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UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

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GENERAL GOVERNMENT
DIVISION

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The Honorable Warren F. Brecht
Assistant Secretary for Administration
Department of the Treasury

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Dear Mr. Brecht:

The General Accounting Office has completed the survey phase of an industrial management review at the Bureau of Engraving and Printing. The Bureau has demonstrated a record of productivity improvements and has active plans for continued productivity improvement. In view of the planned actions, we do not intend to perform a detailed review, but would like to call to your attention some of our more important observations.

We performed the survey by (1) analyzing the total Bureau productivity, and more specifically, that of the Office of Currency and Stamp Printing and the Office of Securities Processing, which combined, account for about 60 percent of the Bureau's operating cost, (2) determining the trends in the costs of the Bureau's major products, and (3) investigating equipment and manpower utilization.

Our assessment is that Bureau management has applied its attention to productivity improvements and cost control in both offices and across all product lines surveyed. Except for slight declines in the 1972 and 1973 periods, the Bureau has been showing a continuous record of productivity improvement since 1967.

As reflected in the Bureau's October 1973 publication, "A Management Review," the area of equipment and manpower utilization should receive, in our opinion, priority attention to insure the success of Bureau Management plans for productivity improvement.

Aggressive efforts are needed to insure maximum economic run time of existing capital equipment. For example, the six Giori presses, which produce over 70 percent of the currency, run between 50-60 percent of the total shift time. Careful examination of existing production

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practices and the reevaluation of machine standards offer meaningful potential for increasing the run time, not only for the Giori presses, but also for other capital equipment. This is particularly important in light of existing plans for the purchase of additional presses.

The immediate need for qualified industrial engineers and technicians has also been recognized and is highlighted by the fact that the Industrial Engineering Branch does not have sufficient staffing to execute a formal standards program. An example of this need is in the Office of Securities Processing where management must rely on 35 "benchmarks," of which only 11 are based on engineering studies. Moreover, the Industrial Engineering Branch itself has not been involved in either developing or maintaining standards in the last two years. This gap in standards development (machine as well as labor) deprives management of the fundamental information required to compare and assess actual to planned accomplishments as well as improving the scheduling of manpower, machines, and raw materials throughout the production process.

We discussed the results of our survey with the Director of the Bureau on November 15, 1973. He stated that the Bureau is continuously giving attention to improving equipment and manpower utilization.

We wish to express our appreciation to the Bureau officials for their cooperation and assistance. If you have questions or would like to discuss any matter relating to the survey, please let us know.

Sincerely yours,

Charles P. McAuley

Charles P. McAuley
Assistant Director

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