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UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON, D.C. 20548

CIVIL DIVISION

DEC 29 1969



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Dear Mr. Condon:

We have made a review of the procurement of paper by the Department of Housing and Urban Development (HUD) for use in its Xerox copiers. Our review was made pursuant to the Budget and Auditing Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67), and, for the most part, was performed at HUD headquarters in Washington, D. C.

We believe that worthwhile savings can be achieved by HUD through use of more economical paper in its Xerox copiers than the type presently being used. We estimate that savings at HUD headquarters could amount to as much as \$10,000 a year, depending on the type of substitute paper selected and the quantities purchased. Additional annual savings are possible at HUD's regional offices and insuring offices.

Our review of purchase orders covering procurements at HUD headquarters in fiscal year 1969 showed that a total of 22,500 reams of Xerox 4024 paper was purchased during the year, including 20,400 reams of letter-size paper and 2,100 reams of legal-size paper. Depending on the size of the order placed with the Xerox Corporation, the cost of the letter-size paper ranged from \$1.00 to \$1.04 a ream and the cost of the legal-size paper ranged from \$1.41 to \$1.48 a ream.

Our inquiries at the Department of Agriculture and the Post Office Department disclosed that these departments use less expensive paper in their Xerox copiers. A procurement official at the Department of Agriculture advised us that his department uses bond paper purchased from the General Services Administration (GSA) at a cost of \$.62 a ream for letter-size paper and \$.80 a ream for legal-size paper. A Post Office Department official informed us that his department uses paper purchased from the Government Printing Office (GPO) at a cost of \$.70 a ream for letter-size and \$1.14-1/2 a ream for legal-size. 00017

HUD officials told us that they preferred to use Xerox paper because it caused less frequent jamming in the copier machines than the less expensive paper. Officials of the Post Office Department and the Department of Agriculture stated that, while the less expensive paper used by their

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departments might jam somewhat more often than Xerox paper would, they considered the paper used by their departments to be satisfactory. Operators of copier machines at these departments with whom we discussed the matter also expressed their satisfaction with the paper being used.

We believe that any additional incidence of machine jamming that might occur from the use of the more economical paper should not be a major factor at locations, such as HUD headquarters, where one or more full-time Xerox machine operators are employed. Even at locations where there are no full-time machine operators, the minor inconvenience of any additional incidence of machine jamming should be weighed against the potential savings involved.

On the basis of December 1969 prices and the quantity of paper purchased by HUD in fiscal year 1969 for use in Xerox copiers, we estimate that annual savings at HUD headquarters could range from about \$7,700, using the GPO paper, to about \$10,000, using the GSA paper.

Our review indicated that additional economies may be available at HUD's various field offices. For example, during fiscal year 1969, the HUD regional office in Philadelphia purchased 2,200 reams of Xerox paper consisting of 200 reams of 8 x 10-1/2 inch letter-size (at \$1.12 a ream), 1,500 reams of 8-1/2 x 11 inch letter-size (at \$1.48 a ream), and 500 reams of legal-size (at \$1.61 a ream). We note that HUD has six other regional offices and 76 insuring offices where Xerox copier machines and Xerox paper may be in use and where opportunities for additional savings may exist.

A HUD official informed us that HUD is not bound by any contractual agreement to use Xerox supplies in Xerox copiers. Since both GSA and GPO offer acceptable substitute paper costing less than Xerox paper, we recommend that HUD take advantage of the economies available from use of less expensive paper in Xerox copiers at HUD's headquarters and at its field offices where opportunities for savings such as those discussed herein exist.

We wish to acknowledge the cooperation given our representatives during the review. Your advice as to the action taken or proposed on the matter discussed in this report will be appreciated.

Sincerely yours,

Max Hirschhorn

Max Hirschhorn  
Associate Director

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The Honorable Lester F. Condon  
Assistant Secretary for Administration  
Department of Housing and  
Urban Development