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UNITED STATES GENERAL ACCOUNTING OFFICE  
DALLAS REGIONAL OFFICE  
ROOM 500, 1512 COMMERCE STREET  
DALLAS, TEXAS 75201

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MAY 21 1974



Mr. Henry L. Newman  
Director  
Federal Aviation Administration  
P. O. Box 1689  
Fort Worth, Texas 76101

Dear Mr. Newman:

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The General Accounting Office has completed a [review of the Printing and Duplication Unit of the Publishing and Distribution Section, Federal Aviation Administration (FAA), Fort Worth, Texas]. We noted several matters which, we believe, deserve your consideration.

We found that the FAA Printing Program is not being operated in compliance with the Joint Committee on Printing (JCP) and FAA guidelines concerning the use of commercial printing sources. We also noted that certain items of printing and reproduction equipment are not utilized effectively.

Our review entailed an examination of the printing, duplicating, and diazo operations. Data on the printing operation has been sent to our Washington office for further analysis.

A summary of work performed and issues raised in each of the other areas is shown below.

Duplicating Operation

The duplicating operation is used to provide "hot copy" services to the various activities at Regional Headquarters. Since 1966, management has experimented with seven different duplicating machines, all through lease-purchase agreements. The longest any machine was utilized was about 18 months while purchase options have never been executed.

The two most recent machines have been fully automated and the present one is capable of producing about 60 impressions a minute. The present system, implemented in August 1973, replaced a similar

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operation, which had been used for 18 months. Leasing expenditures total \$11,925 annually including about \$1,500 in maintenance. Logistics Division personnel indicated that leasing the equipment enables them to keep up with technological advances in the area.

We do not believe that present duplicating requirements, which have resulted in low utilization of the present system, warrants the need for keeping up with technological advances. Local Printing and Duplicating Equipment representatives stated that the type of equipment now in use can normally be expected to last five to seven years.

We tested 18 days of production and found that the equipment was in use only 41 percent of the available working time. The average hourly production rate for these days was 350 units.

The Logistics Division Chief indicated that Budget never seems to have the money to purchase such equipment even though considerable long term savings could be realized. There was no apparent mechanical difficulty with the machine traded in last August. However, a newer model had become available for about \$400 a year increase in leasing costs and printing management determined that it would be beneficial at this price to replace the one on hand.

Below is a comparison of lease-purchase options which can be executed at expiration of the current agreement on June 30, 1974. This comparison includes costs related only to rental, purchase and maintenance of the machine.

<u>Decision</u>	<u>Cumulative expenditures</u>			
	<u>First year</u>	<u>Second year</u>	<u>Third year</u>	<u>Fourth year</u>
Lease	\$11,925	\$23,850	\$35,775	\$47,700
Purchase*	11,925	22,993	24,455	25,917
Cumulative savings	-0-	\$ 857	\$11,320	\$21,783

\*At beginning of second year.

As shown above, savings could be considerable in the third and fourth years of operation if the equipment is purchased.

#### Diazo operations

The following diazo machines are currently located in the Regional Office:

<u>Machine</u>	<u>Location</u>	<u>Cost</u>	<u>Date acquired</u>
Bruning 860	Print plant	\$4,109	February 20, 1969
Bruning 880	Print plant	8,495	February 5, 1971
Bruning PD 80	Drafting section	1,437	June 21, 1972

Logistics Division officials stated that the drafting section is essentially the only user of the diazo equipment. These officials also said the majority of the diazo requests received are filled under an annual commercial contract, especially since the diazo operator position was eliminated in June 1972. Contracts for diazo reproduction have been in effect, however, since 1970. During the first half of fiscal year 1974, an average of six jobs per month has been obtained commercially with a return time of about two days for each order. This commercial procurement has resulted in a low utilization of the diazo equipment.

Both the Chief of the Logistics Division and the Chief, Property and Services Branch, said the two diazo machines in the print plant may not be needed. The drafting section Chief agreed that this equipment is not effectively utilized but that it is essential to the drafting section that they have access to a machine capable of producing workable sepias. He pointed out that the PD 80 is being utilized for small quantities of check prints. However, sepias are not made on it because the reproduced copies are not as easy to work with as those reproduced on the 880.

There was no justification required for acquiring the Bruning 860 from the Albuquerque FAA Area Office, and Logistics Division officials were unable to locate one for the 880. The Publishing and Distribution Chief said, however, that the Bruning 880 was justified because the old diazo machine was worn out. The Bruning PD 80 was needed by the drafting section to make check prints and small quantities of sepias and to save time by eliminating trips to the print shop machines.

We asked appropriate FAA officials regarding studies or evaluations which might have been made on the regional office diazo equipment, and were informed that none have been performed in the past several years.

#### Conclusions and recommendations

Sufficient controls have not been implemented over FAA duplicating and diazo programs to insure maximum utilization of commercial contracts and in-house operations are not coordinated properly to reflect a maximum utilization of both.

We believe that the Logistics Division and the drafting section should reassess requirements on the basis of our findings. A system should be implemented to make periodic efficiency evaluations of all in-house operations. In addition, definitive criteria and procedures should be established for determining which items are commercially procurable.

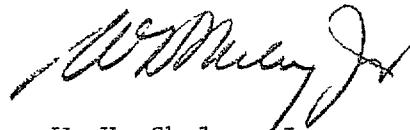
Accordingly, we recommend that:

- FAA consider purchasing rather than continuing to lease the present duplicating system if the equipment is adequate for current and projected needs, and
- an appraisal be made to ascertain the number of diazo machines needed to perform in-house diazo work taking into consideration the maximum use of the commercial contract.

We would appreciate being advised of any action taken or proposed in connection with the foregoing matters.

We acknowledge the cooperation and courtesy of FAA personnel extended to us during our review.

Sincerely yours,



W. H. Sheley, Jr.  
Regional Manager

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