



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

CIVIL DIVISION

APR 1 1969

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Dear Mr. Jobe:

We have made a review of copying machines leased by the Department of Commerce under Federal Supply Schedule contracts. Our review, which 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), was directed toward a determination of the availability of copying machines which would be capable of providing copying services similar to those provided by machines being used by the Department at a more economical cost.

Our review, which was conducted at the Department of Commerce in Washington, D. C., and at various bureaus in the Washington area, included a review of pertinent sections of the Code of Federal Regulations, and an examination of Department records, policies, and procedures relating to the leasing and operation of copying machines. We discussed procurement procedures with Department officials, and consulted with representatives of various copying machine manufacturers to become familiar with their machines' capabilities. We did not review the need for the number of existing copying machines in the Department.

By letter dated February 2, 1968, we advised the Assistant Secretary for Administration that there were copying machines available on the Federal Supply Schedule which in our opinion had similar capabilities to, and were more economical than many of the Xerox copying machines which the Department had leased. We also stated that since the Department's copying machines were leased under multiple-award Federal Supply Schedule contracts, the Department is required, under the Federal Property Management Regulations, to justify orders placed at other than the lowest delivered price available. We advised that we had found no written justifications.

Also, we expressed the view that the reliance placed by the staff of the Office of Administrative Services on the Printing Equipment Review Committee, Office of Publications, to ascertain that the most economical machine was being procured had resulted in the lack of adequate management review of the procurement requests because the Committee did not consider cost when approving requests for copying machines. Further, we expressed the view that there was a need to improve the reviewing procedures so that Department-level management could be assured that the most economical copying service was obtained.

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By letter dated March 20, 1968, the Assistant Secretary advised us that Department tests had shown that Xerox machines had less spoilage and downtime than other electrostatic machines. He further advised us that the Department was in the process of conducting a study of copying equipment and services in the Commerce Building to develop an optimum plan relating to fast copy technology.

The Assistant Secretary stated that he did not believe that it would be efficient for each agency to engage in the expensive research and testing that would be required to develop and update criteria for the selection of copying machines. He stated that this task should be performed by the General Services Administration for the use and benefit of all Federal agencies. However, subsequent correspondence between the Assistant Secretary and GSA indicated that GSA was of the opinion that the imposition and exercise of control on the use of copying machine equipment could best be administered by each agency involved.

During discussions with Department of Commerce officials concerning the Assistant Secretary's reply to our letter, the officials agreed that more definitive criteria for procurement of copying machines were needed. However, the officials believed that when values are assigned to such items as spoilage, downtime, filing expenses, and mailing costs, Xerox is the least costly and therefore does not have to be justified, but they were unable to produce any support or estimates for such costs.

In our opinion, the situation which we have found evidences the need for a continuing appraisal of both the copying machine market and the requirements of the individual users throughout the Department.

We remain of the view that detailed procedures should be established by the Department to provide guidance in identifying the most economical machine that can meet requirements. Also, we believe that because of the continually changing status of the copying machine market it must be kept under constant review by the Department of Commerce in order to take maximum advantage of cost savings generated by technological advances.

In view of the actions being taken by the Department to study its copying needs and recent price reductions offered by the Xerox Corporation through an alternate rental plan, making its machines more competitive, no further reporting of the matters discussed in this letter is contemplated at this time.

Sincerely yours,

Henry Eschwege

Henry Eschwege  
Associate Director

The Honorable Larry A. Jobe  
Assistant Secretary for Administration  
Department of Commerce