



Montgomery County Government

MONTGOMERY COUNTY COUNCIL
OFFICE OF LEGISLATIVE OVERSIGHT

REPORT 83-2

JANUARY 10, 1984

TITLE

An Evaluation of Policies, Procedures and Expenditures Concerning
Publications Produced and Distributed by the County Government.

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EXHIBITS

I. SUMMARY AND MAJOR CONCLUSION

1. The public's awareness of County government services and programs is facilitated through the information activities conducted by the Office of Public Information and Volunteer Services and publications produced and distributed by individual County government departments. Administrative Procedure 1-6, Centralized Publication Management, specifically places responsibility for managing and coordinating the centralized publication management effort in the Publications and Graphics Section of the Office of Public Information and Volunteer Services. Administrative Procedure 5-11, Printing and Mail Services, established a Printing and Mail Services Chargeback System so that individual departments could better monitor and control printing and mail expenditures. For financial accounting purposes, the Printing and Mail Services Chargeback System was established as a separate internal service fund, called the Central Duplicating Fund.

2. This evaluation reveals deficiencies in the County government's policy to centralize publication management and identifies two areas where management and operational improvements are possible.

.The centralized publication management effort required by Administrative Procedure 1-6, does not assure adequate control over the cost of publications or the effective and efficient distribution of publications.

.There are no specific internal accounting controls to capture any unexpended funds from the individual departments and transfer those funds to the Central Duplicating Fund at the end of the year. As a result, the Central Duplicating Fund showed a deficit of \$197,584 at the end of FY 82 (June 30, 1982).

II. AUTHORITY, SCOPE AND METHODOLOGY

1. Authority. Council Resolution 9-2040, subject: FY 83 Work Program of the Office of Legislative Oversight, adopted November 16, 1982.

2. Scope. To examine the policies, procedures and expenditures concerning publications produced and distributed by County government and to determine the effectiveness and efficiency of this activity which provides information to the public. Not included within the scope of this examination is an evaluation of the professional writing and graphic standards and effectiveness of individual publications.

3. Methodology. This evaluation was conducted during 3rd and 4th quarter FY 83 using FY 82 data. Information was collected by reviewing policies and procedures, interviewing personnel in the Office of Management and Budget, the Office of Public Information and Volunteer Services, the Department of Facilities and Services, and the Department of Finance and examining accounting and budget data.

III. DESCRIPTION OF THE POLICIES AND PROCEDURES RELATED TO PUBLICATIONS PRODUCED AND DISTRIBUTED BY THE COUNTY GOVERNMENT

1. Background. The public's awareness of County government services and programs is facilitated through the information activities conducted by the Office of Public Information and Volunteer Services and publications produced by individual departments (including offices and commissions.)

In FY 82, most information-related positions were abolished in the individual departments and responsibility for government-wide information activities was consolidated in the Office of Public Information and Volunteer Services. Additionally, Administrative Procedure 1-6, Centralized Publication Management, was implemented, specifically placing responsibility for managing and coordinating the centralized publication management effort in the Publications and Graphics Section of the Office of Public Information and Volunteer Services. Finally, Administrative Procedures 5-11, 5-12 and 5-13¹ were combined into a revised Administrative Procedure 5-11, Printing and Mail Services. This Administrative Procedure included a printing and mail services chargeback system so that individual departments could better monitor and control printing and mail expenditures. Administrative Procedures 6-1 and 5-11 are described in detail below.

2. General. To better understand Administrative Procedures 1-6 and 5-11, the reader needs to be familiar with some basic information concerning the Operating Expenses category of the operating budget, the Publications and Graphics Section of the Office of Public Information and Volunteer Services, and the Printing and Mail Services Division of the Department of Facilities and Services.

a) The Operating Expenses Category. There are three major expense categories in the County's annual operating budget: Salaries/Wages, Operating Expenses and Capital Outlay. Within these three categories, expenditures are further classified for budget preparation and control purposes and assigned a specific code. During FY 82, the Office of Management and Budget (OMB), defined three Operating Expenses codes which include costs associated with publications:

.Central Duplicating. All operating expenses associated with printing or duplicating services provided by the Printing and Mail Services Division.

.Outside Printing. All operating expenses associated with printing, duplicating services or supplies from other than the Printing and Mail Services Division. Some examples of the types of expenditures which are assigned this code are: printing and binding performed by non-county agencies, photocopiers and supplies rented from outside agencies.

1 Administrative Procedure 5-11, Printing and Duplicating Services Chargeback System.
Administrative Procedure 5-12, Photocopy & Diazo Print Services Chargeback System.
Administrative Procedure 5-13, Mail Services Chargeback System.

.Postage. Expenditures for mailing letters, messenger service (inter-office mail), bulk mailing permits and parcel post.

b) The Publications and Graphics Section. During FY 82, the Publications and Graphics Section staff included three full-time positions and two part-time positions. The total cost for salaries/wages, operating expenses and capital outlay was \$105,810.

This section has three distinct responsibilities. As required by Administrative Procedure 1-6, this section is responsible for coordinating the centralized publication management effort. The supervisor reviews requests for all new publications and meets with department representatives to discuss formats, the total quantity to be produced and coordination with other departments to avoid duplication. Secondly, this section provides professional editing and design services to all departments. In addition to designing publications, the staff prepares standard covers for reports, up-dates previous publications, hand-letters award certificates and redesigns County government forms. This section developed standard designs and formats for County publications, which has reduced design and production time and created a consistent appearance for all County publications. Finally, this section administers the Ride-on advertising program and provides advice on the County Government Center exterior sign project.

c) The Printing and Mail Services Division. During FY 82, the Printing and Mail Services Division staff included 29 full-time employees. The total cost for salaries/wages, operating expenses and capital outlay was \$1,665,387. This section provides printing and photocopy services and mail services, consisting of pick-up/delivery, addressing and inserting, for all County departments. Additionally, this division maintains 15 self-service photocopy machines at various locations throughout the County.

3. Administrative Procedure 1-6. Administrative Procedure 1-6, Centralized Publication Management, effective July 29, 1981, established a centralized publication management effort to:

.identify publications that overlap in content and purpose or cause duplication of effort;

.ensure publications create a consistent Montgomery County Government graphic identity;

.increase economy in publication production;

.increase citizen awareness of Montgomery County Government and its individual programs; and

.maintain professional writing and graphic standards.

This Administrative Procedure defines a publication as any poster, booklet, newsletter, pamphlet, report or book produced in quantities of 100 or more, intended primarily for public distribution and requires the Publications and Graphics Section to manage and coordinate the centralized

publication management effort. Departments submit requests for publications as part of their annual operating budget submission and the Office of Management and Budget coordinates with the Publications and Graphics Section and Printing and Mail Services Division to develop recommendations for the Chief Administrative Officer. The Chief Administrative Officer and County Executive are the final authorities for approval of all publication requests. Approved publications are designed by the Publications and Graphics Section and printed by the Printing and Mail Services Division. Depending upon workload, the Publications and Graphics Section may coordinate with the department to use an outside vendor for design layout. Funds for publications are appropriated as part of the individual department's annual operating budget.

Administrative Procedure 1-6 does not address distribution of publications except to require the individual departments to send one copy of each publication to the County Executive's office, Chief Administrative Officer and Publications and Graphics Section and three copies to the Rockville Library Municipal Collection.

4. Administrative Procedure 5-11 and the Central Duplicating Fund.

Administrative Procedure 5-11, Printing and Mail Services, effective July 17, 1981, combined and revised earlier policies and procedures for printing, photocopy, diazo print, mail services and the Printing and Mail Services Chargeback System. The stated purpose of the chargeback system was to enable individual departments to better monitor and control printing and mailing costs. The Printing and Mail Services Division has responsibility for administering the chargeback system and the Office of Management and Budget and the Department of Finance are responsible for monitoring the chargeback system and coordinating any changes and revisions to the system.

For financial accounting purposes, the Printing and Mail Services Chargeback System was established as a separate internal service fund. This fund established in FY 76 is called the Central Duplicating Fund and accounts for all printing and mail services provided by the Printing and Mail Services Division to County departments.² There is no readily identifiable appropriation for this fund. The Council appropriation is made as a part of each department's appropriation for Operating Expenses and is identified in the two operating expenses codes: Central Duplicating and Postage. The Office of Management and Budget determines the budget allocations for these codes based on prior year expenditures and budget amounts and on estimates for operating the Printing and Mail Services Division. During the fiscal year each department is charged for specific services in accordance with an approved rate schedule. These rates are developed by the Printing and Mail Services Division and are approved by OMB to assure that the division's total operating budget (i.e. salaries/wages, operating expenses and capital outlay) is funded from revenues collected from the individual departments who use the services.

2. The Printing and Mail Services Division provides printing and mail services to all County departments including some outside agencies, i.e. Supervisor of Assessments, Revenue Authority, Credit Union. The total revenue reported includes revenue from these outside agencies.

For FY 82, the County Council appropriated to 41 individual County departments, a total \$1,568,911; Central Duplicating \$981,988 and Postage \$586,923.

IV. EVALUATION OF POLICIES, PROCEDURES AND EXPENDITURES RELATED TO PUBLICATIONS PRODUCED AND DISTRIBUTED BY THE COUNTY GOVERNMENT

1. General. This examination did not include an evaluation of the professional writing and graphic standards or the value of individual publications. However, in conducting the field work, this evaluator was highly impressed with the dedication and efficiency of individual employees especially in the Publications and Graphics Section and the Printing and Mail Services Division.

This evaluation reveals deficiencies in the County government's policy to centralize publication management. Two areas where management and operational improvements are possible will be discussed in the remainder of this section; they are:

.Administrative Procedure 1-6, Centralized Publication Management

.The Central Duplicating Fund

2. Administrative Procedure 1-6. Although Administrative Procedure 1-6, Centralized Publication Management, did not become effective until FY 82, the Manual for Preparation of the FY 81 Operating Budget required departments to submit a Request for Publications (form OE-5). A review of the Publications and Graphics Section's files and job log showed that during FY 81, 555 publications were requested, 488 were approved and 145 were actually designed. During FY 82, 335 publications were requested, 318 were approved and 143 were actually designed. Since the number of publications actually produced was such a small portion of the number of approved publications, the cost-effectiveness of the review process was questioned and the Publications and Graphics Section decided to analyze the entire process during FY 83.

Although the Publications and Graphics Section maintains excellent files on all projects (40-50% of the Publications and Graphics Section's projects are publications) there is no documented comparison of actual publications designed to approved publications and there is no mechanism for identifying the total cost (design, printing and distribution) of each publication. Since funds for producing and distributing publications are appropriated as part of an individual department's annual operating budget the individual department arranges with the Printing and Mail Services Division for printing publications, receives printed publications, authorizes payment to the Printing and Mail Services Division and manages the distribution of their own publications. It is important to note that as defined by OMB, Central Duplicating includes expenses associated with inter/intra department copies of memorandums, reports, etc. and Postage includes inter-office mail.

The Administrative Procedure does not address distribution of publications except to require the individual departments to send one copy

of each publication to the County Executive's Office, Chief Administrative Officer and Publications and Graphics Section and three copies to the Rockville Library Municipal Collection. The Publications and Graphics Section does receive a copy of most publications; however, there are no procedures to assure a copy of all publications are received or that the other required copies are sent to the County Executive's Office, Chief Administrative Officer and Rockville Library. Since there is no centralized management effort over distribution, there is no assurance that distribution of all publications is effective and efficient.

3. The Central Duplicating Fund. This internal service fund accounts for all printing and mail services provided by the Printing and Mail Services Division. As mentioned earlier, OMB and the Printing and Mail Services Division determine the budget allocation for each department's Central Duplicating and Postage expense codes. During the fiscal year each department is charged for specific services in accordance with an approved rate schedule. These rates, developed by the Printing and Mail Services Division and approved by OMB, assure that the division's total operating budget will be funded from funds budgeted in the individual departments. In essence, this is a "accounting exercise" in which OMB and the Printing and Mail Services Division develop the division's total operating budget; distribute this total dollar figure among the Central Duplicating and Postage expense codes of all departments; and establish a rate schedule to collect these allocated dollars back from the departments.

The Central Duplicating Fund was established in FY 76 and has been operating at a loss since FY 79. The deficit as of June 30, 1982, was \$197,584. A table of actual FY 82 revenue and expenditures is at Exhibit A. Our review showed that there were several factors contributing to this net loss.

First, although the Printing and Mail Services Division's total Operating Expenses increased 13.5% between FY 81 and FY 82, the rate schedule had not been revised since FY 81. (A new rate schedule was approved in FY 83 and is expected to increase the revenues.) At Exhibit B, are the FY 82 and FY 83 rate schedules. Secondly, there are no procedures to capture and transfer any remaining unexpended funds from the individual departments to the Central Duplicating Fund at the end of the year. As an example, in FY 82, \$1,568,911 was budgeted and allocated to 41 County departments for Central Duplicating (\$981,988) and Postage (\$586,923). At Exhibit C is a list of the 41 County departments showing FY 82 publication budget and expenditure data by operating expenses codes. Our review showed that 25 (61%) of the departments did not expend the total dollars allocated to their Central Duplicating and Postage expenses codes. Although, some departments overspent in these codes a net of \$96,394 was unexpended. There are no specific internal accounting controls to capture all remaining unexpended funds and transfer those funds to the Central Duplicating Fund at the end of the year.

Finally, in discussing the Central Duplicating Fund it is important to emphasize that both printing and mail services are included. As defined by OMB, mail service includes the traditional mail "post office" services plus messenger service (inter-office mail). In accordance with Administrative Procedure 5-11, Printing and Mail Services, each department is charged an annual service charge based on the number of full-time positions. During FY 82, the rate was \$10.00 per full-time position and

the approved personnel complement included 4,981 full-time positions. Our review of the postage expenditures showed that large departments are unequivocally carrying the burden of this cost and that their postage expense code overstated true postage expenditures. For example, the Police Department's annual inter-office mail service charge was \$9,970 (997 full-time positions x \$10.00). This was 42% of the Police Department's total Postage expenditure (\$24,011) and 20% of the total \$49,810 (4,981 full-time positions x \$10.00) County inter-office mail service charge. Of particular interest is the fact that the Printing and Mail Services Division only provides inter-office mail service to Police Headquarters, not the individual police stations.

V. OTHER MATTERS

Additionally, there is no centralized control over photocopiers or consistent policy on expenses related to rented or leased photocopiers.

1. The Printing and Mail Services Division maintains 15 self-service photocopiers at various locations throughout the County government buildings. Departments who use these self-service photocopiers use a copy control card to activate the photocopier and are charged a flat rate per copy in accordance with the approved rate schedule. This charge is included in the individual department's Central Duplicating expense code and is revenue to the Central Duplicating Fund.

2. In addition to these 15 self-service photocopiers, various departments rent, lease or own photocopiers. At the time of this evaluation, there was no accurate inventory of rented, leased or owned photocopiers. A recent memorandum dated June 28, 1983, from the Purchasing and Materiel Management Division requested information from all departments to develop an accurate inventory of all rented, leased or owned photocopiers.

3. Our review of selected departments showed examples of inconsistent policy for budgeting and controlling expenses related to rented or leased photocopiers. For example:

a) The County Council budgeted and expended funds for rental and supplies for a Kodak copier under the Outside Printing code.

b) The Department of Public Libraries budgeted and expended funds for the rental of a Savin copier under the Rental-Equipment³ code.

c) The Department of Liquor Control budgeted and expended funds for a Xerox machine under the Central Duplicating code.

3. OMB defined Rental-Equipment for FY 82 budget preparation and control purpose as:

"All equipment rental fees paid for directly by the using agency. Some examples are special communication equipment, Xerox or data processing equipment that is not billed as a chargeback."

VI. CONCLUSIONS

1. The Centralized Publication Management effort required by Administrative Procedure 1-6, does not assure adequate control over the cost of publications or effective and efficient distribution of publications.

a) The total cost of publications cannot be determined because funds for producing and distributing publications are appropriated as part of the individual department's annual operating budget, the cost of inter/intra department copies of documents and inter-office mail service are included in the same operating expense codes with publications and there is no requirement to identify and report the total cost (design, printing and distribution) of each publication that is produced.

b) Departments are only submitting request for new non-routine publications and the Publications and Graphics Section does not compare the actual publications produced to those originally approved.

c) Administrative Procedure 1-6, does not address distribution of publications except to require the individual departments to send one copy of each publication to the County Executive's Office, Chief Administrative Officer and Publications and Graphics Section and three copies to the Rockville Library Municipal Collection. Individual departments manage the distribution of their own publications and there are no procedures to assure that the required copies are distributed or that the distribution of all publications is effective and efficient.

2. For financial accounting purposes, the Printing and Mail Services Chargeback System was established as a separate internal service fund; called the Central Duplicating Fund. As of June 30, 1982, this fund showed a deficit of \$197,584. Our review showed that two factors contributed to this net loss:

a) Although the Printing and Mail Services Division's total Operating Expenses increased 13.5% between FY 81 and FY 82, the rate schedule had not been revised since FY 81. (A new rate schedule was approved in FY 83 and is expected to increase revenues.)

b) Although some departments overspent in their Central Duplicating and/or Postage expense codes, 25 (61%) of the departments under expended the total dollars by \$96,394. There are no specific internal accounting controls to capture all remaining unexpended funds from the individual departments and transfer those funds to the Central Duplicating Fund at the end of the year.

3. In accordance with Administrative Procedure 5-11, Printing and Mail Services, each department is charged an annual inter-office mail charge based on the number of full-time positions. Our review showed that large departments were unequitably carrying the burden of this cost.

4. There is no centralized control over photocopiers or consistent policy on expenses related to rented or leased photocopiers.

VII. RECOMMENDATIONS

1. The Office of Management and Budget, Office of Public Information and Volunteer Services, Department of Facilities and Services and Department of Finance should review the current policies and procedures concerning centralized publication management and printing and mail services and implement the following changes and controls to improve their effectiveness and efficiency:

a) allocate all funds for producing and distributing publications to the Office of Public Information and Volunteer Services;

b) develop procedures to identify the total cost (design, printing and distribution) of each publication produced;

c) develop procedures to assure that copies of each publication are sent to the County Executive's Office, Chief Administrative Officer, Publications and Graphics Section and three copies to the Rockville Library Municipal Collection;

d) centralize control over all County owned, rented or leased photocopiers and all expenses related to rented, leased or owned photocopiers to the Department of Facilities and Services;

e) develop procedures to assure that the Printing and Mail Services Chargeback System is monitored so that the rate schedule is annually revised to collect adequate revenue to offset operating expenses and the unexpended funds are automatically captured and transferred to the Central Duplicating Fund; and

f) eliminate the cost of inter-office mail from the Printing and Mail Services Chargeback System.

VIII. AGENCY/DEPARTMENT COMMENTS AND OLO RESPONSE

1. General. Before submitting this report to the Council, a draft copy was sent to Chief Administrative Officer and each of the departments mentioned in this report. All recommended factual changes have been incorporated into this final report, and the additional comments are presented below in their entirety.

2. Comments from the Chief Administrative Officer.

November 21, 1983

TO: Andrew Mansinne, Jr., Director
Office of Legislative Oversight

FROM: Lewis T. Roberts, Chief Administrative Officer

SUBJECT: Office of Legislative Oversight Report #83-2, An Evaluation of the Policies, Procedures and Expenditures Concerning Publications Produced and Distributed by the County Government.

I am writing in response to the October 17, 1983, draft report #83-2 (An Evaluation of the Policies, Procedures and Expenditures Concerning Publications Produced and Distributed by the County Government) prepared by your office.

Thank you for the opportunity to respond to the draft report. The following comments represent the combined efforts of the Office of Management and Budget, Office of Public Information & Volunteer Services, and this office. They are limited to addressing the recommendations presented on Page 9.

a) Allocate all funds for producing and distributing publications to the Office of Public Information and Volunteer Services.

This requires a careful management and cost analysis of the value of centralized vs. decentralized publications. As you are aware, the County currently has a hybrid arrangement whereby agencies arrange for and produce certain of their publications, and others (over 100 copies) are handled by Publications and Graphics. To consider centralization of all publications and funds in Public Information will require careful analysis of the pros and cons of such action, cost effectiveness, efficiencies to be achieved, and benefits to be realized. A comprehensive listing of publications has been compiled by the Information Office and is attached. This is a starting point for such a study effort. OMB is skeptical of any potential benefits to be achieved. However, if you are interested in a study, we could place it in our workprogram for FY 85.

b) Develop procedures to identify the total cost (design, printing and distribution) of each publication produced.

The attached list of publications does identify those costs, according to design, printing and distribution.

c) Develop procedures to assure that copies of each publication are sent to the County Executive's Office, Chief Administrative Officer, Publications and Graphics Section and three copies to the Rockville Library Municipal Collection.

As you indicate, AP 1-6 requires departments to send a copy of publications to certain offices for information, historical, and record keeping purposes. Since there is already a procedure that requires distribution, but apparently is ignored, to develop another procedure to assure this distribution would not seem to provide an adequate solution to the problem. It may be that a periodic reminder to the agencies that this is necessary would be a more beneficial way of handling the problem.

d) Centralize control over all County owned, rented or leased photocopiers and all expenses related to rented, leased or owned photocopiers to the Department of Facilities and Services.

It is my understanding that a listing of who has photocopiers and what kind they are, has been completed and that the information is available in Purchasing. OMB agrees that centralized control and cost over all photo-copiers, whether owned, rented or leased, is desirable and ought to be discussed with the Department of Facilities and Services.

(Note OLO response

e) Develop procedures to assure that the Printing and Mail Services Chargeback System is monitored so that the rate schedule is annually revised to collect adequate revenue to offset operating expenses and the unexpended funds are automatically captured and transferred to the Central Duplicating Fund.

The Printing and Mail Services rate schedules have been revised and will be revised annually to collect adequate revenue. One of the problems associated with chargebacks is the potential of a deficit because the funds are appropriated in one agency but used by another. Agencies have funds allocated on the basis of past history and future projected needs. During the course of a fiscal year, agencies make modifications in their expenditure levels to reflect their needs, or to hold costs down...as they should.

This change in agency expenditures results in the service provider agency experiencing a deficit. If the unexpended funds were captured and transferred to central duplicating, as in this case, the agency might not have a sense of cost containment. The provider agency is supposed to make adjustments to their expenditures based on the potential revenue. However, this is extremely difficult to do. OMB could study the chargeback system identified here as a part of its work program for FY85.

f) Eliminate the cost of inter-office mail as from the Printing and Mail Services Chargeback System.

OMB agrees that inter-office mail delivery is a cost of doing business and could be removed from the chargeback system. In the review of the Department of Facilities and Services FY 85 budget, funding of interoffice mail delivery will be considered.

LTR:jw/2214A

3. OLO Response

OLO recognizes the extensive work involved in compiling this list of publications and commends the Information Office on this effort. Now that the listing has been developed, OLO recommends that procedures be established to update this listing as each new publication is produced so that information on all publications and the total cost of each is readily available.

4. Comments from the Director, Department of Facilities and Services.

November 14, 1983

TO: Andrew Mansinne, Jr., Director
Office of Legislative Oversight

FROM: Thomas S. Abraham, Director
Department of Facilities and Services *MA*

RE: Comments - Report #83-2 An Evaluation of the Policies, Procedures and Expenditures Concerning Publications Produced and Distributed by the County Government.

It appears that this report concerning expenditures for publications has been expanded to provide an evaluation of the Printing and Mail Services Chargeback System. DFS prior involvement in this report was in connection with the County Newsletter discussion during FY 84 budget deliberations. We do appreciate this opportunity to provide comments concerning the Printing and Mail Services Chargeback System and Central Duplicating Fund.

(Note OLO
response)

First, just a brief history to the establishment of the Chargeback System. The Printing and Mail Services Chargeback System was established, at the County Council's request, in FY 76. The initial AP 5-11 was effective 7/1/75. This original AP was replaced with AP's 5-11, 5-12, and 5-13 effective 10/5/77. These AP's were combined into the current AP 5-11 effective 7/1/81.

(Note a)

Specific comments on the report follow. Paragraph numbers correspond to your paragraph identifications.

SECTION I. SUMMARY AND MAJOR CONCLUSIONS

2. There are no controls to capture unexpended funds. These funds go into the General Fund. Any deficit in the Central Duplicating Fund should be offset from the General Fund.

The \$197,584 deficit is a cumulative one since FY 75. The FY 82 deficit was \$170,375 and resulted from chargeback rates not being revised annually.

The following table is based on actual figures obtained from the Finance Department and the Annual Financial Report. This table lists year-end figures for each FY since the Printing and Mail Services Chargeback System and Central Duplicating Fund were established.

<u>CENTRAL DUPLICATING FUND</u>		
<u>FY</u>	<u>RESULT</u>	<u>FUND BALANCE</u>
76	Even	- 0 -
77	Even	- 0 -
78	Even	- 0 -
79	Even	- 0 -
80	(\$ 39,841)	(\$ 39,841)
81	+\$12,632	(\$ 27,209)
82	(\$170,375)	(\$197,584)

SECTION II. AUTHORITY, SCOPE AND METHODOLOGY

3. Cites interviewing personnel from various departments, including DFS. Our limited input into this report was in connection with the County newsletter discussions during FY 84 budget deliberations.

SECTION III. DESCRIPTION OF THE POLICIES AND PROCEDURES RELATED TO PUBLICATIONS AND DISTRIBUTED BY THE COUNTY GOVERNMENT.

1. There is a statement that implies that in FY 82 AP 5-11 was implemented establishing a printing and mail services chargeback system. The FY 82 AP 5-11 merely combined AP's 5-11, 5-12, and 5-13 into one AP 5-11. The chargeback system was established in FY 76. (Note a)

- 2c. This information is accurate.

3. AP-5-11 states that all printing requests are to be submitted to the Printing and Mail Services Division. This Division, based on workload, equipment needed, cost and completion date determines when work should be done by a commercial printer. (Note a)

Work that is to be done by a commercial printer is returned to the requesting department with a memorandum of authorization indicating the work should be performed by a commercial printer. The Department then submits the authorization memorandum and a purchase requisition to Purchasing.

The Purchasing Division contacts the commercial printer and arranges for printing.

4. Administrative Procedure 5-11 and Central Duplicating Fund

1st Paragraph - As stated earlier, the July 17, 1981 AP merely combined AP's 5-11, 5-12, and 5-13. The basic policy and procedures were established in FY 76 (Note a)

2nd Paragraph - The Central Duplicating Fund was established in FY 76 not FY 79. (Note a)

The Printing and Mail Services allocations are determined by OMB. The Printing and Mail Services Division does not participate in determining these allocations but only provides actual prior year chargeback totals to OMB (Note a)

SECTION IV. - EVALUATIONS

3. 1st paragraph. The Central Duplicating Fund accounts for the entire Division, so it is not clear why mail services is being underlined in this section.

2nd Paragraph - The Central Duplicating Fund was established in FY 76, and the total loss from FY 76 through FY 81 was \$27,209.

3rd Paragraph - The lack of a new rate schedule explains the FY 82 deficit.

3rd Paragraph - (Page 7) - We do not agree that large departments are unequitably carrying the burden. If the Printing and Mail Services Division is to continue as a 100% chargeback operation, there has to be some means to charge for sorting and delivery of interoffice mail and all incoming USPS and UPS mail. One-half of Mail Services man hours are devoted to providing these services. Employee population has been found to be the most equitable manner in which to charge for these services.

As for the Police Department, Police officers receive interoffice mail from the Personnel Office, Insurance Office, Retirement Division, and Employment Division. Mail Services processes copies of the Employee newsletter to all Police officers. Memorandums from the Executive and CAO to all county employees are processed to all Police officers. We also process large volumes of interoffice mail between the Courts and Police stations and officers. Large volumes of interoffice mail are processed between the Police Department and Finance, OMB, Parking Violations, and Environmental Protection.

SECTION V. - OTHER MATTERS

The centralized control on copiers is in OMB during the Budget process. Departments wishing to acquire sole-use copiers must include those funds in their budget request. All budget requests must be fully justified and approved by OMB, the Executive, and County Council.

Typically, when a Department requests funds for a copier, their budget analyst will contact the Printing and Mail Services Division and review these requests. If needs justify the request and there is not a shared-use self-service copier available to handle these needs, approval will be recommended.

SECTION VI. - CONCLUSIONS

- 1a. We are aware that it is difficult to obtain true costs of publications at this time. If you were looking to identify the costs for a certain publication the information could be obtained through a manual process of going through all the data available for design layout, printing, and mail distribution. Currently no records are kept for the total cost of a publication at the time the work is being processed.
3. We do not agree that large departments are unequitably carrying the burden with the annual interoffice mail charge.
4. There is no centralized control on copies, except that control exists in OMB during the budget process.

SECTION VII. - RECOMMENDATIONS

- 1a. The implications of allocating all funds for producing and distributing publications to the Office of Public Information and Volunteer Services are unclear. This would confuse the issue of who to charge for what. Additionally, departments would lose the total picture of their Printing and Mail Services expenditures, which contradicts the main purpose of AP 5-11 and the chargeback system.
- 1d. Photocopier control should be centralized. This involves, however, a tremendous amount of work. Currently there are at least 73 sole-use copiers in county departments and offices. The recordskeeping, bookkeeping, and inventories associated with these copiers would be enormous but attainable.
- 1f. A large percentage of Mail Service personnel's time is dedicated to delivery of interoffice mail. The AP's require us to be a 100% chargeback operation and these costs must be recovered.

The cost of providing interoffice mail services is there and cannot be eliminated without eliminating interoffice mail services. If you feel the charge of this service is not equitable to all, let's have an alternative. We and OMB have heard this complaint before but have not found a better or more equitable means to distribute interoffice mail service costs.

We welcome further study of the Printing and Mail Services Chargeback System and would be willing to work with your office on such a study.

5. OLO Response.

This evaluation examined the policies, procedures and expenditures concerning publications produced and distributed by County government. Since funds for producing and distributing publications are appropriated as part of each department's Operating Expenses and are identified in the two operating expenses codes: Central Duplicating and Postage; the evaluator's review identified a relationship between expenditures for publications and the Printing and Mail Services Chargeback System and Central Duplicating Fund. Not included within the scope of this examination was an evaluation of the effectiveness and efficiency of the Printing and Mail Services Division or the Printing and Mail Services Chargeback System's rate structure. A review of the three County Chargeback Systems (Motor Pool, Management Information Services and Printing and Mail Services) has been proposed as a project for the 1984 OLO Work Program.

Note a) Comment is reflected in the final report.

Central Duplicating Fund

Statement of Revenues, Expenses, and Changes in Retained
Earnings for Fiscal Year Ended June 30, 1982

Operating Revenue:

Charges for Services	\$1,495,012
Total Operating Revenue	<u>\$1,495,012</u>

Operating Expenses:

Personal Services	\$700,429
Postage	570,696
Supplies	219,466
Communications	5,747
Transportation	6,938
Rentals	92,552
Depreciation	25,139
Miscellaneous	44,420
Total Operating Expenses	<u>\$1,665,387</u>
Operating Loss	(170,375)
Retained Deficit - July 1, 1981	<u>(27,209)</u>
Retained Deficit - June 30, 1982	(\$197,584)

Source: Montgomery County Government, Annual Financial Report Fiscal Year 1982, Exhibit G-2.

Printing and Mail Services
Charge-Back System
Rate Schedule

<u>Service</u>	<u>FY 82 Rate</u>	<u>FY 83 Rate</u>
<u>Composition</u>		
Per Page	\$30.00	35.00
Headlines/inch	.30	.32
<u>Prints (Labor Only-Paper/Cost)</u>	.25	.28
<u>Photocopies</u>		
Printing & Mail Services	.056	.062
Self-service	.041	.048
<u>Printing Rates</u>		
Metal Plates	Cost	Cost
Photographic Masters		
3M (High Quality - Long Run)	2.90	3.90
TCS	.50	.75
Impression Charge	.0095	.0106
Paper and Stock	Cost	Cost
<u>Bindery Rates</u>		
Cutting/Cut/Sheet	.0016	.0023
- Padding/Pad	.10	.10
Collating/Sheet	.0056	.0086
Drilling/Sheet	.0026	.0037
Stapling/Set	.007	.008
Binding/Book	.30	.30
Folding/Sheet	.006	.009
Perforating/Sheet	.01	.0167
Saddle Stitching	—	.03
<u>Mail Services</u>		
Handling Charge/Piece Outgoing USPS	.031	.035
Addressing/Piece	.03	.034
Inserting/Envelope	.016	.017
Inserts/Insert	.003	.004
Pressure Sensitive Labels	Cost	Cost
Postage	Cost	Cost
Inter-Office Mail-Handling Charge/ AP #5-11, 7-17-81	10.00/Emp.	20.00/Emp.
Handling Charge/Piece Permit Mail	—	.01

Any other service or related supply item will be on a per cost basis.

Source: Department of Facilities and Services,
Printing and Mail Services Division

EXHIBIT B

FY 82 Publication Budget and Expenditure Data
by Operating Expenses Codes for County Government Departments

<u>Department/Office</u>	<u>Central Duplicating</u>		<u>Postage</u>	
	<u>Budgeted</u>	<u>Actual</u>	<u>Budgeted</u>	<u>Actual</u>
County Council	\$95,000	86,186	\$32,000	37,921
Legislative Oversight	790	357	160	106
State Affairs	1,200	1,026	250	344
Circuit Court	5,200	5,267	20,600	24,156
States Attorney	17,100	30,218	10,300	7,486
Economic Development	14,990	13,670	6,940	4,999
County Executive	20,040	17,868	4,010	8,151
Community Service Centers	8,370	4,389	1,020	1,217
Office of Information	18,060	8,896	3,430	6,673
Comm. Use of Ed. Fac.	5,400	1,162	800	1,029
Supervisor of Elections	22,660	6,063	26,030	19,287
Finance	48,670	63,700	107,930	118,955
Management & Budget	85,600	62,765	2,750	4,251
Bd. of License Comm.	2,320	2,182	1,200	2,637
County Attorney	7,280	5,427	3,000	4,367
Merit System Protection Bd.	4,950	3,552	0	0
Personnel	48,300	58,103	14,350	15,121
Hearing Examiner	2,710	2,772	2,660	1,182
Board of Appeals	3,000	2,141	2,000	1,884
Facilities & Services	52,915	25,500	2,590	3,226
Police	39,600	45,556	23,100	24,011
Fire/Rescue Services	32,750	34,995	7,200	8,844
Corrections/Rehab.	18,500	17,881	1,350	2,482
Fire/Rescue Commission	10,800	4,884	2,000	1,715
County Sheriff	4,770	4,757	6,780	9,178
Consumer Affairs	15,730	8,770	12,170	9,867
Criminal Justice	0	1,477	100	92
Transportation	40,260	28,891	19,530	17,546
Animal Control	8,000	6,886	14,000	16,021
Health	34,448	41,770	32,090	35,255
Health Planning	10,000	6,829	0	0
Libraries	84,075	59,921	51,500	57,188
Soil Conservation	1,000	737	0	40
Family Resources	31,460	34,190	15,353	23,952
Human Relations Comm.	13,000	4,930	6,000	5,470
Commission for Women	9,910	9,536	3,520	5,082
Dept. of Housing & Comm. Dev.	24,850	22,210	8,850	12,268
Environmental Protection	59,710	40,017	29,220	40,547
Recreation	54,790	36,343	95,000	91,582
Landlord Tenant	11,220	4,214	10,140	11,987
Liquor Fund	12,560	10,975	7,000	9,385
TOTAL	\$981,988	\$827,013	\$586,923	\$645,504

Source: Department of Finance, Division of Accounting, Summary of Expenditure by Agency and Object (FAM 301 H-B) as of 6-30-82 (processed on 11-13-82).

EXHIBIT C

