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**COOPERATIVE ADMINISTRATIVE  
SUPPORT UNIT PROGRAM**

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***EXECUTIVE REPORT***

**AN ASSESSMENT BY USERS AND LOCAL OFFICIALS**

**RICHARD P. KUSSEROW  
INSPECTOR GENERAL**

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## EXECUTIVE SUMMARY

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### PURPOSE

The principal purpose of this study was to conduct a qualitative user evaluation of the Cooperative Administrative Support Unit (CASU) Program. A secondary objective was to analyze the perspectives of CASU management and governing officials on the strengths and weaknesses of the CASU concept and its implementation. This report was prepared at the request of the national CASU board and staff.

### BACKGROUND

The CASU Program is a Government-wide program, sponsored by the President's Council on Management Improvement (PCMI), which operates under authority of Section 601 of the Economy Act of 1932. At the national level, the PCMI established a CASU Program National Board of Directors which sets policy, provides guidance, approves lead agencies and charters CASUs. In addition, a national interagency staff was organized to serve as a focal point for day-to-day operations of the national CASU Program. The local CASU support structure includes policy direction from a tenant board of directors, and managerial direction from a lead agency. The day-to-day operations of the local CASU are supervised by a local CASU director.

The CASU Program was established under the concept that local Federal agencies could cooperatively combine their resources to share common administrative services at reduced costs and with better service quality. Under the CASU concept, building tenants jointly share in establishing and managing an administrative support unit that provides, on a reimbursable basis, administrative services commonly needed by its members.

### METHODOLOGY

This inspection is based on a mail survey, onsite structured interviews and selected background and informational materials provided by the national CASU staff. Our findings are based on a total of 155 respondents, including 34 CASU management and governing officials, 80 current and former CASU users, and 41 potential users at 13 of the 14 currently chartered CASUs which were operational or projected to be operational by the end of the second quarter of Fiscal Year (FY) 1989.

### FINDINGS

#### *CASU User Satisfaction Is High*

The CASU users are very satisfied with the services they are receiving and rate service quality high.

The CASU users are very pleased with their participation and expect to continue with the CASU.

The CASU service effectiveness indicators are positive. Overall, 91 percent of the users say the CASU has effectively handled their needs. Most users (about 4 of 5) say the CASU promptly handles and effectively resolves service complaints.

***The Extent Of Cost Savings Is Uncertain***

Both users and CASU officials think cost savings are very important but neither have a good grasp of the extent to which dollar or full time equivalent (FTE) staff savings are being realized by CASUs.

***Users And Local Officials See Local CASU Management As Effective, But Annual Evaluations And Periodic Audits Are Needed***

The CASU users give high marks to the general management provided by CASU directors, lead agencies and tenant boards.

Users are generally pleased with CASU management of marketing, customer communications and billing procedures.

However, evaluations and audits deserve more emphasis. Current policy requirements for user evaluations of service delivery and periodic fiscal audits are somewhat unclear. Relatively few CASU evaluations or audits have been conducted or planned.

***Local Officials View National CASU Policies And Program Management As Basically Sound, But Local Managers Need More Implementation Help And Suggest Other Changes***

Local officials believe national CASU policies, guidelines and program assumptions are sound and workable. Local officials view the national CASU board and staff as generally effective. However, they desire some changes to strengthen the performance of both the board and staff. Local managers express a strong need for more implementation help from the national staff in becoming successfully operational.

Overall, local officials see the CASU Program as successful, despite its implementation issues. They are somewhat uncertain about the current implementation pace and goals of the CASU Program. Nevertheless, they say the program is successful and has significant cost saving potential.

## **RECOMMENDATIONS**

### ***Annual User Evaluations and Periodic Fiscal Audits***

The national CASU staff and board should 1) formalize policy to require annual evaluations of CASU service delivery and user satisfaction, as well as periodic fiscal audits by the lead agency inspector general or audit agency, and 2) develop suggested simple and practical protocols for conducting these evaluations and audits.

### ***Cost Savings***

The national CASU staff should seek to 1) quickly determine the extent to which verifiable savings are being achieved in existing CASUs, 2) assure an accurate and complete cost baseline is established when new CASUs are added to the program, 3) establish an effective mechanism to track cost saving accomplishments over time, and 4) move to the fullest application of unit cost pricing of services in all existing and new CASUs.

### ***Implementation Assistance***

The national CASU staff should provide more CASU assistance for achieving successful operational status and overcoming implementation problems. To this end, the staff should develop generic technical assistance guides and “How To” implementation guidelines for the most common CASU core services.

## **COMMENTS ON THE DRAFT REPORT**

We shared the draft of this report, and the supporting technical reports, with the CASU Program National Board of Directors and the CASU national staff. They generally agree with the report findings and concur, with only minor qualifications, with all our recommendations. The full text of their comments is included in the appendix.

## **TECHNICAL REPORTS**

For further details on user and local official assessments of the CASU Program and national and local improvement options the reader should also examine the three companion technical reports: 1) “User Assessment of Services;” 2) “User and Governing Official Perceptions of Local Management;” and 3) “Local Official Perceptions of National Policies and Implementation.”

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## **INTRODUCTION**

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### **PURPOSE**

The principal purpose of this study was to conduct a qualitative user evaluation of the Cooperative Administrative Support Unit (CASU) Program. A secondary objective was to analyze the perspectives of CASU management and governing officials on the strengths and weaknesses of the CASU concept and its implementation. This report was prepared at the request of the national CASU board and staff.

### **BACKGROUND**

The CASU Program is a Government-wide program, sponsored by the President's Council on Management Improvement (PCMI), which operates under authority of Section 601 of the Economy Act of 1932. Under the CASU concept, agencies in multi-tenant, federally occupied buildings jointly share in establishing and managing an administrative support unit that provides, on a reimbursable basis, administrative services commonly needed by its members.

In October 1985, as part of a shared services initiative, the heads of the General Services Administration, the Office of Management and Budget, and the Office of Personnel Management, issued a joint memorandum to the heads of all Federal agencies introducing and encouraging support for the CASU Program.

To ensure strong policy support at the national level, the PCMI established a CASU Program National Board of Directors. The national board sets policy, provides program guidance, approves lead agencies and charters CASUs. A national interagency staff has also been organized to serve as a focal point for day-to-day operation of the national CASU Program. The staff advises the CASU board on policy and program issues and provides technical assistance in organizing and operating CASUs.

The national board has established a prototype structure for local CASUs which includes policy control and direction from a tenant board comprised of CASU service users or potential users. A lead agency, selected by the tenant board of directors, provides administrative management support to the CASU in such areas as financial management, staffing, personnel services, etc. The day-to-day direction and management of the CASU staff is provided by a CASU director.

Through marketing and intervention by the national CASU staff, the CASU Program recruits Federal agencies located in a single building or cluster of buildings to become members of a local CASU and to participate in its development, organization, and management. Recruited CASU sites undertake a feasibility study to determine if a CASU could successfully operate at their site, what administrative services their CASU should provide, and how a CASU could most effectively supply these services.

Once the decision to establish a CASU has been made, its prospective members establish its operating plans through a series of interagency memorandums of understanding. The national CASU board reviews these plans and, if appropriate, grants a CASU charter to the local site.

Current CASUs provide such services as mail, moving and labor, physical fitness, shipping and receiving, photocopying, personal property management, conference and training room scheduling, child care, imprest fund and employee assistance programs. These services may be provided directly by the CASU staff, through shared services arrangements from the lead agency or other CASU participating agency or secured through private contracts. By consolidating services, the CASUs expect to provide less expensive, more accessible, and better quality services. The CASUs also expect to standardize and share administrative systems, accelerate use of automation, and to improve management information systems.

Currently, operational CASUs exist at the following locations: Anchorage, Alaska; Atlanta, Georgia; Chicago, Illinois; Cincinnati, Ohio; Cleveland, Ohio; Denver, Colorado; Fort Worth, Texas; Jackson, Mississippi; Indianapolis, Indiana; Kansas City (12th Street), Missouri; Los Angeles, California; New York City (Javits Building), New York; and, Seattle, Washington. Additionally, five CASUs have been chartered at these locations: Boston, Massachusetts; Fresno, California; Kansas City (South), Missouri; New York City (Varick Street), New York; and, Pittsburgh, Pennsylvania.

## **METHODOLOGY**

This inspection is based on a mail survey, onsite structured interviews and selected background and informational materials provided by the national CASU staff. Our findings are based on a total of 155 respondents, including 34 CASU management and governing officials, 80 current and former CASU users, and 41 potential users at 13 of the 14 currently chartered CASUs which were operational or projected to be operational by the end of the second quarter of Fiscal Year (FY) 1989.

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## FINDINGS

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The results of our survey show that, overall, CASU user satisfaction is high. However, there is uncertainty about the extent of cost savings. We also found that users and local officials see local CASU management as effective, but that annual evaluations and periodic audits are needed. The survey results also showed that local officials view national CASU policies and program management as sound, but local managers need more implementation help and suggest other changes.

What follows is a synopsis of the survey results which support the major findings above.

**I. CASU SERVICE PATTERNS VARY CONSIDERABLY.**

**A. CASUs OFFER A WIDE VARIETY OF SERVICES.**

The CASUs reviewed offer 28 different services. The top six services are mail, moving and labor, physical fitness, shipping and receiving, photocopy, and excess personal property. The number of services each CASU offers varies widely, ranging from 3 to 13 services, with an average of 6 offered services.

**B. THE EXTENT OF UTILIZATION OF CASU SERVICES ALSO VARIES CONSIDERABLY.**

The number of users at each CASU varies significantly, ranging from a low of 7 to a high of 35, with an average of 17 users.

In none of the CASUs do all users participate in all services.

A majority of users participate in all offered services in only two CASUs.

However, in six CASUs a strong majority of users (77 to 100 percent) use at least one-half of the offered services.

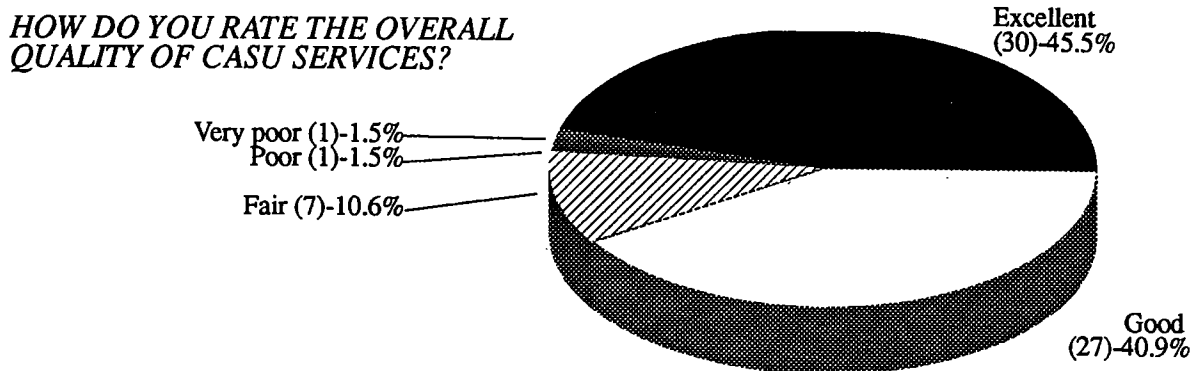
**C. MOST CASUs (9 OF 10) SAY THEY ATTEMPT TO ASSESS THE BEST METHOD OF SERVICE DELIVERY, I.E., DIRECT STAFF PROVISION, UNDER PRIVATE CONTRACT OR THROUGH SHARED SERVICE, FOR THE SERVICES THEY OFFER.**



## II. CASU USER SATISFACTION IS HIGH.

### A. USERS RATE CASU SERVICE QUALITY HIGH.

Most users (86 percent) rate the overall quality of CASU services as either excellent or good.



A strong majority report the following positive ratings for the specific services they receive:

- high satisfaction with the CASU service;
- better service responsiveness or timeliness under the CASU;
- better service quality under the CASU;
- improved customer convenience due to the CASU;
- good customer control over service delivery under the CASU; and,
- improved overall service availability under the CASU.

### B. USERS ARE GENERALLY PLEASED WITH CASU PARTICIPATION.

Most users (89 percent) would still opt to participate in the CASU if they had it to do over again.

Most users (92 percent) say their agency will likely continue participating in the CASU in the future.

### C. CASU SERVICE EFFECTIVENESS INDICATORS ARE POSITIVE.

Overall, 91 percent of the users say the CASU has effectively handled their service needs. Only five users indicated their agency's service needs have not been met by the CASU.

Most users (about 4 of 5) report that when service issues or complaints arise, the CASU generally handles them promptly and resolves them effectively.

Service accessibility since CASU establishment is improved (57 percent) or about the same (37 percent) for most users.

- Due to the CASU’s establishment, new or additional services became available to 68 percent of the users.
- The CASU services are equally available to both large and small tenants, according to 90 percent of the users.

The CASU staff generally have sufficient skills and training to deliver services effectively, according to 90 percent of the users.

As indicators of CASU service responsiveness, 45 percent of the users say their CASU has modified *existing* services to better serve their needs, and 34 percent report their CASU has added *new* services to better meet their needs.

### **III. THE EXTENT OF CASU COST SAVINGS IS UNCERTAIN**

#### **A. *USER PERCEPTIONS VARY WIDELY ABOUT THE CASU EFFECT ON THE COSTS OF SERVICES DELIVERED.***

For example: 1) 27 percent report costs decreased; 2) 27 percent report no changes in costs; and, 3) 38 percent report costs increased under the CASU.

#### **B. *SOMEWHAT HIGHER SERVICE COSTS ARE THE TOP CONCERN USERS EXPRESS IN RATING THE SPECIFIC CASU SERVICES THEY RECEIVE:***

Twenty-four percent of users, or 40 of the 164 service ratings, say service costs are either somewhat or much higher under the CASU.

Thirteen percent of users, or 21 of the 164 service ratings, say cost-effectiveness is either somewhat or much worse under the CASU.

#### **C. *VERY FEW USERS REPORT ACHIEVING DOLLAR OR FULL TIME EQUIVALENT (FTE) STAFF SAVINGS THROUGH CASU PARTICIPATION***

Only 11 users (14 percent) indicate some dollar savings, ranging from \$1,000 to \$97,444, with an average of about \$18,313.

Twenty users (26 percent) report no savings have been achieved. Forty-five users, or 59 percent, did not respond regarding dollar savings.

Only six users (8 percent) say that some FTE savings were achieved. However, 21 users (28 percent) say no FTE savings have been realized. Forty-nine users (64 percent) did not respond regarding FTE savings.

Most of the dollar or FTE savings users report are classified as “best estimates” not based on actual data.

**D. *MOST CASU DIRECTORS WERE UNABLE OR CHOSE NOT TO PROVIDE OVERALL ESTIMATES OF DOLLAR AND FTE SAVINGS ACHIEVED BY THE CASU FROM INCEPTION.***

Only 4 of the 10 operational CASUs were able to provide rough estimates. None of the CASUs said their estimates were based on actual data.

Reported total cumulative dollar and FTE staff savings realized at these four CASUs:

Dollar Savings	<b>\$ 1,278,000</b>
FTE Savings	<b>15</b>

**E. *IT APPEARS THAT LEAD AGENCY AND CASU INDIRECT COSTS ARE SOMETIMES ABSORBED RATHER THAN BILLED TO USERS.***

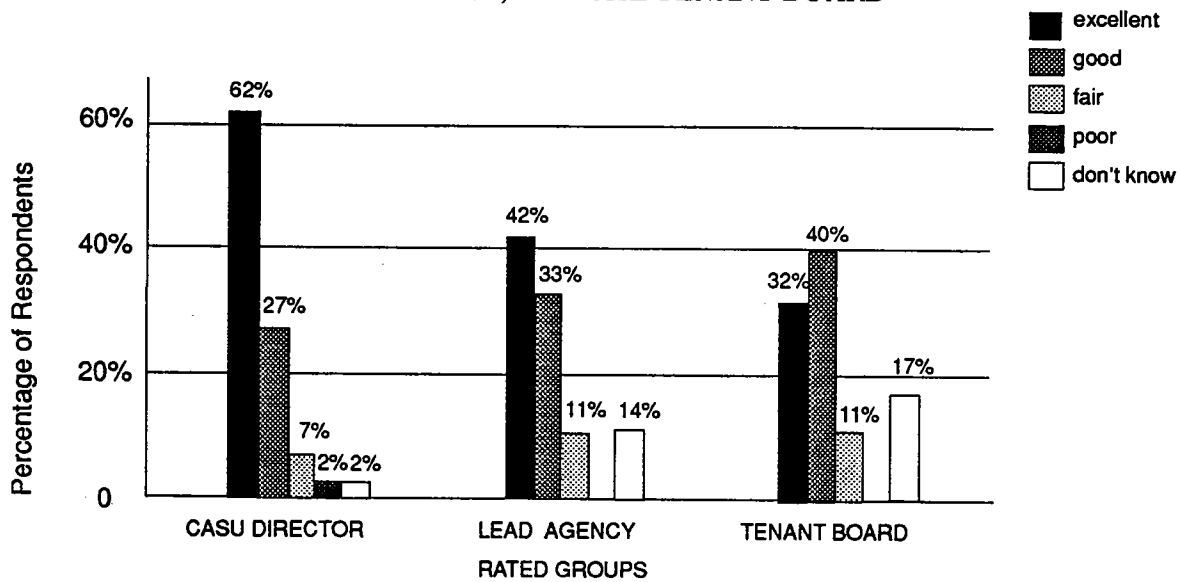
While most users (62 percent) think users get billed for lead agency and CASU indirect costs, 11 percent of users say the lead agency or CASU sometimes absorb these costs and 24 percent do not know.

**IV. BOTH USERS AND LOCAL OFFICIALS SEE LOCAL CASU MANAGEMENT AS EFFECTIVE.**

**A. CASU GENERAL MANAGEMENT AND DIRECTION ARE RATED HIGH.**

Current users give high marks to the general management and direction provided by CASU directors, lead agencies and tenant boards.

*USER EVALUATIONS OF GENERAL MANAGEMENT AND DIRECTION PROVIDED BY THE CASU DIRECTOR, LEAD AGENCY, AND THE TENANT BOARD*



TOTAL RESPONSES:  
 CASU DIRECTOR - 44, 19, 4, 2, 2  
 LEAD AGENCY - 30, 24, 8, 0, 10  
 TENANT BOARD - 23, 29, 8, 0, 13

**B. IMPROVED UNDERSTANDING OF CASU GOVERNING ENTITY ROLES AND RESPONSIBILITIES IS NEEDED.**

Local officials say the CASU tenant board and lead agency roles and responsibilities are not always clearly defined and understood.

**C. IN GENERAL, THE CASUs ARE EFFECTIVELY MARKETING THEIR SERVICES.**

The CASUs do a good to excellent job of marketing, according to 82 percent of the current users.

A majority of potential users (83 percent) say they have received an explanation of the local CASU concept, and 77 percent say this explanation was effective to very effective.

Regarding the likelihood of their agency participating in the CASU in the future, most potential users say they will probably or definitely use *some* CASU services (57 percent). (Thirty percent are unsure; 13 percent probably will not.)

Most local officials say CASUs are actively marketing their services using a wide variety of methods.

Many CASUs are adding, or plan to add, new services beyond those offered initially.

**D. *CASU AND CUSTOMER COMMUNICATIONS ARE EFFECTIVE.***

The CASU communications are rated as good to excellent by 83 percent of the users.

Most users say the CASU keeps them informed through regular reports, periodic meetings or newsletters.

**E. *CASU BILLING PROCEDURES ARE FAIR, EQUITABLE AND GENERALLY UNDERSTOOD BY USERS.***

Most users say CASU billing procedures are fair and equitable and that they generally understand both the services billed and the billing procedures.

Most users (75 percent) say they have either experienced *no billing problems* with the CASU or are unaware of any billing problems.

While a majority of users (70 percent) say their CASU prices its services on a unit cost basis, a substantial minority (30 percent) either indicate this is not the case or do not know.

**F. *CASU EVALUATIONS AND AUDITS DESERVE INCREASED EMPHASIS.***

Both users and local CASU officials appear to be somewhat confused or uninformed about whether their CASU's charter requires 1) an independent annual evaluation of CASU service delivery and user satisfaction, or 2) an annual fiscal audit.

Only 32 percent of users and 44 percent of the local CASU officials report an evaluation has been conducted at their CASU. Of course, in the case of newly operational CASUs, an evaluation might be premature.

Only four users (6 percent) and the local officials at one CASU say their CASU's fiscal records have been audited.

**V. LOCAL OFFICIALS VIEW NATIONAL CASU POLICIES AND PROGRAM MANAGEMENT AS BASICALLY SOUND, BUT LOCAL MANAGERS NEED MORE IMPLEMENTATION HELP AND SUGGEST OTHER CHANGES.**

**A. LOCAL OFFICIALS GENERALLY BELIEVE CASU POLICIES, GUIDELINES AND PROGRAM ASSUMPTIONS ARE SOUND AND WORKABLE.**

Officials' views split on whether continued reliance on voluntary initiation and participation in CASUs will produce the steady CASU program growth desired. A slight majority (55 percent) think steady program growth will result under voluntary participation rules; 45 percent disagree. The inspection team questions whether the rate of growth desired by the national CASU board and staff will be realized under voluntary participation rules.

*All officials favor maintaining the current strong emphasis on local tenant board control and flexibility.*

A majority of officials agree with the basic policies governing CASU chartering; however, there is some question on whether the national board and staff enforce these chartering provisions.

**B. LOCAL OFFICIALS VIEW THE NATIONAL CASU MANAGEMENT STRUCTURE AS GENERALLY EFFECTIVE, BUT THEY DESIRE SOME CHANGES.**

Officials rate the national board as effective. They suggest the board: 1) strengthen the staff's capacity to assist CASUs after chartering, both before and during operational start-up; and, 2) redouble their efforts to educate the agencies about the CASU program at the national level.

Local officials say national CASU staff leadership is effective but can be improved by 1) developing a more stable and specialized staff and 2) focusing more effort on operational assistance and less on chartering more CASUs. Local managers express a strong need for more implementation help from the national staff in becoming successfully operational.

Local officials believe the national board and staff play a vital role in program expansion and in how well CASUs will survive or thrive.

The adequacy of national CASU reporting mechanisms should be reassessed. Several indicators from local officials suggest the need to consider improvements in the Program Activity Report and CASULINK.

**C. OVERALL, LOCAL OFFICIALS SEE THE CASU PROGRAM AS SUCCESSFUL, DESPITE ITS NUMEROUS IMPLEMENTATION ISSUES.**

Local officials are somewhat uncertain about the current implementation pace and goals of the CASU program.

- A majority of local officials do not consider the national staff FY 1989 goal of increasing the number of chartered CASUs from 14 to 36 as realistic and feasible.
- Officials split on whether the CASU staff FY 1989 goal of increasing the number of operational CASUs from 8 to 26 is realistic and feasible.
- A majority of officials do not know (60 percent) if it is realistic to expect the CASU Program to yield cost savings in excess of \$100 million by the end of FY 1992. (Only 17 percent say yes; while 23 percent say no.)

Overall, local officials say the CASU program is successful and has significant cost saving potential. Officials characterize as moderate to major the potential cost savings that will be realized by the individual CASUs and the overall CASU Program over the next 2 years.

Local officials believe the CASU Program is successfully achieving its two basic aims, although they perceive greater success in improving service delivery and quality than in achieving cost savings.

	<u>Very Successful</u>	<u>Somewhat Successful</u>
Improving the Delivery and Quality of Services	64%	32%
Achieving Significant Cost Savings	25%	64%

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## RECOMMENDATIONS

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### *Recovery of Operating Costs*

The CASU Program should adopt a policy of full recovery of all operating costs, including indirect costs, through charges to users.

It would appear to serve the best long-term interests of both users and the CASU Program to seek a full identification and recovery of the total costs of CASU operations through user billings.

### *Cost Savings*

The CASU staff should seek to 1) quickly identify verifiable savings being achieved in existing CASUs, 2) assure that an accurate and complete cost baseline is established when any new CASUs are added to the program, 3) establish an effective mechanism to track cost saving accomplishments over time, and 4) move to the fullest application of unit cost pricing of services in all existing and new CASUs.

### *Comparative Assessments of Service Delivery Sources*

The national CASU board and staff should promote comparative assessments of the most practical and cost-effective means of delivering CASU services, both among existing CASUs and in new CASUs to be formed.

### *Standard Role Descriptions for CASU Governing Officials*

To enhance cooperation and shared expectations, all CASUs should be encouraged to adopt a standard description of the roles and responsibilities of key CASU governing officials, such as that developed as part of the Seattle evaluation.

### *Unit Cost Pricing*

The CASU staff should encourage the broadest, appropriate application of unit cost pricing of services in all new and existing CASUs. This should enhance user understanding and aid in analysis of service cost trends and cost comparisons of alternative service sources.



### ***Annual User Evaluations and Periodic Fiscal Audits***

The National CASU staff and board should:

1. Formalize CASU policy to require a) annual user evaluations of CASU service delivery and user satisfaction, and b) periodic fiscal audits by the lead agency inspector general or audit agency.
2. Develop, cooperatively with operational CASUs, suggested practical protocols for conducting CASU evaluations and audits. Regarding the evaluation protocol, we suggest use of simple evaluation tools.

### ***Implementation Assistance***

Drawing on the experience of operational CASUs, the national staff should begin developing:

1. Generic technical assistance guides to aid developing CASUs in achieving operational status in such areas as:
  - organizing, staffing and training CASU personnel,
  - forecasting workloads and developing budgets,
  - alternative techniques for pricing CASU services; and
2. “How To” guidelines for implementing the most common CASU core services, such as mail, photocopy and personal property. These guidelines could include key functional requirements and specifications, “Dos and Don’ts,” and commonly encountered obstacles, with suggestions for overcoming them.

### ***National CASU Reporting Mechanisms***

The national CASU board and staff should:

1. Re-examine and revise, as necessary, the Program Activity Report content and schedule to assure that it adequately serves the needs of the national board and staff by providing an accurate picture of CASU services, users, operational status and problems and savings achievements.
2. Correct implementation bugs in CASULINK and promote its effective utilization by local CASU officials.

### *National CASU Goals*

The national CASU board and staff should re-examine the feasibility of current CASU goals for 1) new CASUs to be chartered; 2) CASUs to become operational, and 3) long term potential savings to be achieved. Respondent feedback and experience to date suggest these goals may be overly optimistic.

### **COMMENTS ON THE DRAFT REPORT**

We shared the draft of this report, and the supporting technical reports, with the CASU Program National Board of Directors and the CASU national staff. They generally agree with the report findings and concur, with only minor qualifications, with all our recommendations. The full text of their comments is included in the appendix.

### **TECHNICAL REPORTS**

In addition to this executive report we have prepared three technical reports which address specific areas of the CASU program. For further details on user and local official assessments of the CASU Program and national and local improvement options the reader should examine the technical reports:

- 1) "User Assessment of Services;"
- 2) "User and Governing Official Perceptions of Local Management;" and
- 3) "Local Official Perceptions of National Policies and Implementation."

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**APPENDIX**

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**COOPERATIVE ADMINISTRATIVE SUPPORT UNIT PROGRAM  
COMMENTS ON OIG FINDINGS AND RECOMMENDATIONS**



OFFICE OF THE  
**CASU**  
**COOPERATIVE  
ADMINISTRATIVE  
SUPPORT PROGRAM**



May 26, 1989

MEMORANDUM FOR RICHARD P. KUSSEROW  
INSPECTOR GENERAL

FROM: WARREN MASTER *Warren Master*  
PROGRAM DIRECTOR

SUBJECT: OIG Draft Reports: "Executive Report  
- An Assessment of the CASU Program by  
Users of CASU Services and Local  
Officials," (OAI-06-89-00860) and  
Related Technical Reports --  
INFORMATION

Enclosed are our comments on the OIG Draft Reports. On behalf of Paul Weiss and the National Board of Directors we thank you for the efforts of your staff; Chester Slaughter, George DeLuna, Frank Almendarez and Suzanne Murrin. We have circulated the report to our National Board of Directors, Interagency Staff and CASU Directors for their comments. These comments represent a compilation of their responses.

Since the recommendations in the Executive Report are compiled from the three technical reports, we have addressed our comments to the Executive Report recommendations. We found the technical reports favorable towards both the concept and current operations of CASU; and, in general we agree with the findings of the reports.

We have already begun planning initiatives to respond to the report recommendations and will be sharing this information with the CASU community at our July conference. In addition we will be discussing our plans to address these issues with Chester Slaughter to insure we are in accord with the intent of the recommendations.

Enclosure

Comments on Specific Recommendations  
of the HHS Office of the Inspector General Draft Report  
An Assessment of the CASU Program By Users of  
CASU Services and Local CASU Officials

Since the recommendations in the Executive Report are compiled from the three technical reports we have addressed our comments to these recommendations.

Recovery of Operating Costs

The CASU Program should adopt a policy of full recovery of all operating costs, including indirect costs, through charges to users.

It would appear to serve the best long-term interests of both users and the CASU Program to seek a full identification and recovery of the total costs of CASU operations through user billings.

Comments

Concur.

Cost Savings

The CASU staff should seek to 1) quickly identify verifiable savings being achieved in existing CASUs, 2) assure that an accurate and complete cost baseline is established when any new CASUs are added to the program, 3) establish an effective mechanism to track cost saving accomplishments over time, and 4) move to the fullest application of unit cost pricing of services in all existing and new CASUs.

Comments

Concur with 1, 2, and 4; partially concur with 3. While we need more effective means of determining actual savings, we will continue to encourage CASUs to measure cost savings by their performance in the market place. If CASUs are, in fact, providing savings, their market share will continue to increase. If, on the other hand, CASUs become cost inefficient, agencies have the right to extricate themselves from the CASU and seek more equitable and better priced services elsewhere. We also recognize the necessity for documenting these savings. However, because we do not wish to add an additional burden to operational CASUs by requiring a cost tracking system, we prefer to use the data already available to us to calculate cost savings.

### Comparative Assessments of Service Delivery Sources

The national CASU board and staff should promote comparative assessments of the most practical and cost-effective means of delivering CASU services, both among existing CASUs and in new CASUs to be formed.

#### Comments

Concur. The CASU staff will identify various means of effectively delivering CASU services as options for CASU selection, depending on their circumstances.

### Standard Role Descriptions for CASU Governing Officials

To enhance cooperation and shared expectations, all CASUs should be encouraged to adopt a standard description of the roles and responsibilities of key CASU governing officials, such as that developed as part of the Seattle evaluation.

#### Comments

Concur. While we concur with this recommendation in principle, the study itself pointed out that 87% of those surveyed believe these roles and responsibilities to be clearly defined, and 74% surveyed believe they are clearly understood.

### Unit Cost Pricing

The CASU staff should encourage the broadest, appropriate application of unit cost pricing of services in all new and existing CASUs. This should enhance user understanding and aid in analysis of service cost trends and cost comparisons of alternative service sources.

#### Comments

Concur.

### Annual User Evaluations and Periodic Fiscal Audits

The National CASU Staff and Board should:

1. Formalize CASU policy to require a) annual user evaluations of CASU service delivery and user satisfaction, and b) periodic fiscal audits by the lead agency inspector general or audit agency.

2. Develop, cooperatively with operational CASUs, suggested practical protocols for conducting CASU evaluations and audits. Regarding the evaluation protocol, we suggest use of simple evaluation tools.

#### Comments

Concur. While we agree that periodic fiscal audits are important, we intend to take care that an appropriate amount of time for a CASU to take hold and become fully operational (perhaps three years) be allowed before a fiscal audit takes place.

#### Implementation Assistance

Drawing on the experience of operational CASUs, the national staff should begin developing:

1. Generic technical assistance guides to aid developing CASUs in achieving operational status in such areas as:
  - o organizing, staffing and training CASU personnel.
  - o forecasting workloads and developing budgets.
  - o alternative techniques for pricing CASU services.
2. "How To" guidelines for implementing the most common CASU core services, such as mail, photocopy and personnel property. These guidelines could include key functional requirements and specifications, "Dos and Don'ts," and commonly encountered obstacles, with suggestions for overcoming them.

#### Comments

Concur.

#### National CASU Reporting Mechanisms

The national CASU board and staff should:

1. Re-examine and revise as necessary the Program Activity Report content and schedule to assure that it adequately serves the needs of the national board and staff by providing an accurate picture of CASU services, users, operational status and problems and savings achievements.
2. Correct implementation bugs in CASULINK and promote its effective utilization by local CASU officials.

Comments

Concur.

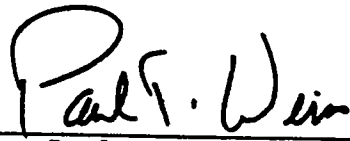
National CASU Goals

The national CASU board and staff should reexamine the feasibility of current CASU goals for (1) new CASUs to be chartered, (2) CASUs to become operational, and (3) long term potential savings to be achieved. Respondent feedback and experience to date suggest these goals may be overly optimistic.

Comments

Concur.

C Approval



Mr. Paul T. Weiss