



**U.S. GOVERNMENT  
PRINTING OFFICE**  

---

**KEEPING AMERICA INFORMED**

**OFFICE OF INSPECTOR GENERAL**

**Inspection Report #AI0402  
Persistent Accounts Receivables - Executive Branch  
Federal Register Publishing Activity**

**31 March 2004**

## **Persistent Accounts Receivable- Executive Branch Federal Register Publishing Activity**

### **Objective**

The objective of this inspection was to review the Federal Register (FR) billing process and to identify issues related to the non-payment of GPO bills for FR publishing and other services by Executive Branch agencies.

### **Scope and Methodology**

The scope of this inspection was limited to evaluating the issues around the persistent overdue accounts receivable for Federal Register publication work on behalf of the Executive Branch agencies.

The methodology included interviews with GPO financial, customer service, and production personnel. The Office of the Inspector General (OIG) randomly interviewed customer agency, financial management, and program personnel to determine their understanding of the GPO accounts receivable issue and to seek their assistance in resolving the problem.

The OIG observed the process of constructing a bill for FR work. The OIG performed an analysis of financial reports and consolidated specific data for the analysis.

The OIG discussed the issues and alternatives with the Director of the Office of the Federal Register (OFR); Managing Director of Customer Services at GPO; and, GPO's Chief Financial Officer (CFO).

The OIG received excellent cooperation from all GPO organizations, Executive Branch customer agencies, and the OFR in the conduct of this inspection.

### **Background**

The Federal Register Act of 1935 established the Federal Register, which informs citizens of their rights and obligations by providing ready access to the official text of Federal laws, Presidential documents, administrative regulations and notices, and descriptions of Federal organizations and programs. The Archivist of the United States, acting through the OFR, is charged with custody and, together with the Public Printer, prompt distribution of those documents.

The FR printing was, until approximately 1980, a separate appropriation to the Government Printing Office (GPO), similar to the current Congressional Printing and Binding appropriation. Thereafter, FR Printing has been completed on a reimbursable basis. The current practice is that FR work is printed by the GPO on

a reimbursable basis. According to GPO Account Status reports issued in March 2004, at least 35 customer agencies were not complying with the billing protocol.<sup>1</sup>

Having uncovered what appeared to be a significant problem with billing for FR work, the Managing Director of Customer Services requested that the OIG look into the issues of persistent accounts receivables of Executive Branch FR publishing activity.

The FR requisition and billing process may be summarized as follows: At the beginning of each fiscal year, Federal agencies requesting FR printing are required to submit an SF-1 (Printing and Binding Requisition to the Public Printer), authorizing billing for the FR work requested. Completion of the SF-1 establishes an "open jacket"<sup>2</sup> in the GPO billing system. The FR book is manually reviewed daily to determine the amount to charge customer agencies for their work published in the FR. A GPO Form 1997 (Daily Transmittal Sheet-Transaction Layout Form) is then manually completed for each agency's content for the day.

Margin notes in the FR book are used to indicate the copy code (format of the submission) to determine the billing rate for each column of text. The data collected concerning the agency submission is entered into a personal computer application along with the customer agency Billing Address Code (BAC)<sup>3</sup>. This data is passed to the Jacket Billing System monthly. If there are no further edits required, a bill is sent to the submitting customer agency. If no SF-1 exists for the work, the charges are held in an adjustment account and Customer Services is asked to resolve the matter with the submitting agency. If Customer Services fails to find a resolution, GPO is burdened with the debt and without an ability to refuse additional FR work from the delinquent customer and no guarantee the GPO will receive payment for additional work on behalf of its delinquent customer.

## Findings

The OIG found that, as of March 2004, there were approximately \$542,000 in outstanding receivables for FR work, and of that amount, \$185,000 in billings were for FR publishing not supported by an SF-1 from the publishing agency.

---

<sup>1</sup> Of the 35 agencies, 13 did not comply with the SF-1 requisition procedures and the remainder did not comply with payment procedures.

<sup>2</sup> An open jacket is an accounting technique to collect costs to be billed to a customer.

<sup>3</sup> GPO BACs are a numbering scheme developed by GPO to direct an invoice to the proper payment address, or indicate an alternative payment process (e.g., interagency transfer of funds, or a government credit card, etc.). Over time, this coding system has been difficult to maintain and highly dependent on customer agency input for validation of the billing address.

<sup>4</sup> The OIG discussed this issue with the Director, OFR, and found no objection to requiring a submitting agency to furnish a purchase order number at the time of submission in lieu of a BAC.

Not all customer agencies have an SF-1 on file to cover the work requested through the OFR, but all agencies are required to submit a GPO BAC with their submissions to the OFR. The GPO has no validation process in place to ensure that the BAC is current with the customer agency accounts payable function.<sup>4</sup>

The OIG found that the GPO CFO is diligently pursuing the amounts owed the GPO, albeit expending a great deal of unnecessary effort on this endeavor. This should not be the case, given the general sophistication of most Executive Branch financial systems and accounts payable subsystems.

The OIG conducted an informal survey of some customer agencies' departments and found that, in some cases, the customer agency had difficulty recognizing the SF-1 as an obligating document because the SF-1 lacks data necessary to customer agencies' financial systems. For example, the GPO purchase order (Exhibit 1) contains such data as: ordering department, requisition number, purchase order number, vendor name and address, billing instructions, internal organizational cost code, and budgetary object class codes. All of this data is important to the timely processing of a bill, and necessary for a complete accounts payable transaction in the financial system. By contrast, an SF-1 (Exhibit 2) does not require a purchase order number, billing instructions, internal organization cost codes, or budgetary object class codes. Because it is not a purchase order, the GPO has no assurance that funds are available at the time of receipt or will be available at the time of billing.

The Executive Branch uses commitment accounting practices to ensure the availability of funds at the point of requisition. The typical ordering process requires a requisition for goods or services to be processed, funds set aside until a purchase order is produced obligating the government, and a transaction is made to set up the obligation in the financial records. The obligation remains until an invoice is processed and an accounts payable transaction causes the agency to pay the invoiced amount for the specific obligation associated with the purchase order. The Executive Branch generally defers to a purchase order as the primary document against which to apply an invoice for goods or services.

Some customer agencies have adequate controls to capture the SF-1 in their financial systems while others do not. If a customer agency has not treated the SF-1 as an obligating document, the agency has little ability to pay GPO's invoice in a timely fashion, if at all. Further, if agencies allow the SF-1 to circumvent their procurement and budgetary control systems, it is possible that funds may not be available at the time of the order, making payment to GPO unlikely, and placing the submitting agency in violation of the Anti-deficiency Act<sup>5</sup>.

---

<sup>5</sup> Title 31 USC Sec. 1341, states in part "...an officer or employee of the United States Government may not make or authorize an expenditure or obligation exceeding an amount available in an appropriation or fund for the expenditure or obligation..."

The OIG found that, as of March 2004, there were over \$17 million in outstanding Executive Branch accounts receivables. Of the \$17 million, approximately \$6.7 million (37.68%) were outstanding over a year, \$1.6 million past due over six months, and \$1.3 million past due over ninety days, resulting in a total of \$9.6 million in persistent past due accounts receivable. Much of the unpaid amounts are likely the result of SF-1s reaching the GPO outside of the financial control framework of the submitting customer agency.

## **Conclusion**

The requisition and billing process for the printing of FR work for Executive Branch agencies has significant problems contributing to delay or failure to reimburse the GPO for work performed. The GPO should simplify its requisition and billing process by more closely aligning its practices to that of the Executive Branch. For example, GPO should require a purchase order for the intake of FR work. The purchase order is the default document used by the Executive Branch for obligating funds for a specific purchase of goods or services. Receipt of a purchase order ensures that the submitting customer agency has conformed to the financial control environment of their agency, and that funds have been made available for the purchase. Additionally, GPO should explore the implementation of a purchase order requirement for all print orders.

## **Recommendations**

The CFO should develop a process for requiring purchase orders for all intake of FR work.

Further, the CFO and the Managing Director of Customer Services should explore requiring a purchase order for all work ordered from the GPO. An SF-1 would serve as an attachment to the purchase order when needed to describe the technical requirements of the order.<sup>6</sup>

The larger issue of past due accounts receivable will be referred to the Inspector General's Office of Audits (OA) for further work. The OA will initiate a series of "recovery" audits within customer agencies to recover amounts owed to the GPO. GPO management should partner with and assist the OA with the recovery audits. When appropriate, the OIG will coordinate with and through the respective customer agency Executive Branch Inspectors General's Offices in the conduct of the work.

---


<sup>6</sup>The Public Printer, as a member of the Administrative Committee of the FR, could propose a procedural change in Executive Branch Agency submissions and formalize the requirement for a purchase order to be on file with the GPO and the purchase order number furnished with the agency submission to the OFR.

## Management Comments

The Managing Director of Customer Service and the Chief Financial Officer have concurred with the recommendations of this report.

Additional information concerning this report can be directed to Kevin Kaporch or Peter LaTora, Office of Administration and Inspections, on 202-512-0065.

MARC A. NICHOLS  
Inspector General

By:   
Kevin Kaporch  
Deputy Assistant Inspector General  
Administration and Inspections

PURCHASE ORDER NUMBER must appear on all vouchers and packages. Submit enclosed voucher forms in quadruplicate to GOVERNMENT PRINTING OFFICE, Voucher Examination

Ordering Dept. <b>INSPECTOR GENERAL</b>	Dept. Req. No. <b>0160002Y</b>	Fiscal Year <b>2004</b>	Page <b>1</b>	of Pages
BPA No.	Date of Order <b>01/21/04</b>	Purchase Request Nos. <b>5003404</b>		

Purchase Order No. **746504**

In connection with the performance of work under this contract, the contractor agrees not to discriminate against any employee or applicant for employment because of race, religion, color or national origin. The aforesaid provision shall include, but not be limited to, the following: Employment, upgrading, demotion, or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training including apprenticeship. The contractor agrees to post hereafter in conspicuous places, available for employees and applicants for employment, notices to be provided by the contracting officer setting forth the provision of the nondiscrimination clause.

**TERMS AND CONDITIONS ON REVERSE SIDE**  
 Applicable  
 Not Applicable

**All Invoices: Comptroller, U.S. Government Printing Office, General Examination, Stop FMCS, Washington, DC 20401 TELEPHONE: (202) 512-0864**

**DELIVERY FOB**  
 Destination  Other  
 F.O.B. Point  
**DESTINATION**  
 IF OTHER - Include shipping charges as separate item on invoice.  
**DO NOT SHIP COLLECT**

TO:  
  
**FAXPLUS**  
**BRAD KUKLINSKI**  
**1011 ARLINGTON BLVD**  
**ARLINGTON, VA 22209**

**Delivery Date: See Below**  
**Discount: NET**  
 PURCHASE ORDER / CHANGE ORDER / CANCELLATION  
**U.S. GOVERNMENT PRINTING OFFICE**  
**MATERIALS MANAGEMENT SERVICE**  
**WASHINGTON, DC 20401**

**SHIP TO: U.S. GOVERNMENT PRINTING OFFICE**  
**732 NORTH CAPITOL STREET, NW**  
**WASHINGTON, D.C. 20401**  
 All packages must be identified with Purchase Order and Property Number.

Item / Lot No.	Description	Property No.	Quantity	Unit	Unit Price	Amount
1	ONE YEAR MAINTENANCE PROGRAM FOR CANNON LASER CALSS L9000 FACSIMILE S/N UYG 19669, OCTOBER 1, 2003 TO SEPTEMBER 30, 2004. CONTACT AT GPO IS 202-512-0106, CLAUDE MARTIN  Delivery schedule: 1 YR DELIVERY DATE 09/30/04	1	1	YR	228.00	228.00

Last page of 1 Buyer's initials: NGW  
 The Public Printer reserves the right to reject all or any portion of consignments which are not in accordance with specifications or equal to standard sample. If order cannot be filled within the time stated, notice should be sent to Director of Materials Management Service at once.

**THE PUBLIC PRINTER**  
 By *[Signature]*  
 (Contracting Officer)

CHARGE TO					JACKET	Print Order	Cost Code	Object Class Code	Inv. Code
D/S	Oper	Cl	Mach	Gr.	MJO/MS				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	700	00		50			0050	2572	80

**ANY QUESTIONS PERTAINING TO THIS PURCHASE ORDER PLEASE CONTACT: FOR MATERIALS (202) 512-0864 PLEASE CONTACT: FOR PAPER (202) 512-2022**

**Exhibit 1**

Duplicate copy

*che*

**SF1 PRINTING AND BINDING REQUISITION**  
To the PUBLIC PRINTER Please furnish the following:

JACKET NO. (Assigned at GPO)  Red  Black  
REQUISITION NO. **0-00274**

FROM (Department or Government Establishment)  
**DEPARTMENT OF DEFENSE**

(Bureau or Office)  
Defense Automated Printing Service  
DATE  
**Jun 11 1999**

APPROPRIATION CHARGEABLE/APPLICABLE LAW

BILLING ADDRESS CODE (BAC)  
**3810-FF**  
AUTHORIZED BY  
**PWD**

MATERIAL TO BE PUBLISHED IN THE FEDERAL REGISTER

QUALITY LEVEL  
**IV**  
FORM NO.  
**ASN**

QUANTITY (Units of finished products)  
FINISHED PRODUCT (Check One)  
 Books or Pamphlets  Blank Forms (Sheets)  Sets  Pads or Tablets  Other (Specify)  
CLASSIFICATION  
**UNCLASSIFIED**

THIS ORDER RIDES (Department) (Requisition No.) (Jacket No.) STRAP WITH REQUISITION NO.

PAPER STOCK AND INK	TEXT	FIRST CHOICE (Grade, color, and basis weight)	SECOND CHOICE (if any)	COLOR(S) OF INK
	COVER			
	OTHER (Specify)			

COMPOSITION  
FURNISHED (Magnetic tape)  Direct Drive  Other (Nonatives) (Camera Conv) (Manuscript) (Sheet printed conv) PREVIOUS JACKET/REQ. (if reprint)

TEXT TYPE (Point, Face, Ledged/Solid) DISPLAY TYPE (Face) MARGINS (After trim) Back/Left Top Other FOL. LIT. FORMS MUST REGISTER TYPEWRITER SPACING

TYPE PAGE WIDTH (Picas) No of Cols. Col. Width TYPE PAGE DEPTH (Include running head but not bottom folio) ILLUSTRATIONS (Total) PICK UP FROM: Jacket No. Req. RESTORE TO ORIGINAL HOLD REPRODUCIBLES (Specify) (Negs., type, mag. tape) Weeks

PRINT ONE SIDE ONLY HEAD TO HEAD HEAD TO FOOT OTHER COVER PRINTS 1 2 3 4 EMBOSS RULING (Print or Bindery) PERFORATE SCORE Position NUMBER (Inclusive) TO Color of ink

SIZE FLAT (Inches) FORMS, SETS, PADS FOLD TO (Inches) SIZE TRIMMED PAGE (Inches) BOOKS/PAMPHLET S PAGES FOLDINS/INSERTS PAPER COVERS (Self) (Separate)

WIRE STITCH (Side) ((Saddle) (No.)) PASTE ON FOLD LOOSELEAF ADHESIVE BOUND SEW CASE BOUND (Material and Color) STAMP TITLE (Bindery) Cover Spine Gold Im. Gold Ink (color)

PAD/SETS (Sheets in) (Sets) (Sheets) PUNCH No. of (Inches Center) ROUND CORNERS

GATHER Explain CARBON INTERLEAVE INDEX (Color) (Bleed) UP DIVIDERS (Bleed) (Title)

PROOFS AND DELIVERY WRAP FILE SETS PACKAGE CARTONS (Title)

DELIVER TO

ADDITIONAL INFORMATION  
**DEPARTMENT OF THE NAVY**

**OFFICE OF THE JUDGE ADVOCATE GENERAL**

**ATTN: G. SANDISON**

**WASHINGTON NAVY YARD BLDG 33 SUITE 3000**

**1322 PATTERSON AVENUE SE**

**WASHINGTON DC 20374-5066**

**Exhibit 2**

FOR ADDITIONAL INFORMATION CONTACT (Name and Telephone Number)  
**PAUL W. DORSETTE (703) 607-5235**

BILLING ADDRESS (If BAC has not been assigned)

I certify that this work is authorized by law and necessary to the conduct of the business of the above-mentioned government establishment.

STANDARD FORM 1 (Rev July 1979)  
Prescribed by GPO  
Title 44 of the U.S. Code Control No. 1-110

*Paul W Dorsette*  
(Authorizing Signature)

Printing Specialist  
(Title)