



Highlights of [GAO-12-289](#), a report to the Subcommittee on Commerce, Justice, Science, and Related Agencies, Committee on Appropriations, House of Representatives

Why GAO Did This Study

The Department of Justice's (Justice) working capital fund is intended to provide increased efficiencies in how the department funds and offers shared services—such as payroll, telecommunications, financial services, mail, and publications—valued at over \$1 billion annually. Ensuring that the working capital fund is managed as efficiently as possible could allow Justice to use saved resources for other departmental priorities. GAO was asked to determine how Justice (1) manages its working capital fund to promote compliance with applicable fiscal laws and key operating principles, (2) communicates shared services rates with customers, (3) measures performance to evaluate whether fund activities are contributing to agency goals, and (4) ensures that its excess unobligated balances are used in accordance with legal authorities and managed so that Justice can make well-informed funding decisions. GAO reviewed statutory authorities, analyzed Justice policies, interviewed budget and finance officials, and conducted focus groups with some shared services customers.

What GAO Recommends

GAO is making three recommendations to improve the management of the working capital fund, including providing opportunities for two-way substantive communications with customers and developing performance measures for the fund. Justice generally agreed with our findings and recommendations and noted that it will continue to explore ways to address the issues we identified.

View [GAO-12-289](#). For more information, contact Denise M. Fantone at (202) 512-6806 or fantoned@gao.gov.

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DEPARTMENT OF JUSTICE

Working Capital Fund Adheres to Some Key Operating Principles but Could Better Measure Performance and Communicate with Customers

What GAO Found

The Justice Management Division (JMD), the component responsible for managing the working capital fund, effectively tracks fund functions to ensure adherence to applicable fiscal laws and sound management practices. For example, JMD has well-established policies and procedures for tracking and monitoring the four working capital fund functions so that the fund adheres to authorized purposes. Further, JMD structures its reimbursable agreements with customers to facilitate adherence to the Economy Act—the statutory authority underlying most of JMD's customer orders. JMD also clearly delineates roles and responsibilities, which allows customers to know who to contact with questions and clearly assigns responsibility for obligating and expending funds. Justice also ensures the fund's self-sufficiency by recovering total costs for the provided services. These actions are consistent with two of the four key operating principles for working capital funds.

Customers noted positive benefits from Justice's shared services but seek more information on rate structures and want assurances that fund costs are equitably distributed. For example, customers said they valued the breadth of services offered as well as the experience of fund staff but wanted to better understand the basis for shared services rates and more opportunities to discuss billing concerns and service changes with JMD. Officials expressed surprise at these concerns. They noted that informal information sharing on rates and rate structures happens regularly, but explained that each staff director has his/her own way of communicating with customers and acknowledged that some may be better at providing customer support than others.

JMD does not systematically measure important aspects of shared service provision and working capital fund management. For example, JMD tracks workload measures such as the number of transactions processed, but does not assess customer satisfaction with shared services. It also does not have measures to assess how effectively it manages the fund, such as whether managers are responsive to concerns about shared service rates or billing issues—areas with which customers have expressed concern. Absent a formal mechanism for customers to provide timely and regular feedback, JMD cannot sufficiently assess whether customer needs are met or have changed. JMD also has not assessed its shared services rates to know whether they provide a good value to customers. If available, specific working capital fund-level performance information would allow JMD to regularly compare actual performance with planned or expected performance. Further, a corresponding management review process could help JMD achieve the efficiencies that working capital funds were designed to produce, potentially freeing up resources that could be realigned for other departmental initiatives. Lastly, performance measures aligned with strategic goals can be used to evaluate whether and how working capital fund activities contribute to departmentwide goals and crosscutting initiatives.

Justice has processes to ensure that excess unobligated balances are used in accordance with legal authorities. It also has an established process to make well-informed decisions on how to spend available funds. However, JMD budget officials told us that these balances were unavailable for departmentwide priorities in recent years because they have been used to meet rescissions.