GAO
Highlights

Highlights of GAO-17-59, a report to the Chairman, Permanent Subcommittee on Investigations, Committee on Homeland Security and Governmental Affairs, U.S. Senate

December 2016

PERMANENT FUNDING AUTHORITIES

Some Selected Entities Should Review Financial Management, Oversight, and Transparency Policies

Why GAO Did This Study

While the annual appropriations process provides a regular venue to exercise Congress's power of the purse and conduct oversight, Congress has provided some entities with permanent funding authority, allowing them to collect and obligate funds outside of the annual appropriations process.

GAO was asked to review entities with authority to collect and obligate funds without further congressional action. This report (1) describes the different types of these authorities for entities funded by fines and penalties and for regulatory entities, and (2) assesses selected entities' policies and procedures to manage funds and facilitate oversight.

GAO selected five case studies to represent a diversity of permanent funding authorities in terms of collection type, entity size, and other factors: APHIS, CFPB, the CVF, the Trust Fund, and PCAOB. GAO reviewed laws, policies, procedures, and other documents. GAO also interviewed officials from these entities, their inspectors general, and others, and analyzed data from OMB and the Consolidated Financial Statements of the U.S. Government.

What GAO Recommends

To ensure efficient resource use, APHIS, CFPB, and SEC—in its oversight of PCAOB—should review reserve targets. To facilitate oversight, SEC should establish time frames for PCAOB's annual report. The Department of Agriculture, CFPB, PCAOB, and SEC agreed with GAO's recommendations.

View GAO-17-59. For more information, contact Susan Irving, Director for Federal Budget Analysis at (202) 512-6806 or irvings@gao.gov.

What GAO Found

Permanent authorities to collect and obligate fees, fines, penalties and other funds without further congressional action vary in the degree to which Congress retains control over collections and obligations or delegates control to the entities that administer them. For the purposes of this report, GAO refers to these legal authorities as permanent funding authorities. GAO examined five case studies that illustrate the variation in permanent funding authorities: the Department of Agriculture's Animal and Plant Health Inspection Service (APHIS); the Consumer Financial Protection Bureau (CFPB); the Department of Justice's (DOJ) Crime Victims Fund (CVF); the Gulf Coast Restoration Trust Fund (Trust Fund); and the Public Company Accounting Oversight Board (PCAOB), overseen by the Securities and Exchange Commission (SEC).

Permanent funding authorities vary on three key dimensions: control over the amount of collections, control over use of collections, and autonomy over budget. For example, in some cases entities with these authorities, such as APHIS, control the amount of collections, while in other cases, such as the CVF, another entity, such as the courts, controls collections. There may also be statutory timing, amount, or purpose limitations on the use of collections. Moreover, under varying administrative structures, the entity may have the autonomy to formulate and execute its own budget, or its budget may be subject to review by external entities such as the Office of Management and Budget (OMB). Because government-wide data sources were not designed to inventory or analyze statutory authorities, they do not provide comprehensive information on permanent funding authorities.

All entities GAO examined have policies and procedures to manage and report on their permanent funding authorities. Some, however, could improve practices to manage funds and report information that facilitates oversight. GAO previously found that it is important for entities with operating reserves to establish appropriate target amounts to help ensure they use federal resources efficiently and responsibly. Neither APHIS, CFPB, nor PCAOB has analyzed program costs and risks to ensure that their operating reserve targets reflect current needs and probable contingencies. In addition, in the past 5 years PCAOB has reported its annual audited financial statements as early as April or as late as October of the following fiscal year. As a result, Congress and SEC may lack timely information to facilitate oversight. PCAOB is a nonprofit corporation created by Congress and, unlike federal agencies and certain other entities, it does not have a required time frame for publishing its financial statements.