

Why GAO Did This Study

Agencies can improve their efficiency through the use of shared services, which are often financed through intragovernmental revolving funds (IRF). GAO was asked to (1) identify key operating principles the Commerce Departmental and Census Bureau Working Capital Funds (WCF), which are one type of IRF, should follow to ensure appropriate tracking and use of federal funds and (2) evaluate how departmental and Census policies and procedures for managing these WCFs reflect these principles. GAO identified four key operating principles based on a review of governmentwide guidance on business principles, internal controls, managerial cost accounting, and performance management. GAO also discussed the reasonableness of the principles with staff of the two WCFs and the Office of Management and Budget; these staff generally found the principles to be reasonable. GAO reviewed WCF authorizing legislation and statutory authorities, analyzed agency policies and data, and interviewed agency officials.

What GAO Recommends

GAO is making seven recommendations to improve the management of the two WCFs, including updating and consolidating WCF guidance, establishing a process to measure WCF performance, and examining opportunities to consolidate certain WCF services. The Commerce Secretary agreed with all of our findings and recommendations and has directed managers of both the departmental WCF and the Census WCF to begin implementing GAO's recommendations.

View [GAO-12-56](#). For more information, contact Denise M. Fantone at (202) 512-6806 or fantoned@gao.gov.

INTRAGOVERNMENTAL REVOLVING FUNDS

Commerce Departmental and Census Working Capital Funds Should Better Reflect Key Operating Principles

What GAO Found

Four key operating principles offer a framework for effective WCF management:

- Clearly delineate roles and responsibilities
- Ensure self-sufficiency by recovering the agency's actual costs
- Measure performance
- Build in flexibility to obtain customer input and meet customer needs

Commerce and Census guidance do not identify the roles and responsibilities of all key WCF personnel. While all involved had a clear informal understanding of who is responsible for managing the Departmental WCF, Commerce's guidance does not discuss its CFO Council—an entity with an important role related to WCF increases and changes. Census lacks a process to coordinate and consolidate information managed by disparate divisions and ensure appropriate tracking of funds. There are also opportunities for the agencies to achieve greater management efficiencies by consolidating certain WCF services.

Commerce has a transparent process to ensure recovery of actual costs. However, Census' process could be more transparent. The Commerce Departmental WCF's rate setting and review processes are clearly described, coordinated, and designed to recover actual annual costs. Entities such as the Commerce CFO Council and algorithm review group help to facilitate shared understanding among fund managers, customers, and service providers. Census has a fragmented and limited description of its processes and lacks a formal process to communicate with customers. Census customers GAO spoke with had a mixed understanding about how certain WCF costs are determined, limiting their ability to make appeals and suggest improvements.

Both WCFs could benefit from performance measures that assess operational effectiveness. Commerce and Census have identified performance measures related to organizational strategic goals. However, neither has established WCF operational performance measures such as responsiveness to customer inquiries and billing error rates. Moreover, both WCFs support similar management and administrative services that could potentially be consolidated.

Both WCFs obtain customer input and have flexibility to adjust to customer needs, but challenges exist. In general, customers GAO interviewed said they had regular and ongoing discussions with fund managers or service providers. At Commerce, its CFO Council and WCF managers periodically assess and shift resources to address changes in customer needs and prioritize requests for services. However, the statutory cap on one bureau's payments into the WCF limits the level of services that can be provided to all Commerce bureaus. To provide services beyond the capacity of the WCF, Commerce enters into a memorandum of understanding with specific customers. The Census WCF's ability to build and maintain an operating reserve helps to provide price stability for customers throughout the decennial census cycle when the costs of management and administrative services supported through the WCF fluctuate dramatically. Similar to Commerce, Census has the flexibility to provide additional services by billing customers directly.