT INFORMATION SYSTEM

A computerized management information system has been designed by GPO to replace the manual job progress monitoring procedures currently used in the production, procurement, quality control, and customer service departments. The system, according to the designer, will compare actual and scheduled processing rates, and GPO officials expect it to be fully operational in about 2 years.

## REGIONAL OFFICE PROCUREMENT TECHNIQUES

In our previous review, we learned that many agencies were resorting to using regional printing procurement office III because it provided more rapid service. GPO officials said they considered our recommendation to apply regional office procurement methods to the Central Office. They did not make a written report because they concluded that most regional office orders were for small purchases and that improvements in small-purchase procedures were equivalent to adopting methods such as those used at regional office III.

We agree that substantial improvements have been made in the small-purchase procedures used at GPO.

## OTHER IMPROVEMENTS MADE

The Federal Procurement Regulations state that a contractor should not be disqualified until after bids are opened. However, our prior review found that GPO sometimes denied contractors an opportunity to bid because of their history of poor performance. Although we recommended no formal action on this problem, we suggested that GPO re-evaluate its methods of removing contractors from the bidders' lists to make sure it followed regulations.

GPO officials instructed procurement personnel to send invitations for bid to all contractors on the bidders' lists, in accordance with Federal regulations. We did not verify the number of contractors which were sent invitations because of the time and effort this would have required.

Our prior review also found that GPO headquarters could reduce costs by taking advantage of existing computer technology to evaluate purchase orders under term contracts. As a result, a timesharing computer has been installed and is evaluating the bids on a term contract, and other contracts



are planned for computerization. Because GPO has just started its computerized system, we did not determine how much money computerized evaluation saved under the first term contract.

## OPEN RECOMMENDATIONS

We agree with most of the actions taken by the Public Printer to shorten the printing procurement process and provide better service to Federal agencies. In addition, we believe the following matters require further action.

### Labor standards

Our previous report found that GPO's Procurement Division had no standards for performing specific tasks. To evaluate performance and measure productivity we recommended that GPO use standards to process procurement orders.

GPO has not established standards for the time it should take to complete tasks. However, in January 1976 it developed a group productivity measurement report based on statistics relating to the issuance and administration of contracts. In May 1976 the report showed that procurement productivity had increased by 31 percent. Although this productivity report is a step in the right direction, we believe more precise standards are needed to measure performance and expedite order processing. Therefore, we still recommend that the Public Printer establish more precise standards to compare expected with actual performance.

GPO officials agreed with our recommendation and are now developing procurement standards. We agree with GPO's efforts.

### Contractor's delivery performance

Our previous report found that because GPO lacked specific criteria for placing contractors on its experience list for unsatisfactory performance, some contractors who continually failed to meet delivery dates were not placed on the list and continued to receive contracts.

We recommended that the Public Printer establish (1) specific criteria for placing contractors on the experience list and (2) guidelines for determining when a contractor's performance should preclude him from being awarded a contract.

GPO has not established specific criteria for placing contractors on the experience list and procurement officials said that they have not used the contractor's experience list

since March 1976. Also, GPO has not established guidelines for determining when a contractor's performance should preclude him from receiving a contract. Procurement officials said that a decision to deny a contractor an award is based primarily on the contractor's prior performance along with other pertinent factors.

However, GPO does not have complete, up-to-date information readily available on all of its contractors because certain contracts allow agencies to directly place orders (direct-deal contracts). Although it is developing a system where agencies report contractor performance on direct-deal contracts, some agencies are cooperating with GPO while others are not.

We believe that guidelines are needed so that GPO will be consistent in its application of refusing awards to contractors. Therefore, we recommend that the Public Printer establish a reasonably consistent approach for determining whether a contractor's prior performance should prevent him from being awarded a contract.

GPO officials told us that they are developing an approach for evaluating all pertinent factors. However, these officials do not want to establish inflexible procedures for denying contractor awards in which poor performance on one contract would preclude an award.

We believe this approach will satisfy the intent of our recommendation.

### CHAPTER 3

#### PRICING OF PUBLICATIONS SOLD TO THE PUBLIC

In response to a request by the Joint Committee on Printing, we reported on GPO's pricing of publications sold to the public. <sup>1/</sup> The law governing the pricing of publications--section 1708, title 44, United States Code--provides that:

"The price at which additional copies of Government publications are offered for sale to the public by the Superintendent of Documents shall be based on the cost as determined by the Public Printer plus 50 percent."

Over the years, the various Public Printers have defined "cost" differently. Before August 1973 the pricing formula included only certain costs, such as printing, binding and postage, and some administrative expenses. GPO was able to recover all costs because the law required that a 50-percent factor be applied to the pricing formula. GPO has consistently operated on the philosophy that sales revenues should exceed total costs.

In announcing an August 1973 price increase, the Public Printer said that selling prices were determined by a formula designed to recover the full cost of operating the sales program without the 50-percent factor. However, during April 1974 congressional hearings, he was instructed to add the factor to the cost because the law required it.

Because increased costs of publications will affect the public, we presented the following alternatives for consideration by the Joint Committee.

- Continue the current policy of recovering the total sales program costs from revenues, which passes increased costs on to the public.
- Subsidize the cost of publications through appropriations, which would lower the selling prices.

We also suggested that the Joint Committee may wish to consider:

- Whether the Public Printer should continue using the current pricing formula. If so, the Joint Committee

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<sup>1/</sup>"Pricing of Publications Sold to the Public" (B-114829, Nov. 19, 1974).

may wish to consult with the Appropriations Committees on whether the Public Printer should continue to request appropriations for specific sales program costs.

--Whether the 50-percent factor should be added to the current pricing formula.

#### FINANCIAL PHILOSOPHY FOR SALES PROGRAM

GPO officials stated that the Public Printer still believes that sales revenues should exceed full costs. They said GPO had recently developed a pricing formula which would better identify the costs of various types of publications; more accurately determine the printing, binding, handling, and postage costs; and recover full costs associated with the sales program. The improved formula groups publications into three categories: individual publications, basic manuals with supplements, and dated periodicals. GPO officials told us that the new formula is currently being reviewed and should be implemented in early 1977.

We believed that GPO's efforts to revise the pricing formula reflect the need for a better method of pricing various types of publications.

#### RECOMMENDATION TO THE COMMITTEE

In view of the Public Printer's planned action to recover full costs through the pricing formula, the Joint Committee should determine whether the 50-percent factor is still needed.

## CHAPTER 4

### IMPROVED AGENCY MANAGEMENT OF PRINTING

#### AND DUPLICATING OPERATIONS

In November 1974, we responded to a Joint Committee on Printing request by reporting on the management of Federal agencies' printing plants. <sup>1/</sup> We found that several agencies could reduce costs and increase productivity by procuring more printing commercially and by interagency consolidation of in-house printing plants. We also found that agencies could improve compliance with Joint Committee regulations on equipment acquisitions and on duplicating centers.

Since the Joint Committee is the overall management authority for printing, we presented our findings in terms of matters the Joint Committee might wish to consider, as follows:

- The Joint Committee should encourage the establishment of interdepartmental study groups in areas having several agency printing plants. Each group should determine how to best meet the printing needs of the area and should more fully implement the Committee's intent by maximizing commercial procurement.
- When renewing authorizations for existing printing plants, the Joint Committee should require agencies to certify that they neither have unauthorized printing equipment nor produce excess quantities. Also the Joint Committee should consider revising its current definitions of "duplicating" and "printing" to better control duplicating centers.

In following up on our November 1974 report, we learned that the Air Force and the General Services Administration had increased their commercial printing procurement and had made other improvements to comply with Committee regulations. We also found that Joint Committee staff members and GPO officials visited various agency printing plants to review their operations and identify feasible in-house consolidations.

#### INCREASING COMMERCIAL PROCUREMENT AND PLANT CONSOLIDATIONS

According to Air Force officials, at the end of fiscal year 1976, 89 percent of their departmental and field

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<sup>1/</sup>"Agency Printing and Duplicating Operations Need Management Improvements" (B-114829, Nov. 1, 1974).

printing requirements were procured commercially, and as a result Air Force plants had reduced their capacity by a total of 300 printing presses and 200 personnel authorizations. Air Force officials stated that this had increased commercial printing procurement by 42 percent since our 1974 report. They also said that every printing plant in the Air Force Logistics Command is being "phased down."

As of October 1976, the Air Force had taken the following actions to increase commercial procurement and consolidate operations.

- GPO officials visited each Air Force Logistics Command printing plant and identified commercially procurable orders. As a result, the command placed 23 printing presses in protective storage for 6 months and abolished about 150 personnel authorizations.
- The Air Force printing plant in Wiesbaden, Germany, was closed in April 1976, and the Army plant in Roedelheim now does the Air Force's printing.

General Services Administration officials said that they have taken the following actions.

- In June 1974, the Joint Committee on Printing directed General Services to convert its San Francisco plant to a duplicating center. By doing so it reduced the capability of the plant to produce commercial printing. As a result of the conversion, between fiscal years 1974 and 1976 the center increased its commercial printing procurement by 142 percent and improved its work quality and responsiveness to customers. The staffing level was reduced by four, and general schedule positions were reduced in grade.
- In the Atlanta plant, a seldom-used press was eliminated.
- A survey by the Joint Committee and GPO determined that most of the work done by the New York plant was commercially procurable. As a result, the plant will soon become a duplicating center and the workforce will be reduced by about 25 percent.
- The Joint Committee and GPO determined that 80 percent of the printing done at General Services' region III in Washington, D.C., could be procured commercially. General Services has been instructed to reduce region III's workforce and to increase commercial procurement.

Internal Revenue Service officials said that after the Joint Committee contacted the Service about downgrading its San Francisco plant, the plant was converted to a duplicating center. They added that the Service has procured approximately 80 percent of its printing from GPO since fiscal year 1973.

The Joint Committee has convened a limited number of interagency study groups to determine how printing needs can best be met in certain geographical areas. At this time it has examined printing needs in New York and San Francisco. The General Services Administration's plant in San Francisco has been closed down and its workload absorbed by GPO's regional office. The Committee staff told us that the Joint Committee intends to convene such study groups on an ad hoc basis when appropriate.

#### IMPROVING COMPLIANCE WITH COMMITTEE REGULATIONS

According to the Joint Committee's Printing and Binding Regulations, duplicating centers are differentiated from printing plants by the processes and equipment they use and by the smaller quantities they produce. The Joint Committee's regulations limit duplicating to 5,000 production units of single page items and 25,000 production units of multiple page items.

While printing plants are required to submit periodic reports to the Joint Committee on their production, costs, and equipment inventory, duplicating centers are not required to do so. Also, Joint Committee approval is required for acquiring printing equipment, but not for duplicating equipment.

Our earlier review found that some agencies' duplicating centers had purchased printing equipment without obtaining the required Joint Committee approval. In the followup review, agencies stated that equipment acquired without Joint Committee approval had been returned or that approval had been obtained.

Our earlier review also found that some duplicating centers had exceeded the production quantity limits stated in the regulations. Although these centers had, in effect, become unauthorized printing plants, they did not report their production and costs to the Committee. In October 1974, the Joint Committee revised its Printing and Binding Regulations to permit agency-level approval for work exceeding the quantity limitations for duplicating centers. Agencies are now required to provide quarterly reports to the Joint Committee listing the title, quantity, date, and location of the duplicating excesses.

The agencies said this change had helped to control the problem. We believe that the change, if properly followed by the agencies, will result in more control over duplicating centers.



## CHAPTER 5

### IMPROVEMENTS MADE IN SERVICE

#### TO THE PUBLIC

In a June 1974 report, <sup>1/</sup> we identified problems in GPO's Public Documents Area which were resulting in inadequate service to the public. One of the Area's major functions is to sell Government documents to the public, both through mail orders and through its bookstores and cosignment agents throughout the country. Although GPO's objective was to fill orders within 4 weeks of their receipt, the process often took several months.

To correct this, we suggested that the Public Printer:

- Study the order-processing control system and determine the feasibility of establishing controls to assure customers of proper service, including responsive replies when orders are unfillable. Such a system should identify each order by number and should use automated equipment, including optical scanners, computerized inventory records, and computerized customer notification cards.
- Establish a quality assurance system which would keep incorrect orders from moving until the errors have been corrected. This system should incorporate statistical sampling, feedback reporting, and corrective actions.
- Consider an alternative to researching orders which do not adequately describe the publication required. For example, unidentifiable orders could be returned to the sender with a subject area order list and instructions on proper indexing. Also, the public could be educated and encouraged to use standard order forms to improve service.
- Establish standardized restocking procedures so that publications are available when needed. The procedures should consider maximum shelf quantities, economic order quantities, and reorder levels in relation to warehouse response time and customer demand.

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<sup>1/</sup>"Observations and Suggestions for Improving the Public Documents Department" (B-114829, June 14, 1974.)

- Establish procedures to restrict access to inventory records until the automated recordkeeping system is completed.
- Develop a separate system to process orders for popular publications that do not require other special handling.

To increase employee morale, we also recommended that the Public Printer:

- Reexamine supervisory pay levels with a view to providing sufficient monetary incentives to qualified employees to seek these positions.
- Simplify supervisory access to employee record cards without compromising necessary controls and make sure that supervisors understand the proper use of these cards. Also, supervisors should receive instruction in recognizing employee behavior or performance that requires documentation in personnel files.
- Investigate how some new physical layouts successfully incorporate appealing color and arrangement schemes to improve current working conditions.

Since our June 1974 report, GPO has instituted greater control over the order-processing system and has improved customer service. In September 1976, we found that most orders were mailed within 14 working days after their receipt.

#### ORDER-PROCESSING CONTROL SYSTEM

The Superintendent of Documents plans to use an automated sales system which will consist of three functions. The first phase of the master system began operating in November 1976. The system is processing about 2,700 regular customer orders per day. GPO officials said that by the end of fiscal year 1977, it will process all orders, including congressional and deposit orders. GPO expects it to reduce order-processing time to about 10 days and to save about \$310,000 annually.

Order data, such as the stock number, quantity, and customer name and address, is entered through computer terminals in Union Center Plaza, and a combination "picking ticket" and mailing label is produced by computer. The picking portion of the ticket is used to locate the desired publications. Then the mailing label is detached from the ticket and attached to the filled order, and the order is shipped to the customer.

Daily, the picking tickets are optically scanned and fulfillment data is entered in the computer. The computer matches the picking ticket information against a file of all orders received and produces a report showing which orders have not been filled. The computer also produces computer notifications for unavailable publications.

We believe that this system will greatly improve GPO's order processing and customer responsiveness. However, to make the system even more effective, we still believe that each order needs an individual order number.

The Area uses optically scannable order forms for subscription renewals, but not for publications ordered by the general public. However, officials said it would be feasible to use order forms to further improve customer service. GPO officials said that optically scannable forms would be extremely difficult to use because customers are unlikely to fill them out properly. Such a form, if widely used, would reduce the initial manual effort now required to start orders through the processing system and further improve customer service. We believe this is a practical suggestion.

#### QUALITY ASSURANCE PROGRAM

A quality assurance program has been established which incorporates statistical sampling, feedback reporting, and corrective actions. However, the system does not prevent all incorrect or incomplete orders from moving to the next step in order processing. Officials believe a much larger staff would be required to inspect each order during each step in the process. Instead, the Public Documents Area samples the various order-processing operations at specified points in time and whenever necessary. The sampling reports identify areas for management improvement by showing the actual and expected rates for the types of errors which occur in order processing.

We believe that the few incorrect orders found in sample inspections indicate that the Quality Assurance Program reasonably guarantees accurate order processing.

#### RESEARCHING ORDERS

Although GPO continues to manually research orders for inadequately described publications, it is currently testing a computerized system for researching orders. After the research, unidentifiable orders are returned to customers with their refunds, subject and title indexes, or a form explaining why the order could not be filled.

Although GPO has not started any new programs to improve the public's ordering habits, officials said they inform the public of available publications and plan to advise the public over a major broadcasting system on where to go for information on Government publications. The officials also noted that it would be impossible for GPO to reach the entire population.

GPO has not fully encouraged the use of standard order forms by the general public, and it continues to receive typed or handwritten letters as orders. However, they have a program which prescribes standard order forms by selected college and Government bookstores.

### RESTOCKING PROCEDURES

When GPO moved its order-processing facility in June 1976, new restocking procedures were established. The new stock bins are designed to hold two cartons of publications. When the stock is reduced to one carton, personnel determine the need to order additional stock from the bulk warehouse.

GPO has also instituted semiweekly checks to locate empty bins and has established a goal of keeping at least 99 percent of the bins stocked. At the warehouse, we sampled about 3,000 bins and found only 12 out of stock. The new procedures should help minimize delays in filling customer orders.

### INVENTORY RECORDS

To control bulk inventory records, the manual card system has been replaced by an automated inventory control system covering approximately 25,000 bulk warehouse publications. The system tracks bulk publications from initiation of an order through warehouse receiving, locating, and subsequent shipping to the order-filling units.

### EXPEDITED PROCESSING

GPO has established procedures for separating popular publication orders from other orders and batching them for immediate processing. GPO headquarters processes these orders separately and sends them to the warehouse to be filled by the popular publications unit. We took a random sample and found that orders for popular publications are processed in 12.6 days--a reduction of 19.4 days in processing time.

### SUPERVISORY PAY

Our previous report found that GPO had a shortage of qualified employees to fill supervisory positions and this caused delays and backlogs in the order-filling process. In

September 1976, we discussed supervisory pay with Wage Board supervisors and learned that small pay differences between workers and supervisors are still considered a disincentive to moving into supervisory ranks and accepting greater responsibilities. At the time of our followup review, GPO was in the process of making a reclassification survey to clear up pay differential problems.

#### EMPLOYEE RECORDS

GPO continues to maintain employee record cards in a central location on a limited-access basis. However, supervisors told us that they can now obtain the cards whenever necessary. We reviewed some employee record cards and found that pertinent job-related information, including employee merits and adverse actions was documented.

Further, all supervisors are required to attend training courses which include instruction on the proper use and documentation of the employee record cards. Officials told us that about 80 percent of the supervisors had completed the courses.

#### WORKING CONDITIONS

In June 1976, GPO moved its bulk warehouse and retail distribution facilities from GPO headquarters to Laurel, Maryland. Supervisors told us that operations had improved because of the additional work space and physical layout. We visited the plant and found clean working conditions along with air-conditioned offices and lunchrooms.

To determine how improved plant facilities affected employee morale, we interviewed some warehouse workers. Most said the working conditions were better; however, some complained about commuting distances and the lack of a cafeteria. Most employees also mentioned that working conditions were better because the scope of their jobs had broadened; now each employee is trained to do all operations in the order-filling process, such as the picking, wrapping, and checking of orders. One employee seemed to sum up the overall attitude when he said "I have to work just as hard here [Laurel] as I did downtown, but it seems easier because I can switch on and off to other jobs."

Part of the Area, (the Superintendent of Documents and most of the administrative staff in Document Sales Services) moved to Union Center Plaza in December 1974. Most employees said they were satisfied with the new physical layout, such as lighting, carpeting, and the modular furniture.

## CHAPTER 6

### BETTER MANAGEMENT OF

#### REGIONAL PRINTING PROCUREMENT OFFICES

In February 1974, in response to a congressional request, we reported on the operations of GPO's regional printing procurement offices. <sup>1/</sup> We found that the regional procurement offices needed to improve efficiency, reduce costs, and provide better service to Federal agencies procuring commercial printing.

We recommended that the Public Printer:

- Eliminate time-consuming manual evaluations of print orders and reduce improper awards by automating bid evaluations.
- Require the regional offices to use simplified purchase procedures, rather than the normal bid procedures, for procurements of \$2,500 or less.
- Reduce delays in billing agencies by reducing the many reviews of contractor invoices and customer billings and by making only sample postaudits of both reviews.
- Encourage agencies to contract directly for most of their low-value printing.
- Analyze the surcharge added to agencies' bills to determine whether small-, medium-, and large-dollar print orders are charged a proportionate share of the costs incurred and, if not, adjust the surcharge rates accordingly.

We also suggested that the Joint Committee on Printing consider raising the \$150 ceiling on agencies' procurement authority to bring it more in line with GPO's procurement practice for awards requiring only one solicitation.

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<sup>1/</sup>"Need to Improve Management and Operations of Regional Printing Procurement Offices" (B-114829, Feb. 20, 1974.)

## AUTOMATED BID EVALUATIONS

GPO has developed automated programs to select the lowest bidders on general use contracts in 13 of its 14 regional printing procurement offices. General use contracts, also known as term contracts, are open-end, indefinite-quantity contracts. The 13 regions are now capable of selecting the lowest bidders on these contracts for books, pamphlets and forms. Officials said that by January 1977, the last regional office will start using a computerized bid selection program. GPO estimated that 5,700 staff hours, or about \$47,000, would be saved annually as a result of this action.

## SIMPLIFIED PURCHASE PROCEDURES

The Public Printer recently increased the limit on contracts processed under simplified procedures from \$2,500 to \$5,000. Further, GPO issued instructions requiring the use of simplified procedures. Regional office records showed that in fiscal year 1975 the use of simplified procedures increased 15 percent over the previous year.

## BILLING SYSTEM

In our previous report we stated that after the regional procurement offices verified contractors' invoices for payment, GPO headquarters reverified them.

In this followup review, officials told us that the regional offices are responsible for completely verifying contractors' invoices. The regional offices send the invoices to GPO headquarters for payment, and headquarters makes only cursory reviews of invoices to insure mathematical accuracy. GPO officials also stated that the second review had not been a complete reexamination, as we stated in our previous report. Consequently, we were not able to determine the cost savings from reducing the reviews of contractor invoices.

Our previous report also pointed out that two sections in GPO headquarters separately estimated the amounts to bill agencies. The second estimate appeared to be unnecessary.

GPO officials told us that the second review of agencies' bills had been reduced to cursory examinations of simple billings. For example, bills for orders on which no agency riders are attached are now given only summary examinations. However, complex bills are still subject to detailed reexaminations.

We believe the revised procedures will speed up GPO's billing process.

#### PROCUREMENT AUTHORITY

Since our 1974 report, the Joint Committee on Printing raised the ceiling on agencies' procurement authority from \$150 to \$250. Thus, agencies can now order printing costing \$250 or less directly from commercial printers. Some agencies are still going to GPO with orders of less than \$250. According to GPO officials, GPO procures low-value printing for agencies that are not capable of procuring it themselves.

We consider this a sound practice, provided GPO is certain that the agencies cannot procure printing themselves.

#### RELATIONS WITH CUSTOMER AGENCIES AND COMMERCIAL PRINTERS

In our previous report, we suggested that regional procurement offices should be more aggressive in advising Federal agencies and should improve their communication with commercial printers. We did not make specific recommendations on these matters.

GPO officials told us that regional office personnel now visited agencies and informed them about the types of work that could be commercially procured. Since February 1975, officials from GPO headquarters have visited about 16 plants to assist agencies in obtaining printing through GPO. As a result, many agencies' plants have been reduced and the work has been sent to commercial printers. GPO also said that, to improve its relationship with commercial printers, GPO officials attend business seminars sponsored by the Federal Government and private industry.

#### OPEN RECOMMENDATION

##### Adjusted surcharge

We previously reported that GPO added a 6-percent surcharge on each order costing \$10,000 or less to defray administrative costs and that the cost to process small orders generally exceeded the surcharge. We, therefore, recommended an analysis of the surcharge and an adjustment, if needed.

After analyzing their billing methods and the 6-percent surcharge, GPO officials concluded that the surcharge, on



the average, recovered administrative costs but did not recover these costs sufficiently for small orders and resulted in overcharges for large orders. Officials said that a new scale of prices is being developed to more equitably charge GPO's customers.

We believe that GPO officials should aggressively pursue a more equitable charge to recover costs for all orders.

We recommend that the Public Printer adjust the scale of prices so that agencies are charged the costs they incur on small-, medium-, and large-dollar print orders. If GPO's efforts result in the implementation of an equitable price scale, we believe the intent of our recommendation will be satisfied.

PRINCIPAL OFFICIALS  
RESPONSIBLE FOR ADMINISTERING ACTIVITIES  
DISCUSSED IN THIS REPORT

	<u>Tenure of office</u>	
	<u>From</u>	<u>To</u>
<b>PUBLIC PRINTER:</b>		
Thomas F. McCormick	Mar. 1973	Present
Harry J. Humphey (acting)	Jan. 1972	Feb. 1973
<b>DEPUTY PUBLIC PRINTER (OPERATIONS):</b>		
John J. Boyle	June 1973	Present
Leonard T. Golden (acting)	May 1972	June 1973
<b>ASSISTANT PUBLIC PRINTER (SUPERINTENDENT OF DOCUMENTS):</b>		
Carl A. LaBarre	July 1975	Present
Wellington H. Lewis	June 1973	July 1975
Robert E. Kling, Jr.	Dec. 1970	June 1973
<b>PRINTING PROCUREMENT MANAGER:</b>		
Charles M. Scott	July 1976	Present
Keith F. Godsey (acting)	Oct. 1975	July 1976
Gilbert S. Young	Sept. 1970	Oct. 1975