

Official Journal

of the European Communities

ISSN 0378 - 6986

C 150

Volume 24

19 June 1981

English edition

Information and Notices

Contents

I *Information*

Court of Auditors

Special report concerning publishing, printing and reproduction practices of the institutions of the European Communities 1

I

(Information)

COURT OF AUDITORS

SPECIAL REPORT

concerning publishing, printing and reproduction practices of the institutions
of the European Communities

CONTENTS

	Page
1. INTRODUCTION	
1.1. Objectives and scope	3
1.2. Definitions	3
1.3. Recommendations	3
2. BACKGROUND	
2.1. General	3
2.2. Office for Official Publications (OOP)	4
3. PUBLICATIONS	
3.1. Procedure in the OOP	4
3.2. Printing – tendering procedures	4
3.3. Printing – production procedures	5
3.4. Procedures in Commission	5
3.5. Procedures in other institutions	6
3.6. Private publishers	6
3.7. General information periodicals	6
4. DOCUMENTS	
4.1. Production	6
4.2. Controls	6
5. INTERNAL PRINTING WORKSHOPS AND REPRODUCTION FACILITIES	
5.1. Justification and development	7
5.2. Summary of workshop activities	7
5.3. Investment in equipment	8
6. PRINT RUNS, DISTRIBUTION AND SALES OF PUBLICATIONS	
6.1. Justification for print runs	8
6.2. Distribution and sales policy	8
7. MANAGEMENT INFORMATION SYSTEMS	
7.1. General	9
7.2. Extent of costing systems	9
7.3. Use of costing data in decision making	10
7.4. Management structures	10

	Page
8. COST OF PUBLICATIONS IN 1978	
8.1. General	10
8.2. External printing costs	10
8.3. OOP costs	11
8.4. Personnel costs	11
8.5. Equipment purchase costs	11
8.6. Rentals	11
8.7. Sale of publications	11
8.8. Summary	11
9. EVALUATION OF CONTROL OF PUBLICATIONS	
9.1. Audit tests	11
9.2. Mailing lists—systems	12
9.3. Mailing lists—case applications	12
9.4. Stock of publications	13
9.5. Sales and pricing	13
10. COMMENTS BY THE COURT OF AUDITORS	
10.1. General	13
10.2. Publications policy and controls	14
10.3. Publications print runs and distribution	14
10.4. Management and financial data	15
10.5. Investment in printing facilities	15
<i>Appendices:</i>	
I. Costs directly identifiable from the accounts in thousands of EUA	16
II. Overall 1978 costs in thousands of EUA	17
III. Institutions' use of OJ and Staff Courier	18
IV. Numbers of staff on publication duties in the institutions	18

PUBLISHING, PRINTING AND REPRODUCTION PRACTICES OF THE INSTITUTIONS OF THE EUROPEAN COMMUNITIES

1. INTRODUCTION

1.1. Objectives and scope

The objective of this report is to present for consideration the activity of the institutions of the European Communities in the fields of publishing, printing and reproduction ⁽¹⁾, with particular regard to those aspects with financial or economic consequences, and to make recommendations. The scope of the audit covered, for each institution:

- the background to the policies;
- the controls and criteria governing production of printed output, the means available to the institutions for such production and the use to which such output is applied (including both internal and external facilities);
- costs and management of these activities which account for some 50 million EUA each year; and
- some specific case applications.

1.2. Definitions

It is necessary to distinguish between the two terms 'publications' and 'documents'. The Commission's Consultative Committee of Publications (CCP) ⁽²⁾ has established definitions based on whether output is aimed for distribution external to the institutions, ('publication') or for internal distribution ('document'). There is necessarily some overlap between these categories. The two phrases are used in this report.

1.3. Recommendations

The principal recommendations made by the Court (section 10) are that:

- the Commission should establish detailed and comprehensive criteria and procedures for its communication/publication activities (paragraph 10.2.1);
- the controls operated by the CCP should be extended (paragraph 10.2.2);
- mailing lists should be subjected to systematic editing and controls, and progress towards a common computer base for these mailing lists should be given greater priority (paragraph 10.3.1);

⁽¹⁾ Excluding microfilming and workshops of the research centres.

⁽²⁾ See paragraph 3.4.4.

- proper costings, stock records and sales statistics should be set up (paragraph 10.3.2);
- management decisions should be based on adequate financial data and that present systems should be developed to meet this need (paragraph 10.4.1);
- pricing of publications should be based on actual costing data (paragraph 10.4.2);
- an interinstitutional group should be created to redefine the objectives, to coordinate the use of internal print workshops, and to examine the function of the OOP workshop (paragraph 10.5.2);
- greater cost consciousness should be developed by producers and users of both publications and documents (paragraph 10.5.3).

2. BACKGROUND

2.1. General

2.1.1. The institutions of the Communities (comprising here the Commission, the Council, the European Parliament, the Economic and Social Committee, the Court of Justice and the Court of Auditors) annually produce a wide range of publications covering numerous general and specialized topics. There is a great variation between the objectives, needs, quality, quantity and distribution of the publications of each institution.

2.1.2. Taking into account the general development in the Community institutions since 1978, when the total expenditure for publications etc. amounted to 45 million EUA, the Court has calculated that the total cost of the publications, printing and reproduction activities is now about 50 million EUA annually. Hereof only 31.8 million EUA (see Appendix I) is classified within the budget or accounts of the Communities under headings which can be directly related to these activities. These costs arise in two main forms:

- (i) The operational costs of the Office for Official Publications (OOP) (see paragraph 2.2 below) are shown in total against Article 287 ⁽³⁾ of the Commission's budget. A *pro-forma* receipt appears in Chapter 92 ⁽³⁾ of the Commission's budget which is further reflected apportionment in item 2390 of each institution's budget. During the year, operations of the OOP are 'charged' to the institutions by invoice in accordance with a costing system (see paragraph 7.2.2) but no money changes hands nor do the year-end accounts show the result of this invoicing.

⁽³⁾ And in Annex I to the Commission's budget.

- (ii) Contracts with external printers exist for printing the Official Journal and some other publications. For the most part, these costs appear under Articles 270 and 271 respectively of each institution's budget and are not included in the operational costs of the OOP.

The balance of costs incurred by the institutions and classified under other more general expenditure headings was ascertained and calculated by the Court on the bases indicated in section 8, and these, along with those from (i) and (ii) above, are presented in Appendix II as far as the year 1978 is concerned where the total amounted to 45 million EUA.

2.2. Office for Official Publications (OOP)

2.2.1. An interinstitutional body, the Office for Official Publications, is responsible for ensuring the publishing, printing and distribution of the publications of the institutions. All arrangements for printing publications are then channelled through the OOP. It has its own printing workshop and can thus undertake the printing of publications itself or it can contract the work to outside printers.

2.2.2. Article 2 of the Decision setting up the OOP specified its functions:

- to ensure the printing of the Official Journal (OJ);
- to ensure the printing of the other publications of the institutions or other organizations created by the Communities;
- to undertake the distribution and sale of the OJ and other publications.

2.2.3. For administration and budgetary purposes, the OOP forms part of the Commission but effectively it acts as a service to all the institutions. It has a Management Committee comprised of one representative from each institution.

3. PUBLICATIONS

3.1. Procedure in the OOP

3.1.1. The biggest individual publication of all is the interinstitutional Official Journal (OJ — some 575 million A4 pages per year). The OOP's first priority is to oversee its publication, and it maintains close contact with the external printers to whom the printing is contracted out at a cost of 12 million EUA (1979 figure).

3.1.2. All publications, with the exception of publications sponsored by the External Offices ⁽¹⁾ should pass through the OOP. For the Commission's publications the OOP is an integral part of planning decisions and takes the final decision as to where any individual publication shall be printed (i.e. externally or internally). For the other institutions its powers are limited to making recommendations both on this choice and on the results of tendering procedures which it carries out for all printing contracts.

3.1.3. However, after that decision, the OOP acts as publisher of manuscripts from all the institutions and of translations into the seven official languages. It supervises the printers' work in accordance with the terms of the contract, corrects proofs and normally any contact with the printer is made by or at least via the OOP. The printers' invoices are in due course checked and certified by the OOP; those for the OJ being paid through the OOP but charged on to the institutions — those for other publications being paid directly by the institution concerned.

3.1.4. Audit tests revealed certain exceptional cases where the above procedures were not followed in that the OOP had been totally or partially by-passed by the authors or editors, sometimes with its agreement.

3.2. Printing — tendering procedures

3.2.1. In the majority of cases examined by the Court, proper tendering procedures appeared to be followed. However, two particular problems were quoted by the OOP as sometimes restricting the selection for invitation to tender. Firstly, time constraints may result in a demand for geographical limitations; secondly, not all printers are capable of meeting the technical requirements.

In these cases selection is made from a limited field of offers. The Court investigated 17 important cases where the two considerations mentioned above resulted in tendering being restricted to printers within easy reach of Brussels and Luxembourg. The OOP replied that it found such close contact necessary if correction and proof-reading stages were not seriously to delay production deadlines.

3.2.2. Of the publications placed with external printers in 1978, 47% by value were placed in Belgium (see Table 1). In slightly more than half of these, price comparisons between printers offering comparable technical facilities were limited by the more important role given to the geographical location.

⁽¹⁾ See paragraph 9.5.4.

TABLE 1
Geographical analysis of printing

Country	No of firms	Invoices, % by invoice value
Belgium	19	46.8
Denmark	2	1.4
France	7	7.8
Germany	12	27.4
Ireland	1	0.4
Italy	1	0.3
Luxembourg	2	9.6
Netherlands	1	2.9
United Kingdom	5	3.4
	50	100.0

3.3. Printing – production procedures

In 1978, 1 193 million A4 pages of publications were produced by the institutions. The largest single publication (48 %) is the Official Journal which is of an interinstitutional nature. Table 2 indicates where this output was printed:

TABLE 2

<i>Externally:</i>		%
Official Journal	48	
Others	<u>37</u>	85
<i>Internally: ⁽¹⁾</i>		
by OOP	9	
by institutions' own workshops	<u>6</u>	
	<u>100</u>	

3.4. Procedures in Commission

3.4.1. The Commission produces the vast majority of the Communities other publications (86 %). It is the only institution to produce an annual programme of publications.

3.4.2. In 1978, the Commission accounted for 532 million pages of publications. Its system for controlling this output was based on:

- (a) the authors for content (all Directorates-General or DGs),
- (b) the authorizing officers for expenditure (10 DGs),
- (c) specialist services for editing (four DGs),
- (d) the Consultative Committee of Publications (CCP) (see paragraph 3.4.4),
- (e) the OOP.

3.4.3. Apart from the CCP the most developed set of controls is operated by the four DG-editor services. Each service has its own specializations (i.e. statistics, scientific, information and general) and has considerable autonomy to operate its own system and budget appropriations for the control and assessment of publications and to establish priorities within the framework of budgetary and CCP allocations.

3.4.4. The Consultative Committee of Publications was created by Commission Decision on 8 June 1973 ⁽²⁾ to express an opinion on all publications appearing under the aegis of the Commission. The Decision relative to the organization and operation of the CCP ⁽³⁾ taken on 7 May 1975 sets out the principal topics on which the CCP may express an opinion. This covers all aspects of publications and control procedure as regards the Commission.

3.4.5. The CCP's main task is to examine the annual publication proposals submitted by the four DG-editors. On the basis of these, its own judgment and the advice of the authors and the OOP which is represented on the CCP, the CCP finalizes the programmes and indicates where the works can best be printed in the light of available budgetary and production resources, and the probable demand. It then submits these programmes in block for adoption by the Commission.

3.4.6. Various written criteria exist by which to determine what publications should be accepted for printing, whether a private publisher should be used, and whether a publication should be sold or issued free of charge. However, as far as the Court can establish, no written overall criteria exist which deal clearly, for the benefit of the CCP, the editors and the authors, with all the basic and interrelated questions of what output should be published and what should be communicated by other means.

3.4.7. While no publication should be accepted for production if not first approved by the CCP, factors such as size of print run, number of pages, format, cost and selling price for a given publication may later change

⁽¹⁾ See section 5.1.

⁽²⁾ SEC (73) 1948/3.

⁽³⁾ COM (75) PV 338.

without the CCP being consulted. These matters are determined by the author and editor services, in liaison with the OOP. There is no systematic comparative analysis showing the annual extent of these changes.

3.4.8. Since 1977 the CCP has operated a system of reading committees which evaluate critically for content but for the moment these operate only a *posteriori*. The CCP intends gradually to expand their effectiveness and influence to include pre-publication assessment where practicable. Its first report indicated that a greater control should be exercised by the author services over the intrinsic value of publications.

3.5. Procedures in other institutions

3.5.1. The institutions other than the Commission produced 86 million A4 pages in 1978 of which two publications (the Parliamentary Debates and the Court of Justice's Reports of Cases) accounted for half.

3.5.2. Unlike the Commission, none of these institutions has a publications' committee nor an annual programme (other than for budgetary purposes). Decisions to publish are taken by the Secretaries General (Registrar in the Court of Justice).

3.6. Private publishers

3.6.1. An alternative to publication by the institutions through the normal channels is for them to persuade private publishers to take over certain works for which a commercial market can be envisaged. Since 1975 DG XIII of the Commission has had about 150 scientific and technical works published in this way. The agreement with the private publisher varied from case to case, but essentially he accepted the financial risk of printing the work and of covering costs and profit margin through sales to a market which he had identified. In most cases the Commission received royalties but also agreed to buy a certain number of copies of the publication for its own use; in some cases the Commission also acted as a co-editor. Normally the private publisher agreed to emphasize the Commission's authorship on the publication's cover.

3.6.2. The obvious benefit to the Commission is that of ensuring an efficient communication of information at minimal cost. A disadvantage is the Commission being left to publish only the least financially interesting works.

3.6.3. It was noted that in the Commission, only DG XIII had works published in this way and that, as far as can be established, other institutions have rarely used this method of publication. It was also noted that the

OOP was involved neither in the decisions nor in the arrangements made with private publishers, which were normally made by DG XIII. See also paragraph 7.3.4.

3.7. General information periodicals

The Commission publishes a number of periodicals, from both Brussels and the External Offices, containing general information about the Communities. In addition the other institutions, and particularly the Parliament, publish regular reports on Community activities. When the Court asked why there was no coordination to produce joint publications as there was for the recent direct elections for European Parliament, the Commission replied that there was no similarity in the content of the Commission's and the Parliament's publications, each being adapted to the different readerships to which they were addressed.

4. DOCUMENTS

4.1. Production

Documents may take the form of final numbered documents, working documents, drafts or forms of copying including extracts from newspapers, books, etc. In 1978 the output was as shown in Table 3.

TABLE 3

	<i>Millions of A4 pages</i>
Printing – externally	48
– by institution's own workshops	<u>586</u>
	<u>634</u>
	<i>Millions of copies</i>
Photocopying – own machines	7
– rented machines	<u>53</u>
	<u>60</u>

4.2. Controls

The degree of control exercised over the production of documents varied from institution to institution. For example in the Commission where there was no central coordination and monitoring service, the reproduction services accepted all demands without question, except where they necessitated specific overtime or external work. On the other hand, in the Council and Economic and Social Committee such a service had an executive role in determining quantities.

5. INTERNAL PRINTING WORKSHOPS AND REPRODUCTION FACILITIES

5.1. Justification and development

5.1.1. Each institution except the Court of Auditors has established its own printing workshop which it uses principally for the production of internal documents. These printing facilities have developed gradually as the activities of the institutions have grown over the years. So far as the Court could ascertain, no formal decisions were ever taken by the institutions to set up these facilities. However, on setting up the OOP, in 1969 the institutions issued an 'interpretative declaration' which stated: 'It is understood that the institutions will not excessively increase the volume of equipment in their internal printing workshops.' In fact, between 1975 and 1979 the total output of the workshops increased by 34% (see Table 4), and is now a very considerable activity costing some 10 million EUA per year.

5.1.2. The Commission informed the Court that the prime objective of its workshops (Brussels and Luxembourg) was to meet a need for a simple reproduction service. It justified their existence and structure on two grounds:

(a) some 60% of the internal documents produced within its workshop related to budget or personnel matters having a certain confidentiality which made them unsuitable for external handling; and

(b) the pattern of working frequently required documents to be produced overnight or at weekends, when external production would be impracticable or costly. In fact, workshop staff frequently are employed on overtime (26 102 hours overall in 1979).

Other institutions emphasized the need for reliable and quick production of working documents. 89% of the output of the internal workshops (except that of the OOP) is documents, with publications being undertaken generally in slack periods.

5.1.3. The situation is somewhat different for the OOP whose office and printing workshop are located in Luxembourg town centre. The justification given in this case was the need for a full back-up facility in the event of the external printers of the OJ not being able to produce in accordance with their contracts. In fact, the OOP workshop has never been used for this purpose, the need never having arisen. However, it is used for the printing of other publications and reprints of the OJ.

5.2. Summary of workshop activities

Features of each institution's workshop activities are summarized in Table 4.

TABLE 4

	Growth 1975 to 1979 %	Theoretical annual capa- city in mil- lions of A4 pages	1979 output in millions of A4 pages	Capacity utilization %	For documents %	No of print machines
OOP	52	125	122	97.6	5	11
Commission						
Brussels	38	453 } 460	379 } 386	83.9	83	33
Luxembourg	-3 } 37					
Parliament (Luxembourg)	30	181	122	67.4	96	22
Council (Brussels)	3	125	105	84	98	15
Court of Justice (Luxembourg)	111	20	20	100	100	7
Economic and Social Committee (Brussels)	56	40	38	95	95	3
Total	34	951	793	83.4	77	91

5.3. Investment in equipment

5.3.1. The degree of capacity utilization varies from institution to institution. This is a natural result of the needs of the institution to invest in sufficient capacity to cover the peaks in demand which occur (e.g. Commission and Council meetings, Parliamentary sessions). The total capacity of all the workshops is about 951 million A4 pages (based on one daily shift) compared with a 1979 output of 793 million (see Table 4).

5.3.2. The Court has found no evidence of interinstitutional coordination for investment in or subsequent use of equipment. Only one example of shared facilities was noted (i.e. work carried out by the Commission for the Economic and Social Committee). Individually an institution may have invested in specific facilities (e.g. photocomposition, binding or quality printing); this is not made available to the other institutions, who may have to accept lower quality or use external services. For example, only the Parliament and the OOP considered it necessary to make major investments in *photocomposition* equipment, whilst for *binding*, only the Parliament and the Council maintain their own specialist services, the other institutions using external firms. The Court also noted that each institution produced its own documents; the interinstitutional OOP was not brought into these activities and its workshop was never used for documents other than its own.

6. PRINT RUNS, DISTRIBUTION AND SALES OF PUBLICATIONS

6.1. Justification for print runs

6.1.1. The size of a print run for a publication should be determined from the free distribution based on mailing lists, the anticipated sales and the requirement for stock.

6.1.2. During the audit it was established that records of distribution were generally analysed and maintained by each editor service in the above form. Final determination of the size of any print run was made by the control arrangements noted in paragraphs 3.4 to 3.6 above; initial proposals were however made by the authors or editors concerned. The workshops (or the OOP when consulted for external work) did not generally have authority to alter these demands. Neither did procedures exist to ensure consultation by the editors with the sales office and the stockrooms which should have an essential influence on the size of print runs. In an attempt to assess the degree of accuracy achieved by the various editors in all institutions a selection of 17 representative publications was examined and the effective use of the print runs was examined about one year after publication. The results are analysed in Table 5.

TABLE 5

<i>Average percentage of print runs</i>	
Initial distribution:	
Free external	51.8
Internal	11.4
Reserved for sales offices (via OOP)	<u>11.3</u> 74.5
Further distribution from institutions' stocks	3.4
Stocks remaining on hand in institutions	<u>22.1</u>
	<u>100.0</u>

The Commission informed the Court that it regarded a remaining stock level average of 20% to be reasonable, having regard to possible interest continuing over several years (but see paragraphs 9.4.2 and 9.4.3).

6.1.3. The size of print runs is in part the consequence of about half of the publications being printed in more than one of the official languages and many in all six. The Court was unable to establish that formal agreed criteria exist, for determining whether to print in more than one language, apart from the necessity of publishing texts with legal force in the appropriate official languages. The Commission stated that it preferred the CCP and OOP to be free to decide the needs in each case on their merits. 47% of Community publications were produced in 1978 in the original language only, 35% in all six languages (OJ excluded).

6.2. Distribution and sales policy

6.2.1. In 1975 the Commission approved ⁽¹⁾ guidelines proposed by the CCP for the distribution of publications. These covered the need to achieve a high degree of distribution selectivity and the need for good notification/publicity for new publications. They also established criteria for free issue or sale depending on the type of publication and the category of recipient.

6.2.2. One principle established by these guidelines was that publications of general information would normally be issued free of charge, whereas for specialized publications sale should be the rule. The guidelines contained the following conclusion:

⁽¹⁾ COM(75) PV 362 and SEC(75) 3886.

'The Committee concluded that there was no need for systematic free distribution except to some addresses on the obligatory list and that distribution to individuals should be avoided as far as possible since they often change their work.'

'Other readers listed on these card-indexes would only receive, where necessary, the list of Commission publications (and the publicity sheets) and would be invited to request individual titles. These should be distributed free of charge or against payment depending on the category of reader.'

In section 9 of this report the Court assesses the extent to which these guidelines have been followed by examining the distribution systems in operation and certain specific case applications.

6.2.3. Before the establishment of these guidelines, the CCP commented, in its 2nd Annual Report on the period up to 31 March 1975, that there was a great disproportion between sale and free distribution, sales representing only 5 to 10% of global print runs. (For the 17 cases summarized in Table 5 the average percentage of print runs allocated to sales was 11.3%, but it was not possible to calculate the actual sales. However, the cases selected show an average of 4.4% remaining in the OOP. It is thus possible to conclude that the difference of 6.9% was either sold or in stock at the national sales offices.) The Commission reported that sales increased by 162% between 1973 and 1980.

7. MANAGEMENT INFORMATION SYSTEMS

7.1. General

This section of the report deals with the costing information available for management. It records the use to which this data is or is not put and also illustrates specific areas where further data could assist in decision taking. Lastly it examines the overall structures in place for managing and coordinating publications and printing.

7.2. Extent of costing systems

7.2.1. The interpretative declarations established at the time of the creation of the OOP referred to the need for printing decisions based on an adequate costing system. In addition, the Financial Regulation⁽¹⁾ mentions a costing system but for a specific need, i.e. analyses of the cost of the OOP operations between the institutions.

(¹) OJ No L 356, 31. 12. 1977, Title X.

7.2.2. The costing system developed by the OOP appears to have been designed primarily to meet the latter requirement rather than the former. The system is based on tariffs (standard unit costs on a page or manhour rate) which are calculated to 'recover' an expected activity rate of the OOP production⁽²⁾ and publishing costs (its administration, tendering, contracting and sales activities are excluded – some 20% of the budget). While these tariffs are used for the 'invoicing' of institutions for publishing and printing work carried out for them by the OOP, no detailed analysis is made at the year-end either by the OOP or the institutions of the actual outturn in either detailed costs or activity terms. The system does not provide a comparison of detailed performance against predetermined standards. Nor are these invoiced amounts used by the customer institutions during the year to measure and control their demands (except to some extent within the Council). The year-end accounts of the institutions bear no figure for their share of the OOP activities, these all being included in the Commission's accounts (see paragraph 2.1.2).

7.2.3. In other words, the OOP costing system operates primarily to produce *pro-forma* invoicing for the institutions; this invoicing is too crude for any in-depth analyses or comparisons, and indeed such normal management controls are rarely used. In answer to the Court's criticisms of these weaknesses, the OOP replied that it considered it would at present be impracticable to implement a full costing system. The Council, on the other hand, took the view that the OOP should by its nature be run on semi-commercial lines, and it criticized the present costing system because:

1. It makes it impossible to assess with any degree of accuracy the drawing of budgetary credits, as an unspecified charge has always to be added to the OOP estimate.
2. It makes it impossible to check the real costs of any individual publication.
3. It makes it difficult to distinguish between projects which require the approval of the Advisory Committee on Procurements and Contracts⁽³⁾ and those which do not.'

7.2.4. The Commission's Brussels workshop's control document for each printing job records materials used on

(²) Costs of external printing are not included in this system – see paragraph 2.1.2.

(³) Financial Regulation, Article 54.

each job; labour hours are not recorded unless it is known that the work must be invoiced. Invoices when prepared are based on standard costs. The Commission stated that it too did not regard a full costing system as practicable, and that it would in any case not be justified since its workshop was sufficiently well supervised.

7.2.5. The *Parliament* records and charges material costs (but not labour hours) for work done for the political groups, noting these elements specially, but not for any other work.

7.2.6. No other costing systems for printing activities were found to be operated within the institutions.

7.3. Use of costing data in decision making

7.3.1. Section 7.2 has illustrated the limited costing systems in operation. The following paragraphs illustrate some miscellaneous aspects of publications and printing where the decisions taken by the institutions could be based on a greater knowledge of the economic background and consequences.

7.3.2. The Court requested the OOP to carry out a comparison of the external costs of printing with its own tariff costs for a sample of five publications. The result was that the tariff costs exceeded the external costs by percentages ranging from 18.2 to 104.4%. Even though these tariffs might overstate the OOP's costs the explanation offered by the OOP for these differences was:

- OOP equipment is used for only one daily shift of eight hours and expensive investment in capacity is therefore not used with maximum economy;
- the higher personnel and administration costs in the institutions.

Further comparison of costs is given in Table 6.

7.3.3. The Court has estimated the yearly cost (external printing plus OOP intervention) of issuing one copy of each complete OJ series to each subscriber (L + C + S and Tables) to be Bfrs 35 000. The subscription rates set by the OOP Management Committee were Bfrs 5 000 for 1979 and Bfrs 5 700 for 1980. The Council, represented in the OOP Management Committee, informed the Court that the Committee was in fact perfectly aware that subscription rates bore little relation to the real cost of the OJ.

7.3.4. Paragraph 3.6 refers to the cost and benefits of using private publishers. It should be pointed out that such detailed information was only available at the level

of the DG XIII editorial service. The Court has no evidence that the actual costing out of the benefits of these arrangements has been examined at the level of the CCP, OOP or by any other institution.

7.3.5. The CCP has, however, recognized the inadequacy of the overall cost data available for decision making. It has recently contracted with an external consultant to carry out a publications cost-efficiency study to be completed in 1981.

7.4. Management structures

The principal structures to manage and coordinate publications and printing are the CCP (paragraph 3.4.4), which operates for the Commission alone, and the Management Committee of the OOP, which is interinstitutional but is designed only to ensure the production of publications (not documents). It is not a policy-making body as the CCP is. There is no form of interinstitutional coordination for internal printing facilities, although as the Commission pointed out materials and practices do not vary much.

8. COST OF PUBLICATIONS IN 1978

8.1. General

This section of the report describes the Court's approach to the calculating of the cost in 1978 (the last complete year at the time of conducting the audit) of the publications and printing policies of the institutions. An attempt is made to quantify all the principal material elements involved with the exception of the cost of authorship and translation which is considered to be a part of the total basic fixed cost of the institutions themselves. (The cost of translations is estimated at 80 to 100 EUA per page). Certain relevant administrative costs may also have been omitted on the basis of immateriality to the overall situation or of the difficulty of isolating them. The calculation is shown in Appendix II giving total expenditure of 45 million EUA. The following paragraphs deal with the principal elements summarized therein.

8.2. External printing costs

The major part of this cost totalling 19.4 million EUA arose from publications. It consists of those costs of 17.7 million EUA (see Appendix I) which can be directly identified from the accounts plus 1.7 million EUA which can be found classified with expenditures other than publications.

8.3. OOP costs

TABLE 6

The accounts show an OOP budget cost of 9.7 million EUA under Article 287 (see Appendix I).

Average direct printing costs (1978)

8.4. Personnel costs

The Court ascertained that at 1 January 1979, the institutions, (excluding the OOP) employed in their workshops, distribution and publication services a total of 553 persons (see Appendix IV) at an estimated annual cost of 10.6 million EUA (6.886 + 2.775 + 0.898 million EUA).

8.5. Equipment purchase costs

The institutions provided details of the workshop and distribution equipment at 31 December 1978 from which the historical costs of acquisition could be computed (3.3 million EUA). On this basis the Court estimated that the total replacement cost of this equipment (excluding the OOP) was 4.7 million EUA; at an average life of six years, this gives an annual depreciation charge of 0.8 million EUA (622 000 + 24 000 + 134 000 EUA).

8.6. Rentals

8.6.1. Floor area of buildings rented by the institutions and taken up by the workshops, distribution and publication services, is calculated to 1.7 million EUA per year (1 060 000 + 544 000 + 122 000 EUA).

8.6.2. Photocopying equipment is rented at an annual cost calculated by the Court of one million EUA.

8.7. Sale of publications

The principal source of income results from the sale of publications by the OOP on behalf of the institutions. Sales for 1978 totalled 1.7 million EUA.

8.8. Summary

It is necessary to state that the above cost exercise does not appear to have been carried out elsewhere within the Communities. Nor were such costs readily or centrally available within the institutions' own information systems.

The Court has further allocated these costs between the three activities of publications, documents and photocopying, and cost centres. The results are summarized in Table 6.

EUA per 1 000
A4 pages

For publications:

(1 193 million pages/copies p.a. costing
32.3 million EUA = 27 EUA per 1 000)

— external printing of OJ	18.8
— external printing of other publications of	
Commission	13.7
other institutions	37.9
— OOP workshop's printing of OJ reprints and other publications	18.1

For documents:

(634 million costing 11.4 million EUA
= 18 EUA per 1 000)

— external printing	8.5
— internal printing by workshops ⁽¹⁾ of	
Commission	11.0 (2)
Parliament (Luxembourg)	23.1
Council	24.2
Court of Justice	19.4
Economic and Social Committee	11.4
Overall	15.4

— photocopying
(60 million costing 1.3 million EUA
= 22.0 EUA per 1 000)

Total 1 887 million pages/copies at an overall cost of 45.0 million EUA

9. EVALUATION OF CONTROL OF PUBLICATIONS

9.1. Audit tests

The Court has made random audit tests to determine whether there is any waste in the Communities' usage. It accepts that the usefulness of publicity and information, (whether these are based on political viewpoints, economics, statistics or other aspects) cannot be measured in an audit context. Nor can other assessments of quality or value of content be made. Nevertheless the following records of audit tests may provide some further cases for doubting the soundness of the financial management.

(1) No workshop exists in the Court of Auditors.

(2) Based on total output including publications (17%).

9.2. Mailing lists – systems

9.2.1. Each institution maintains its own set of mailing lists for publications ⁽¹⁾ as follows:

TABLE 7

	<i>Approximate No of addresses</i>
OOP	30 000
Commission (Brussels)	125 000
Commission (Luxembourg)	100 000
Parliament	37 000
Council	4 000
Court of Justice	1 400
Economic and Social Committee	<u>Not available</u>
	<u>297 400</u>

9.2.2. No comparison or check of these mailing lists appeared to have been undertaken on an interinstitutional basis. Nor, with isolated exceptions, did the Court find evidence of a systematic circularization, confirmation and editing procedure to ensure the usefulness of the mailing lists of the Commission. Whatever editing had taken place had been on *ad hoc* basis at the initiative of individual editors.

9.2.3. In its 6th Annual Report ⁽²⁾ the CCP commented as follows: 'The present state of our mailing lists, which are still processed manually, makes efficient distribution of free material impossible. Flaws in the system (duplication, lack of selectivity and so on) are not only costly but exceedingly damaging to the Commission's image as a publisher; taxpayers receiving more than one copy of the same publication are quick to point to the waste of public money'. Both the OOP and the Commission informed the Court that they were well aware of the need to improve controls over mailing lists. Since 1976, they had the intention of putting these lists on a common computerized system (SAGAP), but for a number of reasons this had not yet been realized. They hoped that this system could be introduced during the course of 1981, and that sufficient controls could be built into it to obviate duplication, obsolescence, and excessive issues. Unfortunately, systematic editing of mailing lists had in the meantime been effectively postponed, in anticipation of the ease of access which computerization could provide.

⁽¹⁾ Not yet existing in the Court of Auditors.

⁽²⁾ SEC(79) 741.

9.3. Mailing lists – case applications

9.3.1. The most important of the OOP's lists is for the OJ. This has an average print run of approximately 20 000 of which about 9 300 copies went to paying subscribers, 4 200 to the institutions and the balance to free distribution (1 900), sales offices (1 100) or stock (3 600).

9.3.2. The 4 200 OJs for the use of officials were sent in block by the printers to each institution which thereafter carries out its own internal distribution. Although the distribution service of each institution and of the OOP required a written demand from a head of service for any new recipient of the OJ, in no case did the Court find evidence of a systematic (e.g. annual) procedure to obtain confirmation from each service that its OJ demands were fully justified by working needs, though the Commission stated that certain (unspecified) regular checks were carried out. Appendix III shows how the OJ is allocated to the officials of the institutions.

9.3.3. Most of the 1 900 on the free mailing list were included because of their occupation, as institutions (e.g. official libraries, government agencies, universities) or as individuals (titular heads of institutions, journalists, etc.); none of these was asked whether it needs continued full distribution. Certain other individuals had applied for and been granted free distribution because of special interests; in their cases only, annual confirmation was sought that they wished distribution to continue.

9.3.4. Probably the second largest mailing list is for DG X's fortnightly Euroforum. Up until 1978 this had a print run of approximately 30 000. Subsequently it was decided to distribute more widely and the print run has been more than doubled. The overall distribution and input/editing for the mailing list is managed by DG X Brussels. Of the addressograph plates, 58 000 are maintained in Brussels and 19 000 in Luxembourg. However, no physical listings of the recipients have ever been produced, and distribution to all recipients is carried out by the OOP.

9.3.5. Another publication freely distributed is the Staff Courier, which was originally issued as a medium for administrative notices to the staff. Though it no longer performs this task, the Commission points out that it is the only house magazine published by the institutions. 21 645 copies of this are freely issued on a 1 for 1 basis to all staff (Appendix III), to all retired officials, and other interested parties. Printing costs of producing the 11 editions in 1979 are estimated at 200 000 EUA. The disparity between staff numbers and usage was explained by the Commission as being due to a reserve margin needed to ensure every member of staff received one.

9.4. Stock of publications

9.4.1. Stocks of publications are held by all the institutions. The principal stocks of the Commission are kept in Zaventem (Brussels), Bâtiment Meis (Luxembourg) and the OOP (Luxembourg). Full continuous manual records of stock quantities are maintained for Zaventem and by Bâtiment Meis but not by the OOP. Nor do the Council, the Court of Justice or the Economic and Social Committee have such records. The Court was not shown any evidence of continuous stock records kept by the Parliament.

9.4.2. The principal stocks of the OJ are kept by the OOP. Comprehensive stocks are kept only of OJs of the last two years. The Court noted that about 17% of a typical OJ print run was initially allocated to stock. A random sample of 1977 OJs selected during the audit revealed an average of about 10% of the print runs remaining after two years (i.e. 59% of initial stock). At an average print run of 20 000 copies, this equals some 2 000 copies (at Bfrs 35 000 annual cost per copy).

9.4.3. For other publications, audit visits to the storerooms and certain external offices of the Commission revealed 41 cases of stock quantities which appear excessive in relation to the original stock allocations. These cases showed an average of 72% of the original stocks (allocated mainly between 1976 and 1978) still remaining as of October/November 1979.

9.5. Sales and pricing

9.5.1. The Commission's sales policy is described in section 6.2. In fact the majority of the publications of the Commission are now priced for sale despite the fact that the demand from paying customers is minimal when compared to the degree of free distribution. The justification given for this was that the price conveyed a certain value to the recipient despite the fact that he may not have paid to obtain it.

9.5.2. With the exception of the OJ (paragraph 7.3.3), the theoretical basis of pricing publications adopted by the Commission is two or three times the cost of external printing. A sample of 53 publications taken from the 1979 programme produced an average of 2.2 times, but individual cases varied between 1.1 and 3.8 times. This range can be explained by the fact that the price is decided on by the author after a proposal from the OOP. The use of only the external cost as a basis means that none of the costs incurred by the OOP is taken into consideration, despite the fact that they should be quantifiable from the OOP's costing system.

9.5.3. When it comes to pricing the OJ by the Management Committee of the OOP, no attempt is made to relate to costs (see also paragraph 7.3.3) and the emphasis is placed on what the market would bear and how similar publications in the Member States are priced. This approach is now also being considered by the OOP for other publications; they have proposed that: 'for the duration of the 1980 publications programme (the Commission) apply, on an experimental basis, pricing criteria and advertising techniques tailored to the prevailing market conditions'.

9.5.4. In addition to the information disseminated through the headquarters, the Commission also publishes through its Press and Information Offices located in the Member States, and in various non-Member countries throughout the world. The main output of these offices is their monthly magazine. Twelve offices produced magazines in 1978 with a total print run in the year of 2.1 million copies, at an overall cost (excluding journalist fees) of 642 000 EUA. Of the 12 magazines four were put on sale at annual subscriptions ranging from 4.36 to 6.44 EUA, but the others (and for the bulk of their issue these four) were issued free of charge. The Commission stated that their policy in this respect was to distribute most of these publications free-of-charge; but certain publications would bear a sales price to:

- (a) benefit from postal tariffs on saleable publications;
- (b) liken them to similar publications sold privately; and
- (c) identify their intrinsic value.

It is noteworthy in this respect that the European Parliament in its discharge report on 1978 accounts referred to the possibility of charging for publications (PE. 62.208).

9.5.5. In seven Member States, the national publications or stationery office acts as a sales office and holds consignment stocks for the OOP. The Court found that only three of these report stock movements in such a way as to permit adequate checking of sales returns by the OOP. The OOP pointed out that it had no way of ensuring that the national sales offices conformed to minimum control procedures.

10. COMMENTS BY THE COURT OF AUDITORS

10.1. General

The Court appreciates that Community publications, if well edited, can provide a useful publicity service in

keeping with the objectives of the Community, and that Community law must be published (generally in the Official Journal). It appreciates that this should be the prime purpose and essential nature of the institutions' role of communicating the activities and viewpoints of the Communities. In deciding to examine the areas of publishing, printing and reproduction, it has had the objective of assessing the quality of financial management in fulfilling this role of communication, and of using resources to the best effect. As mentioned before, the estimated annual cost of these activities is + 50 million EUA, and the volume of output is 1 887 millions of sheets in 1978. The growth in the cost and volume of this output, the varied nature and objectives of the individual types and the alternative methods of reproduction are all factors which need a high degree of management and financial control and it is in this light that the following comments are made.

10.2. Publications policy and controls

10.2.1. As stated in paragraph 3.4.6, although various guidelines have been formulated at different times to cover different aspects of publications activity, much is left to the individual discretion or decision of the authors, editors, the CCP or the OOP and their decisions must in many cases be subjective. The Court considers that criteria and procedures dealing with all the publication stages (from the decision as to what type of data should be published the means of communication, the number of languages required, size of print runs, to whom it should be distributed free, who should be charged and the prices), would provide an additional but important management control. The Court therefore recommends that the Commission in consultation with the other institutions should firstly prepare a statement of broad and common principles of its information and publication policy and then prepare detailed and comprehensive criteria and procedures for day to day application.

10.2.2. The existence of the criteria and procedures suggested above should not only serve as a means of strengthening the consultative role of the CCP but also provide it with the means of exercising a stronger control function than heretofore. The Court suggests that the existing control be extended so as to develop *a priori* evaluation of publication content by the CCP and its reader committees, and that systematic reviews of the outturn of the publications programmes should be undertaken annually. The other institutions should consider the introduction of a similar system of formal control.

10.2.3. The Court would also hope to see a greater management awareness of the economics and other

advantages that might result from combining or exchanging material between services and institutions.

10.3. Publications print runs and distribution

10.3.1. Whilst the purpose of a good publications service is to inform and influence parties concerned, regard should always be had to the economies of such activities. The guidelines for distribution approved by the Commission (paragraph 6.2.1) took due account of this aspect, but these do not appear to have always been followed. Thus systematic free distribution of publications is the rule rather than the exception (paragraph 6.1.2) and, with certain limited exceptions, e.g. the OJ, sales make up a very small percentage of print runs (paragraph 6.2.3). Mailing lists which contain inaccurate or duplicated addresses or are out of date lead to wasteful distribution. There has been a lack of control over these lists, and this has been exaggerated by the policy of issuing on request rather than by purposeful selection (paragraphs 9.2.2; 9.2.3 and 9.3.3). The Court therefore recommends that each institution, to reduce wastage and avoid duplication, introduce:

- (a) a procedure of systematic control over distribution by regular reviews of lists of free addresses;
- (b) a set of formal controls and strict criteria for the addition of addresses to the mailing lists;
- (c) and even for certain publications a system of seeking from the addresses annual confirmation that they still wish to receive their copy.

These procedures should be based on and form part of the overall criteria and procedures suggested in paragraph 10.2.1. Much of this should follow from the computerization of the Commission's mailing lists, which operation has been in preparation for four years. The Court wishes to emphasize the importance it attaches to the proper completion of this computerized system which should be extended to all the institutions as soon as possible.

10.3.2. Print runs of the institutions should be based not only on reliable lists of justified demand, but also on informed estimates of sales and stock requirements. The Court established that such estimates were not, and in fact could not be made because of the lack of basic historical records, e.g., sales statistics and in some locations stock records. The result of inadequate procedures and records has been a degree of overprinting as shown by the number of excessive stocks remaining after long periods (paragraphs 9.4.2 and 9.4.3). The

Court recommends that proper stock records of publications (all institutions) and sales statistics (OOP) be set up as a management information base for setting future print runs. It also suggests that print runs be reduced to accord with lower levels for stock, particularly for costly periodicals.

10.4. Management and financial data

10.4.1. The costing and financial data used by the Court in this report were obtained from many different sources throughout the institutions. None however was readily or centrally available from information systems already in existence and the Court and certain institutions regard this as a definite weakness. Section 7.2 and paragraph 7.3.3 point out that where costing systems do exist they are both incomplete and not utilized in management decisions. There are several obvious areas where management decisions or assessments should not be made without full knowledge of the likely economic consequences; for example choice of method of reproduction, external or internal printing, efficiency of print workshops, use of private publishers. The Court recommends that:

- (a) the costing systems currently in operation be re-examined in the light of the Courts comments and on the basis of more precise definitions of the information that management actually requires;
- (b) in future all management decision or advisory bodies (such as the authors, editors, CCP, OOP, Management Committee or any new interinstitutional coordination group) insist on presentation of all relevant financial data before issuing decisions or opinions concerning publishing, printing and reproduction.

10.4.2. The Court was particularly surprised at the vagueness with which publications were costed and priced. If, as suggested, one purpose of this exercise was to make recipients conscious of the 'value' of any publication, then the Court considers this more likely to be achieved if the price stated is realistic. This should make authors, editors and publishers more cost conscious, a worthwhile end in itself. The Court therefore recommends that in the immediate future, all decisions as to the pricing of publications be taken in the light of costing data which should be progressively improved (paragraph 7.3.3, 9.5.2 and 9.5.3) and in the awareness of the degree of subsidization involved.

10.4.3. One further by-product of an improved costing system at the OOP should be to improve

estimation of production costs which should place that Office in a better position to evaluate alternative means and locations of production. The Court encourages such an approach, and the use of the expert view of the OOP in decisions by all institutions.

10.5. Investment in printing facilities

10.5.1. Equally there is a pressing need for cost-consciousness in the production of documents. Section 5 records the growth in the internal print workshops of the institutions and of the OOP. It points to the lack of evidence of interinstitutional coordination of this growth and investment and the lack of shared facilities. The present autonomous approach coupled with the use of external printers, binders etc., cannot be regarded as the best financial management of Community funds.

10.5.2. In this respect, the Court recalls the justification given for the existence of the OOP workshop which was as a back-up facility for the printing of the OJ. As the OOP workshop has never been used for this purpose nor for the printing of documents the Court is uncertain as to its present objectives. It recommends that an interinstitutional group be established to review the present facilities of the various printing workshops and to consider:

- (i) how the use of these facilities may best be coordinated;
- (ii) whether there exists the need for a central (OPP) workshop, or indeed whether this should be developed to undertake the bulk of document printing for all institutions leaving only the urgent work to be undertaken in-house;
- (iii) on all future developments of any workshop; and
- (iv) the differing production rates and costs of these workshops having regard to their varied objectives.

10.5.3. The Court trusts that a more critical approach to the internal demands made on the reproduction service will be developed. It is perhaps illustrative to recall that the institutions print or photocopy for internal use 694 million sides of A4 a year – that is just over three million a working day, or 233 per official per day (in fact, some of this is distributed to delegates as well as officials). The Court suggests there must be scope for reducing the expenditure of 12.7 million EUA per year

on internal documents, without loss of efficiency. It recommends that there should be:

(a) more internal publicity regarding the costs involved, as in Table 6;

(b) spot checks on demands (see paragraph 4.2) both on internal printing and photocopies;

(c) reduction of print runs, and regular management review of the wastage level on regular documents.

Adopted by the Court of Auditors on 8 January 1981.

For the Court

President

Michael N. MURPHY

APPENDIX I

Costs directly identifiable from the accounts

(in thousands of EUA)

Budget article	External printing costs								OOP costs		Total	
	Official Journal (OJ)		General and statistical publications		Receipts re-employed ⁽¹⁾		Total		1978	1979	1978	1979
	1978	1979	1978	1979	1978	1979	1978	1979				
	270		271						287			
Commission	6 666	7 894	3 647	3 668	668	884	10 981	12 446	9 743	11 278	20 724	23 724
Parliament	1 308	1 493	2 024	2 416	—	—	3 332	3 909	—	—	3 332	3 909
Council	2 010	2 135	332	379	35	145	2 377	2 659	—	—	2 377	2 659
Court of Justice	126	126	469	821	84	29	679	976	—	—	679	976
Economic and Social Committee	206	224	55	110	—	—	261	334	—	—	261	334
Court of Auditors	109	174	—	7	—	—	109	181	—	—	109	181
Total	10 425	12 046	6 527	7 401	787	1 058	17 739	20 505	9 743	11 278	27 482	31 783

(¹) The receipts re-employed are taken from the income and expenditure accounts. They only cover a portion of receipts from sales of publications, the balance being booked directly to income in the accounts. The accounts show no re-employment of receipts for the Parliament, ESC and Court of Auditors.

APPENDIX II
Overall 1978 costs

(in thousands of EUA)

	OOP	Commission	Parliament	Council	Court of Justice	Economic and Social Committee	Court of Auditors (1)	Total
<i>Ext. Printing</i>								
— publications	—	12 252	3 332	2 375	679	261	109	19 008
— documents	—	406	—	—	—	—	—	406
<i>OOP (including workshop)</i>	9 814	—	—	—	—	—	—	9 814(2)
<i>Workshops (other)</i>								
— personnel	—	2 509	2 002	1 936	195	244	—	6 886
— equipment purchase	—	282	155	123	31	31	—	622
— equipment rentals	—	255	—	—	—	—	—	255
— rents	—	517	197	292	30	24	—	1 060
— paper etc.	—	728	254	199	25	59	—	1 265
— income	—	1	30	1	—	—	—	32
<i>Photocopying</i>								
— equipment purchase	—	24	—	—	—	—	—	24
— rentals	—	559	176	244	46	7	14	1 046
— paper	—	108	9	27	3	1	3	151
— maintenance	—	56	—	—	—	—	1	57
<i>Distribution</i>								
— personnel	—	1 180	700	880	15	—	—	2 775
— equipment purchase	—	91	25	13	—	5	—	134
— rents	—	434	39	61	—	10	—	544
— postage etc.	—	1 210	150	228	14	104	—	1 706
<i>Publication Services</i>								
— personnel	—	500	170	205	23	—	—	898
— rents	—	93	10	19	—	—	—	122
— income	—	1 307	140	192	46	12	—	1 697
Total 1978 cost	9 814	19 896	7 049	6 409	1 015	734	127	45 044

(1) Court's first year of operation.

(2) Adjusted for use of stocks and depreciation.

APPENDIX III

Institutions' use of OJ and Staff Courier

	OJ, L and C Series			Staff Courier	
	Personnel as of 31. 12. 1979	No of copies	No per head	No of copies	No per head
Commission (excl. research)	9 253	2 670	0.29	11 250	1.22
Parliament	1 915	635	0.33	2 060	1.08
Council	1 492	235	0.16	1 650	1.11
Court of Justice	324	192	0.59	600	1.85
Economic and Social Committee	347	165	0.48	325	0.94
Court of Auditors	192	70	0.36	160	0.83
Total	13 523	3 967 ⁽¹⁾	0.30	16 045 ⁽²⁾	1.19

⁽¹⁾ Plus 200 copies for delegations, Ministries and permanent representatives.

⁽²⁾ Plus 2 500 for the research centres, 2 900 for external distribution and 200 for stock.

APPENDIX IV

Numbers of staff on publication duties in the institutions

	Workshop	Distribution service	Public service	Total
Commission (Brussels)	119	52	22	193
Commission (Luxembourg)	13	13	—	26
Parliament (Luxembourg)	110	37	4	151
Council (Brussels)	102	48	7	157
Court of Justice	11	1	1	13
Economic and Social Committee	13	—	—	13
Total	368	151	34	553