

AUDIT OF PAPER REPORT PRODUCTION

AUDIT REPORT NO. 1-14

AUGUST 3, 2001

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**U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
WASHINGTON, D.C. 20416**

AUDIT REPORT
Issue Date: August 3, 2001
Number: 1-14

To: Lawrence E. Barrett
Chief Information Officer

Robert G. Seabrooks

From: Robert G. Seabrooks
Assistant Inspector General for Auditing

Subject: Paper Report Production

We completed an audit of SBA's centralized printing of paper reports, and concluded that (1) a significant number of unneeded paper reports are being produced, and (2) the Agency needs to take better advantage of electronic distribution technology.

SBA's Office of the Chief Information Officer (OCIO) operates a print facility at the Agency's Central Office in Washington, DC. This facility produces a variety of reports and uses an estimated 500,000 to 700,000 sheets of paper per month. The following table identifies the major categories of reports and OCIO's estimated percentage of production in terms of paper usage.

Report Category	Percentage of Production
Management Accounting and Reporting (MARS)	35%
Daily Transaction Reports	15%
Ad Hoc Reports	5%
Programmer Compilations and Test Runs	30%
Human Resource and Miscellaneous	15%
Total	100%

Before being printed, all of these reports exist electronically. Although some modification of application software may be needed, these reports could be made available to the recipients via e-mail or by other electronic means.

The following table provides estimates of annual costs directly associated with the printing and distribution of these reports.

Cost component	Annual Amount
Distribution Costs	\$ 29,000
Paper	44,000
Toner and Supplies	20,000
Operator Salaries	92,000
Maintenance	58,000
Total	\$ 243,000

In addition, there are a number of indirect costs, such as space, electricity, postage, disposition, and handling, for which we did not develop estimates.

OBJECTIVE, SCOPE AND METHODOLOGY

The audit objective was to determine whether SBA was producing unneeded paper reports. We defined “unneeded” reports as automatically printed (rather than “on demand”) reports that recipients either do not use at all or would prefer to receive electronically. To determine if reports were unneeded, we interviewed print facility personnel, computer specialists, 21 recipients of various reports, and OCIO management. We also analyzed report production procedures, as well as alternatives to paper reports. Fieldwork was conducted at SBA Central Office between June 2000 and April 2001. The audit was conducted in accordance with generally accepted government auditing standards.

AUDIT RESULTS

A significant percentage of current paper report production is unneeded. Several report recipients indicated they make little or no use of reports they receive. Other recipients indicated they use only a few pages of reports that consist of hundreds or even thousands of pages. Several recipients stated they would prefer to receive the reports electronically, with an option for selected printing if needed. Some unneeded reports are produced because recipients are not aware that the reports are available electronically and distribution lists have not been updated to reflect personnel changes.

Based on our interviews and analyses, we concluded that the automatic printing of a significant percentage of MARS, Daily Transaction, and Personnel reports could be discontinued. This is because many of these reports are either not used or could be provided electronically. For example, 5 of the 14 MARS Management Information Summary (MIS) report recipients that we interviewed stated that they did not use the reports at all. They obtained needed information from alternative sources. Others made limited use of the reports (e.g., one page or section of a lengthy report). The recipient of the “PMGQ21” report, indicated that only a few pages of this 3,000 page quarterly report are ever used. Lastly, two recipients of monthly

personnel roster reports, which consist of about 350 pages, indicated that they used only a few pages of these reports, and would prefer to receive them electronically.

Much of the information contained in the paper reports is available on-line through tools such as InfoQuest, Executive Information System, RiskLender, ELIPS, and PMQD screens. These tools can substitute for some printed reports. OCIO has made efforts to disseminate information on these new tools. However, half of MARS MIS recipients we interviewed were still not aware of their existence; or if they were, did not know how to use them. In addition to these alternatives, some of the reports could be placed on SBA's Intranet for selected printing as needed.

Recommendations:

We recommend that the Chief Information Officer, in coordination with program offices and the Office of Administration:

1. Poll recipients of paper reports to determine whether they still need the report and, if so, whether reporting in a media other than paper (e.g., compact disk, e-mail, query-tool) would be acceptable. Then take appropriate action based on results of the survey (e.g., reduce distribution lists for paper reports, eliminate reports, deliver reports in an electronic media, develop database queries).
2. Implement policies and procedures to periodically review automatic paper report production to eliminate unneeded printing. The policies and procedures should identify the scope and frequency of the reviews and actions to be taken when reports are deemed unnecessary.

SBA Management's Response

The Chief Information Officer (CIO) agreed that both processing efficiencies and cost reductions can be achieved in the paper reports area. He disagreed, however, with the way some information was presented in the draft report. The CIO believes that program offices should be described as full and active participants in the process. He further commented that elimination of paper reports is not a simple matter and also indicated that the OCIO has worked with program offices to identify alternatives for meeting their reporting requirements. The CIO's response is included in its entirety as Attachment 2.

OIG Evaluation of Management's Response

We agree that program offices should share in the responsibility for implementing our recommendations and have modified our recommendations accordingly. We also agree that electronic production of reports cannot be accomplished as quickly or as easily as our draft report implied. We revised our report to acknowledge that some modification of application software may be needed. We further agree that the OCIO has made efforts to inform staff about

the existence of systems that make more information available electronically. However, when we asked the people we interviewed if they were aware of such systems and, if so, knew how to use them, half of them responded that they were either unaware of them or did not know how to use them. We revised our report to incorporate this information.

The findings included in this report are the conclusions of the Office of Inspector General's Auditing Division. **The findings and recommendations are subject to review, management decision, and corrective action by your office in accordance with existing Agency procedures for audit follow-up and resolution.**

Please provide us your management decision for each recommendation within 30 days. Your management decisions should be recorded on the attached SBA Forms 1824, "Recommendation Action Sheet," and show either your proposed corrective action and target date for completion, or explanation of your disagreement with our recommendations.

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Should you or your staff have any questions, please contact Robert G. Hultberg, Director, Business Development Programs Group at (202) 205-7577.

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U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

Date: July 19, 2001

To: Robert G. Seabrooks, Assistant Inspector General for Auditing

From: *fn* Lawrence E. Barrett, Chief Information Officer *Dan Keller*

Subject: Reply to OIG Draft Audit Report on Paper Report Production

Thank you for the opportunity to review your draft audit report titled, "Paper Report Production". We agree that both processing efficiencies and cost reductions can be achieved in the paper reports area. We also agree with the three recommendations that are included in the report. However, we do not totally agree with the way that some information is presented in the report. For example:

- The report seems to place total responsibility for the creation and continued production of reports on the Office of the Chief Information Officer (OCIO). While it is true that OCIO generates the reports, they are based on requirements that were identified by the program offices. One of the recommendations is that OCIO periodically canvass the program office to determine if reports are still valid. We will implement that recommendation. However, OCIO cannot by itself achieve the broader goal of implementing a new delivery method or eliminating unnecessary reports unless report recipients are willing to embrace -- or insist upon -- those changes. At a minimum, we believe your report should acknowledge that OCIO and program offices should share the responsibility for implementing the recommendations in this report.
- The introduction to the report states, "Before being printed, all of these reports exist electronically and could be made available to the recipients via e-mail or by other means." This statement suggests to the reader that it would be a simple matter to eliminate the paper reports, which is not entirely correct. The reports that OCIO produces can be provided electronically; however, this cannot always be accomplished as quickly or easily as implied. For example, depending on the number of copies to be distributed and the size of the reports, trying to deliver reports via e-mail could overburden and adversely impact the e-mail system. Also, the majority of the paper reports are designed for display in a 132-character per line hardcopy format. Providing the reports in electronic form may require redesign and format changes to present them in a display that is easy to read and decipher. Again these kinds of changes, as well as changes in the number and distribution of reports, should begin with requirements from the program offices for which the reports are produced.
- While providing the information electronically is a worthy goal, the elimination of unnecessary reports should be the primary consideration. Before any wholesale effort is expended to provide the reports electronically, the program offices should review their business requirements and propose eliminating reports where appropriate.
- During the program staff interviews people identified reports that were not needed, could be reduced in size, or that they would prefer to have provided to them electronically. There is no mention of whether this information has been passed on to their management to request any

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ATTACHMENT 2

changes. It is also not clear whether they shared these concerns with the OCIO so that changes could be initiated at a lower level. The offices receiving the reports have a responsibility to inform OCIO when their requirements change. Also, part of their program improvement effort should be to work with OCIO to identify more efficient and cost effective ways to accomplish their tasks including improving the way that data and information is accessed and disseminated.

- We have worked with program offices to identify alternatives for meeting their reporting requirements. We have also given presentations at Management Conferences to acquaint the District Directors with new reporting capabilities. We host periodic events such as the OCIO Open House to inform the HQ staff about what is available and what is possible. Additionally, we have provided training sessions via audio conferencing and remote access techniques to train the field staff on how to use the systems that can provide access to more information electronically. The draft report does not acknowledge any of these efforts to inform agency personnel about the options available to them to access and receive information. Instead, it states that the staff may not be aware of a system's existence or, if the staff is aware of the reports, then adequate training has not been provided to use them. It is not clear to us how these conclusions were reached or what assumptions they are based upon. There is no indication that any of these conclusions or assumptions were discussed with OCIO or with program office staff. Finally, there is no indication of what percentage of the program staff may prefer to continue receiving the hardcopy reports.

As previously stated, I am supportive of the recommendations. However, as written, the report portrays the end user almost as a victim of the process, with OCIO as the arbiter and the party responsible for determining the method and means of report distribution. We believe that the program office staff, who are our customers, should be described as full and active participants in the process, identifying what information they need, how they want it, and working with OCIO to improve the process as technology and programmatic changes occur.

If you have any questions or comments, please contact me at 202-205-6708.

cc: Louise Wilson, OCFO

