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REPORT TO THE CONGRESS

UNITED STATES
GENERAL ACCOUNTING OFFICE



BY THE COMPTROLLER GENERAL
OF THE UNITED STATES

JAN 5 1976

LIBRARY SYSTEM

Substantial Improvements Needed In The Government Printing Office's Services To Federal Departments And Agencies.

GAO recommends that the Government Printing Office:

- Shorten its printing procurement process by eliminating some operations, using alternative procedures, and avoiding delays.
- Exercise better control over its procurement of printing by using an improved reporting system and labor standards.
- Strengthen its contract compliance system to promote timely deliveries of printing orders to Federal departments and agencies.

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DEC. 29, 1975

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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-114829

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

This is our report on improvements needed in the
Government Printing Office to better serve agency needs.
It also discusses the effects of untimely service.

We made our review 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 Chairman,
Joint Committee on Printing, and the Public Printer.

James R. Stacks

Comptroller General
of the United States

C o n t e n t s

	<u>Page</u>
DIGEST	i
CHAPTER	
1 INTRODUCTION	1
2 PROCUREMENT PROCESS NEEDS STREAMLINING	3
Long procurement times cause agencies to pay expediting charges or to use alternative means of obtaining printing	3
Procurement process can be shortened	5
Procurement process can be better controlled	9
Conclusions	11
Recommendations	11
Agency comments	13
3 CONTRACTORS DELIVERY PERFORMANCE CAN BE IMPROVED	15
Liquidated damages not effective in motivating timely delivery	15
Contractors with poor performance records receive awards	16
Conclusions	17
Recommendations	17
Agency comments	17
4 OTHER IMPROVEMENTS TO INFLUENCE BETTER SERVICE TO THE AGENCIES	18
Commercial procurement can be increased	18
Eligible bidders excluded from bidding	20
Term contract awards should be computerized	20
APPENDIX	
I Principal officials responsible for the activities discussed in this report	23

COMPTROLLER GENERAL'S SUBSTANTIAL IMPROVEMENTS NEEDED
REPORT TO THE CONGRESS IN THE GOVERNMENT PRINTING OFFICE'S
SERVICES TO FEDERAL DEPARTMENTS AND
AGENCIES
Government Printing Office

D I G E S T

The Government Printing Office should improve its services to Federal departments and agencies to provide more rapid delivery of orders.

There are differences between the needs of departments and agencies and the services provided by the Government Printing Office. As a result, departments and agencies are compelled to resort to questionable alternatives such as paying the Government Printing Office surcharges to get their orders delivered on the dates requested.

The Government Printing Office has two printing procurement operations in the Washington area-- the Central Office Printing Procurement Division in its main headquarters building and Regional Printing Procurement Office #3. This is 1 of 14 regional printing offices established throughout the country to procure printing for Federal agencies.

In fiscal year 1974, the Government Printing Office received \$347 million for printing and binding services. Of the total, \$222 million was for printing and binding which had been procured commercially and \$125 million was for its own printing and binding operations. The Regional Printing Procurement Office #3 provided \$16.1 million of printing and binding for the agencies in fiscal year 1974.

The Public Printer, chief executive of the Government Printing Office, should use faster and less costly procedures in supplying the printing needs of the Government. These should include:

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process specific types of orders or how long it takes commercial printers to complete and deliver orders. To this end, the Public Printer should incorporate the needs of both management and planning functions into a single management information system by including contractor processing time, which will compare the rate at which orders are processed with how long it takes commercial printers to complete and deliver orders.

The Government Printing Office's method of removing contractors from the bidders' list should be reevaluated to make sure they are properly following the Federal Procurement Regulations. (See p. 20.)

The Government Printing Office is now considering installation of a system to abstract bids in its Central Office which is similar to that used in its Regional Procurement Offices. If the system is properly implemented, savings can be achieved. (See p. 21.)

GAO did not formally request comments from the Public Printer, but it discussed the report in detail with the Deputy Public Printer. His comments and corrective actions taken or promised are stated on pp. 13, 17, 19, 20, and 22.

CHAPTER 1

INTRODUCTION

According to 501 U.S.C. 44, all Government printing, binding, and blank-book work, except for that of the Supreme Court of the United States, must be done at the Government Printing Office (GPO), unless otherwise stated by the Joint Committee on Printing (JCP). Further, title 44 allows the commercial procurement of printing which cannot be accomplished at GPO. The Printing and Binding Regulations published by JCP states that Government printing plants shall not print items determined to be commercially procurable. The Federal Printing Procurement program implemented by JCP is designed to increase the amount of commercially procured printing.

In fiscal year 1974 GPO spent about \$345 million for printing and binding services, of which about \$220 million was for commercially procured printing and binding, and \$125 million was for printing and binding produced in-house.

GPO has two printing procurement operations in the Washington, D.C., area--the Central Office Printing Procurement Division located in the main GPO building and the Regional Printing Procurement Office (RPPO) #3, located near the Washington Navy Yard. The Central Office buys printing required by the headquarters of all agencies and printing which will be used agencywide. RPPO on the other hand, has been established to buy printing for agency field operations located in the Washington area. Fourteen RPPOs were established nationwide to commercially procure and give technical advice on printing for Federal agencies. In fiscal year 1974 the Central Office procured \$146 million in printing orders and all the RPPOs procured \$76 million. RPPO #3 procured \$16.1 million for the fiscal year ending June 30, 1974.

GPO uses two types of contracts--one-time and term contracts. One-time contracts are processed through all procurement steps and awarded when a single requisition is received from an agency. Term contracts are processed through all steps, except for the award, in anticipation of a large number of similar requests from agencies, such as standard forms. When a request for a term contract item is received, the award is then made for the quantity desired.

It is GPO's policy to allow the Procurement Division to process one-time contracts for procurement of less than

CHAPTER 2

PROCUREMENT PROCESS NEEDS STREAMLINING

JCP's printing and binding regulations reflecting the Federal printing procurement program's intent to increase commercial procurement, state that only printing which is not commercially procurable may be produced in Government plants. GPO officials generally consider most printing work required by the Congress and other printing work required in a short time frame to be noncommercially procurable. JCP guidelines allow Government printing plants to perform only a minimal level of commercially procurable work; therefore GPO retains some of this work to balance its fluctuating in-house workload. All other printing work requisitioned through GPO is considered commercially procurable.

We found that some agencies retain commercially procurable printing in-house because the GPO Central Office Procurement Division does not provide printing needs to the agencies in a timely manner. The slow procurement service also forces the agencies in some cases to pay GPO an extra surcharge in order to get timely delivery.

We found that GPO can shorten the procurement process and exercise better management control to provide more timely service at lower costs.

LONG PROCUREMENT TIMES CAUSE AGENCIES TO PAY EXPEDITING CHARGES OR TO USE ALTERNATIVE MEANS OF OBTAINING PRINTING

According to officials of agencies using GPO's services, an excessively long time is required to obtain printing through GPO's Central Office.

Delivery dates which are stated on printing requisitions are established within the agency by determining the maximum allowable time until the user needs the printing. However, when GPO officials feel they cannot meet a delivery date they either negotiate a later date with the agency or require an extra surcharge for expedited handling and overtime to meet the requested delivery date. Based on a sample of 200 completed jobs, the following chart shows the differences in time between the agencies' requested delivery time and the actual delivery time for one-time bid contracts.

requested. Officials of another agency, to improve the service provided by GPO, had GPO establish term contracts and the agency obtained permission from GPO to issue print orders directly against these contracts rather than order through GPO. According to the agency official this procedure saved them considerable time in processing their orders. A GPO official told us that the criteria for establishing such direct deal contracts for agencies was based on GPO's judgment as to whether the agency had the capability to handle direct deal contracts.

PROCUREMENT PROCESS CAN
BE SHORTENED

We examined the procurement process at GPO and found that the process can be shortened by

- eliminating certain operations,
- using alternate procedures, and
- eliminating delays.

The following chart describes the printing procurement process and shows the steps and time required for processing one-time bid contracts, both for normal contracts and for small purchase contracts on which abbreviated procurement procedures were used.

Eliminating certain operations

The scheduling step in the printing procurement process includes (1) establishing times for subsequent operations, (2) searching for reproducibles (camera ready copy and negatives), (3) determining the practicality of using color or unusual designs, and (4) preparing reproducibles if necessary.

Our analysis showed that it took GPO 5.3 days for the scheduling step, but GPO normally programs only 3 days. We found delays occurred in the scheduling step because of inefficiencies in searching for reproducibles and processing too many jobs through the color and design review.

Searching for reproducibles

GPO stores reproducible printing media needed for reprint orders and the inventory is controlled by a computerized system called Reproducible Inventory Control System (RICS). This system is intended to provide inventory information needed for locating the reproducible media quickly; however, the system does not always provide the needed information because the computer data bank is incomplete. Consequently, time-consuming manual searches are often required to locate reproducibles, delaying order processing until completion of the manual search. We estimate that a manual search adds about 1 day to the scheduling process. We also estimate that about 1,800 orders a year, both one-time contracts and in-house work, are sent through this manual vault search.

Color and design review

The Central Office sends jobs having two or more colors into the Typography and Design Section for review and approval--a process we estimate takes about 1 day. These jobs make up about 10 percent of the procurement workload. During the period the job is in this section, no further work is done in the scheduling. We do not feel it is necessary to process all color work through the Typography and Design Section. For example, RPPO #3 at the Washington Navy Yard procures color printing but does not have a Typography and Design Section because printing specialists at RPPO refer work to the Central Office Typography and Design Section when they feel the quality of the design work requires the assistance of Typography and Design Section specialists. One day could be saved in processing many orders if a representative from the Central Office

assuming continuous processing and excluding waiting time, and compared these estimated times with actual processing times. We found delays and backlogs which can be eliminated.

Invitation for bid process,
normal one-time bid contracts

After writing the specifications, GPO selects potential contractors and mails them an invitation for bid. This step requires 2.7 days. However, our review of the work shows that it takes about 10 minutes to select contractors who are to receive invitation for bid and about 30 minutes for preparing the invitations for bid package for mailing. The package is in a waiting status for over 2-1/2 days during this process due to the backlogs and delays.

Invitation for bid through contract
award process--small purchase one-
time bid contracts

It takes 8.9 days processing time to telephone the contractors for bids, receive and certify bids, and award the contract for small purchases. However, GPO officials told us that this process should normally take about 3 days.

Officials also told us that many contractors were unresponsive to bid solicitations. This unresponsiveness caused GPO personnel to spend extra time soliciting bids and as a result increased the backlog of orders. Since our review, however, we have learned contractors are becoming more responsive in bidding.

In addition, we also learned that more contractors are solicited than are actually required for small purchase contracts. For example, GPO personnel told us that they sometimes solicit six or more contractors to obtain three bids. However, GPO procedures require that only three bidders be solicited, not that three bids be obtained. Consequently, GPO is spending more time than necessary soliciting small purchase bids.

PROCUREMENT PROCESS CAN
BE BETTER CONTROLLED

A good process control system requires standards of performance and reporting of actual performance against these standards. Two types of standards are needed: (1) a standard time for an order to be processed through each

rates and no basis for determining where to improve performance. An exception report which specifically identifies orders exceeding a schedule control limit would show problem areas and problem orders.

Productivity standards

The Procurement Division has a daily report of each individual's work output; however, they have no established standards of performance for the daily output of individuals. Supervisors at various levels stated that they have a mental benchmark for performance on various jobs, but we found the benchmark was not consistent among supervisors. For example, one supervisor said that certifiers should process about three contracts a day, but another supervisor said that three to eight contracts should be processed per day, depending on the complexity of the jobs.

GPO officials told us that the procurement productivity standards that they were aware of were unsuccessful. However, one agency has established standards for planning purposes for various procurement processes such as bid solicitations and issuing purchase orders. With the proper refinement, productivity standards used for planning purposes can be used for performance evaluation.

CONCLUSIONS

GPO doesn't obtain printing fast enough to satisfy customer agencies. As a result the agencies resort to alternatives such as paying a surcharge to get the order on the date requested and to printing work in-house. Agencies also resort to using RPPO #3 even though it was established to service agency work at the field level. We believe that GPO should improve its service to the agencies to provide more rapid service. Further, by shortening the in-house procurement process time, some orders which formerly would have been printed in-house to meet delivery dates could now be commercially procured.

We further believe that the Public Printer can take action to institute the use of faster and less costly procedures.

RECOMMENDATIONS

We specifically recommend:

--Eliminating the manual plate vault search by upgrading the RICS data bank to insure that

AGENCY COMMENTS

On November 7, 1975, we met with the Deputy Public Printer and received his comments on our report. He generally agreed with our recommendations, but pointed out that although a difference exists between the agencies' requested delivery dates and the actual delivery provided by GPO, many of the agencies' requested dates are unrealistically short.

We do not disagree that the agencies often request very short delivery dates, nor do we wish to minimize that this is a problem for GPO. However, agencies pointed out that many of their short turnaround printing requirements can be fulfilled through alternative means. Further our report shows that the Central Office procurement process can be shortened thus giving GPO the capability to meet more of the shorter requested delivery dates.

We had discussed many of our recommendations with the responsible procurement officials during our review. We have now been informed that GPO officials agree with most of our recommendations, and further have implemented some of our recommendations and are planning to implement others.

Specifically:

- GPO plans to improve the RICS system by transferring the program to a computer which is more appropriate to an inventory control application.
- GPO officials agreed that time could be saved by reducing the number of jobs that are unnecessarily sent to the color and design review. They plan to study methods for reducing this number.
- GPO officials agreed that more jobs can be sent through the shorter small purchase procedures. To implement our recommendation, GPO plans to streamline the small purchase section by combining the functions of specifications writing, bid solicitation, and contract award. GPO is also evaluating the use of a higher dollar limit for small purchase. GPO officials pointed out that they must develop new procedures to insure that good procurement practices are maintained as the dollar limit is raised.
- GPO is now examining the handling of orders between the specification steps and the mailing of invitations for bids step to determine the causes of backlogs and possible excess handling.

CHAPTER 3

CONTRACTORS DELIVERY PERFORMANCE CAN BE IMPROVED

A contractor's average turnaround time on normal contracts is 36.4 days and 27.6 days for small purchase contracts. Procurement officials told us that they would consider 95 percent of orders delivered on time as very effective management. Based on a sample of 923 one-time contracts placed in the first 6 months of fiscal year 1975 contractors met scheduled delivery dates on 83 percent of the orders. Most orders for which the scheduled delivery dates were not met were from 1 to 20 days late.

Delivery schedules are part of the advertised bid solicitation and are made part of the contract. The contractor has basically two incentives to meet the scheduled delivery dates. One is the desire to avoid being assessed liquidated damages for each day the order is late and the other is the desire to obtain future contracts.

We found that assessed damages for late delivery were not always an effective means for insuring timely deliveries by contractors. We also found that contractors with poor performance records are awarded contracts when they are the low bidders.

LIQUIDATED DAMAGES NOT EFFECTIVE IN MOTIVATING TIMELY DELIVERY

GPO officials told us that the provisions for assessing liquidated damages are not very effective in motivating contractors to meet scheduled delivery dates. They believe some contractors submit low bids in order to get the contract even though they know they cannot meet the scheduled delivery date. A contractor who is determined to get the award despite his inability to meet the delivery schedule can consider the trade off between liquidated damages and the total business before he accepts the contract. FPR provides that the rate of liquidated damages must be based on a reasonable reference to probable damages for delay and may not be established as a penalty. GPO includes in the terms of their contracts, provisions for liquidated damages which are equal to 1 percent of the contract price for each day of delinquency.

In our review of contractor performance we found that some of the most active contractors were constantly late. Even though these contractors were assessed liquidated damage, the practice of assessing contractors has not served as a motivator to completely solve the late delivery

We also found that when a contractor is already on the list, the lack of specific guidelines as to when his bid should be accepted has resulted in many awards being made to contractors with poor performance. For example, one contractor who has been on the list for late delivery since 1973 was awarded 56 one-time bid orders for the first 6 months of fiscal year 1975 even though he failed to meet the scheduled delivery dates on 61 percent of these orders. In fiscal year 1974 he failed to meet scheduled delivery dates on 25 percent of the one-time bid orders.

CONCLUSIONS

GPO's contract compliance techniques are not effective in insuring timely delivery. Some contractors incur frequent liquidated damage assessments but continually fail to deliver on time. Also, because of inadequate internal guidance, contractors continue to be awarded contracts even though they have records of untimely deliveries.

RECOMMENDATIONS

We recommend establishing specific criteria for placing contractors on the unsatisfactory performance list. We also recommend that guidelines be established for determining when a contractor's performance should preclude him from receiving an award.

AGENCY COMMENTS

The Deputy Public Printer agreed with our conclusions and informed us that he also believes a complete restructuring of the contract compliance organization is needed. Therefore GPO is now in the initial phases of making these needed changes.

retained because the decisionmaker indicated that there was insufficient time to procure it commercially.

We asked the GPO procurement personnel whether the 19 orders could be procured commercially. They told us that 8 of the 19 orders could have been obtained from commercial printers. The make-buy decisionmaker did not know that

--certain jobs could have been obtained quickly by use of small purchase procedures and term contracts and

--certain jobs could have been obtained by using normal procurement procedures and that contractors could respond quickly on these particular jobs.

Conclusion

GPO plans work without information on how long it takes to process specific types of orders through the GPO procurement process and how long it takes contractors to print and deliver orders.

In addition to the recommendation made in chapter 2 concerning the installation of a management information and reporting system, we believe GPO should incorporate the needs of both management and planning functions into a single management information system by adding contractor processing time.

Agency comments

The Deputy Public Printer pointed out that the make-buy decision is not final. The committee which performs the scheduling function has a greater knowledge of procurement times than the make-buy decisionmaker. These schedulers sometimes switch in-house orders to commercial procurement because of production constraints and if the delivery dates allow sufficient time for commercial procurement.

We acknowledge that schedulers switch in-house orders to commercial procurement. However, all orders are not subjected to a second make-buy analysis. We believe that some orders are chosen to be printed in-house because the make-buy decisionmaker does not know they can be obtained commercially, and not all of these orders are necessarily re-evaluated because of production constraints.

except for the award. These contracts contain the contractors' price for individual items, but contractors are selected on the basis of the total overall bid for all items included in the term contracts. The agency maintains a file of the contractors selected to participate in awards for these items. The list identifies the lowest overall bidder first and so on to the highest overall bidder. Bid abstracting is the process of determining the lowest bidder, second lowest bidder, etc., for a purchase order. We were told that manual abstracting requires about 1/2 to 1-1/2 hours for each purchase order. Based on GPO estimates, about 15,000 print orders annually are not abstracted.

In view of the large amount of manpower that would be required to manually abstract GPO's large volume of print orders, GPO has elected to determine the low overall bidder for certain term contracts, and that bidder is then considered the lowest for all purchase orders placed on that contract. This does not generally produce the lowest cost for each purchase order.

As a result of a previous GAO review, computer terminals have been installed in 11 of the 14 RPPOs for abstracting orders. Computerized abstracting insures that the lowest cost producer is selected, and requires only about 5 minutes to abstract the orders.

An individual purchase order placed against the term contract should not necessarily be awarded to the low overall bidder, but to the contractor who will deliver the items on a particular purchase order at the lowest cost. GPO officials estimated that they make item-by-item computations to determine the lowest bidder on less than 10 percent of the purchase orders.

We analyzed nine print orders which were awarded to the low overall bidders and found that if the award were based on the lowest cost for the individual print order, two of the awards could have been made to other contractors with a savings of over \$12,000.

Conclusion

GPO is incurring unnecessary costs because it is not taking advantage of existing computer technology to abstract bids in the Central Office.

PRINCIPAL OFFICIALS
RESPONSIBLE FOR ADMINISTRATION OF ACTIVITIES
DISCUSSED IN THIS REPORT

	<u>Tenure of office</u>	
	<u>From</u>	<u>To</u>
PUBLIC PRINTER:		
Thomas F. McCormick	Mar. 1973	Present
Harry J. Humphrey (acting)	Jan. 1972	Feb. 1973
DEPUTY PUBLIC PRINTER (OPERATIONS):		
John J. Boyle	June 1973	Present
Leonard T. Golden (acting)	May 1972	June 1973
PRINTING PROCUREMENT MANAGER:		
Keith F. Godsey (acting)	Oct. 1975	Present
Gilbert S. Young	Sept. 1970	Oct. 1975

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Agency comments

Agency officials informed us that since we discussed with them the use of a computer for bid abstracting they decided to install a terminal in the Central Office. At this time a one-term contract program is computerized and others are being prepared for programing.

ELIGIBLE BIDDERS EXCLUDED FROM BIDDING

Solicitation by GPO of all contractors willing to submit a bid for each contract is impractical because of the large number of contractors. GPO uses the bid list rotation procedures provided for by FPR to insure that all contractors are given an opportunity to submit bids.

Occasionally GPO did not send a contractor an invitation to bid when his name came up through normal rotation because the contractor had a history of poor performance. No debarment or suspension procedures were instituted by procurement officials before denying the contractor an opportunity to bid, as provided in FPR and the contractor was not notified of the action. FPR states that the contractor should be declared not responsible only after the bids are opened.

It is our opinion that not sending an invitation for bid to contractors because of a poor performance history is inherently inconsistent with the competitive bidding standards contemplated by FPR. Our Office has told GPO in the past that such action may be an improper and premature determination of nonresponsibility.

Conclusion

GPO should reevaluate its method of removing contractors from the bidders' list to insure it is properly following FPR. If a contractor's performance is such that he should be excluded from bidding, the procedures for debarment or suspension should be followed. However, if GPO feels a contractor's performance requires less severe action on an occasional basis, the regulations provide for excluding the contractor after bids have been opened and evaluated.

Agency comments

GPO officials agree with our conclusion and have issued instructions to procurement personnel to send invitations for bids to all contractors on the bidder lists in accordance with normal bid rotation procedures.

TERM CONTRACT AWARDS SHOULD BE COMPUTERIZED

GPO incurs unnecessary costs because purchase orders placed against certain term contracts are not always awarded to the lowest bidder. Term contracts, generally established in anticipation of a large number of similar requests from agencies, are processed through all steps

CHAPTER 4

OTHER IMPROVEMENTS TO INFLUENCE BETTER

SERVICE TO THE AGENCIES

COMMERCIAL PROCUREMENT CAN BE INCREASED

In a November 1, 1974 (B-114829), report to JCP we said that the Government could reduce printing costs and increase productivity through expansion of the commercial procurement program and better use of its in-house production resources.

In our report we showed that the Federal agencies all print work in-house which could be sent to commercial printers. We further pointed out that according to JCP guidelines Government printing plants should do in-house only the minimal level of commercially procurable work needed to insure an efficient operation during periods of low production of not commercially procurable material. Also the guidelines stress the importance of safeguards to minimize the in-house production of commercially procurable work. Despite these guidelines, we pointed out that large portions of the workload in Government printing plants can be commercially procured.

In this review of GPO printing procedures we learned that GPO considers noncommercially procurable work to consist of (1) agency orders required too quickly to be commercially procured, (2) most congressional work, and (3) work needed for balancing the in-house workload. In applying these guidelines to specific orders, work that could have been obtained commercially was retained in-house. We found that work was retained in-house because GPO personnel responsible for making the decision did not know that commercial printers could meet the delivery dates.

When requisitions are received at GPO, they are first separated into those to be printed in-house (make) and those to be commercially procured (buy). To make the best decision within the limits of the JCP guidelines, GPO must determine whether the job is needed too quickly to be commercially procured, and whether it should be retained to balance the in-house workload, or whether it is congressional work.

For a period of 1 week we sampled 111 jobs selected for in-house production and determined that 19 orders were

problem. GPO has no current plans to increase the percentage in liquidated damages. The following schedule demonstrates the number of late deliveries on one-time contracts by three contractors during the first 6 months of fiscal year 1975.

	<u>Number of contracts awarded</u>	<u>Value of contracts</u>	<u>Number of late deliveries</u>
Contractor A	56	\$1,366,000	34
Contractor B	69	256,000	44
Contractor C	50	328,000	26

CONTRACTORS WITH POOR PERFORMANCE
RECORDS RECEIVE AWARDS

In accordance with FPR, GPO may take action to exclude or disqualify a contractor from participating in Government contracting for a period of time commensurate with seriousness of the offense. On the other hand, for less serious offenses in connection with the contractor's performance, GPO officials may determine, based on records and experience data, that a contractor's performance is unacceptable in a specific instance.

GPO maintains a list to inform the purchasing officers that there is some doubt as to certain contractors' ability to perform satisfactorily on contracts because of less than satisfactory past experience. If a contractor, whose name appears on this list, submits a low bid the bid certifier is required to scrutinize the contractor's current performance before the award is made. If, in the certifier's judgment, the contractor's current performance indicates the contractor will not perform adequately, the certifier should recommend that the award not be made to that contractor. If the certifier has reason to believe otherwise, he should recommend that the award be made.

Although GPO instructions concerning the maintenance of this list contains categories of contractors who may be considered for inclusion, the selection, however, is left to the individual judgment of the responsible employee. As a result, some contractors who have failed to meet scheduled delivery dates in the past are not placed on the list and continue to receive contracts. For example, one contractor who was late in meeting scheduled delivery dates on 90 percent of the orders for one type of printing was not placed on the list. He was regularly awarded orders despite his poor performance.

- GPO officials have instructed procurement personnel to follow procedures regarding the number of bids solicited and to not obtain more than the necessary number for small purchases. This action should increase the capacity of the solicitations and awards operation.
- GPO officials agree that a management information reporting system is needed to track and control orders. They plan to develop and install a system which will control orders in the GPO procurement process and also will provide information on orders in the contractors' plants.
- GPO officials have begun work in developing productivity standards for procurement operations. They further pointed out that some of the first standards being developed are in areas where we recommended examining operating methods.
- GPO officials agree they should study the methods used at RPPO #3 to determine if these methods could be applied to the Central Office.

information on all stored reproducibles for single color jobs is in the computer.

- Studying the feasibility of reducing the number of jobs sent through the color and design review by training the appropriate people to recognize color work requiring further analysis and work that can be approved as is.
- Increasing the number of orders placed through small purchase procedures by (1) providing more manpower or streamlining the small purchase section, (2) providing more manpower for making the decision on whether to use the small purchase procedures, and (3) increasing the dollar limitations.
- Examining the handling of orders between the specification writing step and mailing of invitations for bids step to determine the causes of backlogs and possible excess handling.
- Improving the methods used for placing small purchase contracts to insure that unnecessary effort is not expended in this process, such as obtaining more bids than required.

We recommend installing a management information reporting system which would compare the rate at which orders are processed with the scheduling criteria. Also this system should identify orders which are delayed beyond established control limits.

We also recommend that the Public Printer consider using labor standards for processing procurement orders.

We also recommend that the Public Printer investigate various ways the procurement techniques at RPPO #3, which result in faster service to customer agencies, can be used to a better advantage. Possible approaches include selecting part of the Central Office workload and sending it to RPPO for processing. Another possible alternative is to establish an RPPO-like organization in the Central Office to handle selected orders--such as those not requiring color review or plate preparation. A third possibility is to consolidate RPPO and the Central Office, but to retain RPPO's operational methods.

step and (2) a standard rate of output or productivity for the individuals doing the processing. Comparison of actual performance against these standards identifies for management the problems that must be corrected to insure prompt order processing.

Schedule performance reports and labor standards not used to insure prompt order processing

GPO uses a general criteria for scheduling orders through the process steps; the schedule for any single order may vary because of its unique characteristics but the average order will be scheduled in accordance with the general criteria. In our examination we found that the average order is not processed within the scheduling standard.

For example, the following table compares the criteria usually used for scheduling completion of the procurement steps, for normal one-time bid contracts and the actual time required for the same steps during our review.

	<u>Scheduling criteria</u>	<u>Actual time</u>
	(days)	
Scheduling	3	5.3
Specifications writing	(a)	4.3
Invitations for bid mailed	1	2.7
Bids opened	14	17.7
Bids certified and contract awarded	3	4.2

a/Specifications writing criteria varies based on the backlog in the specification section and the complexities of the job.

We found that GPO does not use performance reports or productivity standards to insure that the orders are processed in accordance with the schedules.

Schedule performance reports

GPO schedules completion dates for process steps based on a general criteria, but they do not have a system to compare actual processing times with the schedule. Consequently, management has no indicator of actual processing

could screen the orders to identify poor design work that requires the assistance of the Typography and Design Section.

Using alternative procedures

As a general policy GPO uses the procurement guidelines set forth in FPR even though it is not required to do so. FPR permits abbreviated procurement procedures for contracts under \$10,000. GPO, however, restricts its small purchases procedures to purchase under \$2,500. Our analysis of the procurement process indicates that the 35-day processing time could be reduced to 20 days by using small purchase procedures.

We sampled 1 month's orders and found that almost 50 percent of all orders were under \$2,500. About 10 percent of all orders in our month's sample were between \$2,500 and \$5,000 and about 8 percent between \$5,000 and \$10,000. However, only 39 percent of all jobs under \$2,500 were placed using small purchase procedures.

We were told that the primary reasons for not using small purchase procedures more often are that (1) the scheduler who makes the decision to designate orders for small purchase procedures does not want to overload the small purchase section, (2) the scheduler does not have the time to screen all orders carefully, therefore he sends those orders which are not obvious small purchases through the regular procurement procedures, and (3) some orders are too complex to explain adequately for bidding purposes on the telephone.

We examined orders of \$5,000 or less and found that use of abbreviated procurement procedures could be increased by over 100 percent if GPO (1) increased the small purchase section's capacity, (2) improved the order selection process, and (3) raised the dollar limit.

We also found that if the small purchase limit was retained at \$2,500, more than 60 percent of the orders under \$2,500 could have been placed using small purchase procedures. If GPO used abbreviated purchase procedures for orders up to \$10,000, the increase would be even greater.

Eliminating delays

For selected steps we obtained from GPO officials estimated processing times for a single procurement,

PRINTING PROCUREMENT PROCESS

Time required in days
one-time bid contracts
Normal Small purchase

GPO Internal Processing:

Agency submits requisition to GPO	0	0
↓		
Make or buy decision and jacket assigned	1.0	1.0
↓		
Scheduling (See p. 7)	5.3	5.3
↓		
Specifications written	4.3	4.8
↓		
Invitations for bids sent	2.7	
↓		
Bids opened	17.7	
↓		
Bid certified	2.1	8.9
↓		
Late bid waiting period	1.6	
↓		
Contract awarded	<u>0.5</u>	
↓		
Total GPO processing time	<u>35.2</u>	<u>20.0</u>
<u>Contractor processing:</u>		
↓		
Contract performed and printing delivered to agency	<u>36.4</u>	<u>27.6</u>
 Total	 <u>71.6</u>	 <u>47.6</u>

	<u>Average calendar days</u>	
	<u>Normal one-time bids</u>	<u>Small purchase one-time bids (under \$2,500)</u>
Agency requested delivery time	53.8	41.7
Actual delivery time	71.6	47.6

The actual delivery times include the time required to process the orders and award the contract, which is 35 days for normal contracts and 20 days for small purchase contracts. RPPO #3 requires only 21 days to process and award normal contracts and 10 days to process and award small purchase contracts. Small purchase procedures at both locations can be used on all orders under \$2,500. The extra processing time at the Central Office is caused partially by (1) the need for the Central Office to consider whether to print the work in-house or commercially, (2) the added services provided by the Central Office such as preparing camera-ready copy and negatives, and (3) the separation of the Central Office procurement system into several sections to accommodate a large workload, therefore causing the orders to pass through several hands.

When faced with the decision of accepting an extended delivery date or paying an extra surcharge, agencies sometimes find it necessary to pay GPO the extra surcharge in order to receive the printing on the requested delivery date. One agency told us that the timing of much of their printing requirements was extremely important--especially for certain items. Consequently, they were willing to pay the extra surcharge for expedited handling in a large number of cases to get delivery on the date required. A sampling of GPO records showed that this agency paid the extra surcharge on 18 percent of its orders, whereas two other agencies with about the same requirements used the surcharge 4 and 7 percent of the time, respectively.

In many cases agencies resort to alternative means of obtaining printing to avoid sending orders to GPO. For example, most agencies' headquarters use RPPO #3 for some of their work which is needed in a short time frame.

Officials of one agency with a large printing plant in Washington told us that they use their in-house capability when GPO cannot meet delivery on the dates

\$2,500 by using abbreviated procurement procedures. The Federal Procurement Regulations (FPR), which specify contracting procedures, provide for abbreviated procedures for procurements of \$10,000 or less. The abbreviated procedures permit the Procurement Division to obtain oral bids and to limit the number of contractors solicited.

- Upgrading its computerized inventory controls. (See p. 11.)
- Reducing the number of jobs sent through its color and design review department. (See p. 12.)
- Increasing the number of orders placed through small purchase procedures. (See p. 12.)
- Determining the causes of backlogs in the handling of orders and possible excess handling of orders. (See p. 12.)
- Improving methods used for placing small contracts with commercial printers, such as obtaining no more bids than required. (See p. 12.)
- Installing a management information reporting system to compare the rate at which orders are processed with the scheduling criteria and to identify orders delayed beyond established production schedules. (See p. 12.)
- Investigating the use of labor standards for processing procurement orders. (See p. 12.)
- Investigating various ways Regional Printing Procurement Office #3 can be used to a better advantage. (See p. 12.)

The Government Printing Office's techniques for obtaining compliances on contracts by commercial printers are not effective in insuring timely delivery of orders. Some contractors incur frequent assessments for late delivery and still fail to make deliveries on time. And they continue to be awarded jobs by the Government Printing Office even though they have records of untimely deliveries.

Specific criteria should be established for placing such commercial printers on an unsatisfactory performance list. Guidelines should be established also for determining when a contractor's performance should preclude him from receiving an award.

The Government Printing Office plans work without information on how long it takes to

ABBREVIATIONS

FPR	Federal Procurement Regulations
GAO	General Accounting Office
GPO	Government Printing Office
JCP	Joint Committee on Printing
RPPO	Regional Printing Procurement Office
RICS	Reproducible Inventory Control System

