



Washington State Auditor's Office

Performance Audit

Government that works for citizens

Ensuring Economical and Efficient Printing for Washington

In 2011, our Office conducted a performance audit of printing services that identified opportunities for the state to save money by allowing private printers and the Department of Printing to compete for all jobs, merging agency in-house print shops, and adopting statewide cost-containment strategies. Following our audit, many state central services, including the Department of Printing, were consolidated under a new agency, the Department of Enterprise Services (DES). DES' Printing & Imaging (P&I) program serves as the state's central print shop and imaging resource.

For this audit, we wanted to know:

1. Does P&I's competitive bidding process ensure economical and efficient printing for the state?
2. Is DES promoting print management strategies to all state agencies?
3. Have any agencies merged their in-house print shops with P&I?



P&I needs more vendor-pricing and performance information to fully demonstrate its print prices are competitive

P&I helps customers, including state agencies, cities, counties, schools and tribes, order an extensive variety of printed materials, which can be either fulfilled by P&I or outsourced partially or fully to private businesses. When it outsources a job, P&I sends a bid request to a pool of pre-qualified vendors. This process helps ensure competitive prices for customers. However, without reliable price comparisons for the orders P&I prints, it has difficulty demonstrating that its prices are competitive with private vendors.

P&I conducts an annual market analysis, comparing its prices for a selection of jobs it printed to quotes collected from vendors. Our review of the last two analyses found that P&I's prices are lower than the average of the vendor quotes, but a vendor usually had the lowest price.

When we reviewed P&I's 2014 market analysis, our results suggested the state could save money if the program closed. However, the 2015 analysis suggested that it would be more expensive for the state to procure all print jobs from private printers. P&I performed a similar review on the 2015 market analysis and reported its results to the Office of Financial Management, which came to the same conclusion. But these annual market analyses are limited and capture only 15 to 30 of P&I's 13,000 print jobs each year. In addition, P&I did not randomly select the jobs it included, so the results may not be representative of all jobs it printed. For these reasons, the market analyses may not reflect the program's actual pricing competitiveness.

Although its prices were typically higher than the lowest quotes for the limited comparisons performed, P&I continues to attract business from state agencies and other customers. P&I managers told us they create efficiencies for their customers by combining print, mail and fulfillment services under one program. They said their customers tell them they choose P&I's integrated service because it offers better service, the ease of dealing with one organization and lower prices.

Even if P&I's prices are higher, customers can be willing to pay more if the work is of higher quality or can be delivered on schedule. Because P&I does not collect enough vendor performance information to compare its timeliness and quality to that of its vendors, managers cannot be sure their higher prices correspond with faster and higher quality work. However, P&I is attracting new business and received high customer satisfaction ratings in its latest customer survey. Both indicate its customers value its services.

DES is already promoting print management with agencies and could do more

Print management strategies aim to reduce overall printing costs as much as possible while still meeting an agency's mission. All state agencies are required to adopt policies, standards and procedures governing the management of their print operations; determine baseline print costs; and submit annual print management strategy reports to DES. Agencies with more than 1,000 employees are further required to enter into contracts with private vendors designed to help them assess their printing needs, optimize their equipment to meet those needs and reduce printing costs.

DES has been promoting print management to state agencies and has developed print management guidelines, promoted via its website (illustrated at right). It also surveyed state agencies in June 2016 to assess their progress in implementing print management. However, many agencies have yet to implement any strategies. DES could continue providing training and promoting print management to save the state money. We estimated savings of up to \$3.9 million to \$11.7 million annually. However, without complete information about the implementation of print management strategies, we could not estimate how much of this amount the state has already saved through partial implementation.



Agencies have not merged their in-house print shops with P&I

Finally, we found that state agencies have not implemented our recommendation from the 2011 audit to merge their print shops with P&I. Some agencies have instead downsized their shops, reducing the number of employees and equipment.

To ensure it gives the state the best balance of cost, timeliness and quality, we recommend Printing & Imaging:

- Collect performance information on vendor product quality and delivery
- Benchmark its performance against vendor performance
- Randomly select jobs for its market analysis
- Collect more pricing information to identify trends and adjust business strategies accordingly

To improve agencies' implementation of print management, we recommend the Department of Enterprise Services:

- Continue its efforts to promote strategies
 - Publish agencies' progress
 - Request that agencies report their baseline printing costs
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