

Why GAO Did This Study

The National Oceanic and Atmospheric Administration (NOAA) is a bureau within the Department of Commerce (Commerce). To help achieve NOAA's program goals, it relies on management and administration (M&A) services, such as legal support and information technology. In response to the fiscal year 2010 Consolidated Appropriations Act Conference Report, GAO (1) examined how NOAA's M&A services are funded, (2) assessed the extent to which NOAA's policies and procedures for M&A services conform to applicable standards, and (3) estimated salaries and expenses for NOAA's budget for fiscal year 2009. Among other things, GAO reviewed documents on M&A services and data on M&A costs from NOAA officials for its headquarters; line offices, which are responsible for executing NOAA's programs; and a subset of financial management centers (FMC) within the line offices, which manage specific programs and projects.

What GAO Recommends

GAO recommends that NOAA require its headquarters, line offices, and FMCs to document in a manual or handbook their policies and procedures for the M&A services they provide in line with federal cost accounting and internal control standards. NOAA reviewed a draft of this report and concurred with the recommendation.

FINANCIAL MANAGEMENT

NOAA Needs to Better Document Its Policies and Procedures for Providing Management and Administration Services

What GAO Found

M&A services at NOAA are provided at four levels—Commerce, NOAA's headquarters, line offices, and FMCs—and each level funds its services in different ways. First, Commerce uses NOAA payments to the department's Working Capital Fund to support M&A services, such as legal services, that can be more efficiently provided centrally. It also uses payments to its Advances and Reimbursements Account for, among other things, payments to external parties for M&A services provided to the department as a whole. Commerce uses funds appropriated for departmental management to provide leadership services for the whole department, including NOAA. Second, NOAA's headquarters funds most of its M&A services using its corporate administrative services appropriation. NOAA's headquarters also uses a direct billing process to provide some unplanned services, such as issuing new identification cards, as well as pooled and additional services requested by line offices. Third, line offices fund the M&A services they provide by assessing their programs, projects, and activities in various ways. Finally, some FMCs fund M&A services through assessments of their subunits, while others do not track or separately define their M&A costs.

NOAA's headquarters, line offices, and FMCs have documented some of their policies and procedures for M&A services, but they have not done so to the full extent required by applicable internal control and federal cost accounting standards. Taken together, these standards require agencies to document in a manual or handbook (1) their policies regarding the types of M&A services they provide; (2) the procedures they use each year to determine the budgets for their M&A services; (3) their policies and procedures for assigning the costs of their M&A services to specific programs, activities, or outputs that benefit from the services, and the results of that assignment; and (4) the justification for why those assignments are appropriate. NOAA's headquarters has documented some of its policies and procedures for its M&A services in written yearly operating and spending plans, but has not done so in a manual or handbook. In addition, the line offices and FMCs have no or limited documentation of their policies and procedures for the M&A services they provide. This lack of documentation limits the availability of information on M&A services for agency officials and congressional decision makers and may hamper financial management and management decision making.

Estimated salaries and expenses for NOAA were about \$3.8 billion for fiscal year 2009, with approximately \$1.38 billion in estimated salaries and \$2.46 billion in estimated expenses. NOAA does not separately report salaries and expenses for each line of its budget. Therefore, GAO estimated salaries and expenses based on budget object class data. These estimates are approximate because salaries and expenses could be higher if they were accounted for in object classes that GAO did not include in its estimates.