

GAO Highlights

Highlights of [GAO-20-263](#), a report to congressional committees

Why GAO Did This Study

Moving to shared services is one way agencies can operate more efficiently. WCFs provide a way to centralize and simplify the funding of shared services. HUD's WCF was established in 2016 to provide HUD offices services on a cost-reimbursable basis. The fund currently finances services from external federal shared service providers—the Departments of the Treasury (Treasury) and Agriculture (USDA).

Congress included a provision for GAO to evaluate HUD's WCF. This report examines the extent to which HUD (1) delineated WCF roles and responsibilities and established performance measures, (2) established a transparent and equitable process to recover WCF costs, and (3) developed processes to obtain WCF customer feedback.

GAO analyzed agency documentation of WCF management and financial and budget data, using its work on effective WCF management and unexpended balances as criteria. GAO interviewed HUD, Treasury, and USDA officials and conducted three focus groups with WCF customer offices.

What GAO Recommends

GAO is making three recommendations to HUD on its WCF: define roles for achieving efficiencies; assess results of its analyses; and conduct periodic reviews of business lines. HUD agreed with two and sought additional clarification on one. GAO clarified the recommendation based on further discussion with HUD.

View [GAO-20-263](#). For more information, contact Tranchau (Kris) T. Nguyen at (202) 512-6806 or nguyentt@gao.gov.

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WORKING CAPITAL FUND

HUD Could Improve Management to Better Achieve Efficiencies and Help Ensure Customer Satisfaction

What GAO Found

The Department of Housing and Urban Development's (HUD) Working Capital Fund (WCF) is a self-sustaining fund that collects fees from HUD customers to pay for services needed across the department. HUD's WCF finances human resource (HR) and financial management related services provided by external federal shared service providers.

HUD defines most roles and responsibilities in its WCF handbook—the primary reference guide for WCF operations—and has established performance metrics. In addition, in response to GAO's review, HUD updated its handbook in February 2020 to include more current and complete information on existing WCF policies and procedures. However:

- HUD has not defined who is responsible for identifying and implementing opportunities for achieving efficiencies with service usage, including roles for the business process analyses it periodically conducts.
- HUD has not assessed the results of the business process analyses, or how those results could contribute to supporting efficient service delivery.

Clearly defining WCF roles and assessing the results of its analyses can help HUD better manage the WCF and improve its ability to identify, monitor, and potentially realize cost savings and other efficiencies.

GAO found that HUD has a process designed to equitably and transparently recover the WCF's costs for externally provided federal shared services. Prior to February 2020, it had not fully documented existing policies for managing the WCF's unexpended balances and operating reserves. However, HUD has since established its operating reserve policy that reflects all of the ways that the operating reserve can be used, such as to provide pricing stability to customers and ensure continuity of WCF activities in case of funding disruptions. Written documentation of such policies is essential to ensure that funds are managed appropriately and consistently over time.

Finally, the WCF Committee has not conducted periodic reviews of shared services to help ensure effective management, strong performance, and customer satisfaction. Officials from both business line offices—the Office of the Chief Human Capital Officer (OCHCO) and Office of the Chief Financial Officer—stated that they use a variety of mechanisms to obtain customer feedback on services. However, WCF customers in two of three focus groups GAO held said that they have not been given opportunities to provide feedback on the overall quality of services they receive, and some participants shared specific concerns with HR services. Officials from OCHCO—the office that oversees HR services—told GAO they are aware of customer concerns, plan to take additional actions to obtain customer feedback, and acknowledged the need for periodic reviews called for in the WCF Committee Charter.

Until such reviews are conducted to regularly assess customer satisfaction, HUD will likely lack a comprehensive understanding of the extent to which customer needs are being met and could be missing out on opportunities to improve the performance and management of services for which it pays.