

GAO Highlights

Highlights of [GAO-16-477](#), a report to the Chairman, Committee on the Budget, House of Representatives

Why GAO Did This Study

Moving to shared services, where services that multiple agencies need are consolidated within a smaller number of agencies, can save the federal government billions of dollars as well as reduce duplicative efforts, decrease systems upgrades, and free up resources for mission-critical activities. Shared services may be financed through intragovernmental revolving funds. GAO was asked to evaluate the management of select revolving funds. This report assesses (1) how two agencies manage select funds that finance shared services; and (2) how these agencies manage unexpended balances in select funds. GAO selected two funds for this review—the FAA ASFF and Treasury TFF—based on their roles as federal shared service providers and use of unexpended balances. Using GAO's work on management of revolving funds and unexpended balances as criteria, GAO analyzed agency documentation on managing the funds and budget and financial data, and interviewed FAA and Treasury officials as well as select customer agencies of the funds.

What GAO Recommends

To help support efforts to expand shared services and improve the management of the funds, GAO is making three recommendations to Treasury and FAA to enhance the availability of pricing and performance information, as well as documentation of operating reserve policies of the selected funds. Treasury and FAA concurred with all of GAO's recommendations.

View [GAO-16-477](#). For more information, contact Heather Krause, 202-512-6806, and KrauseH@gao.gov

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REVOLVING FUNDS

Additional Pricing and Performance Information for FAA and Treasury Funds Could Enhance Agency Decisions on Shared Services

What GAO Found

The Federal Aviation Administration (FAA) and the Department of the Treasury (Treasury) have policies and procedures for effectively managing the Administrative Services Franchise Fund (ASFF) and the Treasury Franchise Fund (TFF)—the two revolving funds that GAO reviewed.

FAA and Treasury Management of the Selected Funds

Clear roles and responsibilities	The roles and responsibilities for managing and overseeing the funds are clearly documented in FAA and Treasury policies and are segregated across a number of entities, which can help minimize the risk of error in fund management.
Processes for customer input	FAA and Treasury obtain input and address needs of customers through various mechanisms—such as annual forums and informal site visits—to help prioritize customer demands and use resources efficiently.
Cost recovery of the funds, including clear pricing information	The funds operate on a self-sufficient basis, recovering all operation expenses over the last six years. FAA and Treasury share the funds' pricing information with customers in various ways, such as through price sheets with costs for services.
Measure performance	FAA and Treasury have strategic goals with supporting metrics for the funds to help measure performance and whether fund activities support overall goals. However, the TFF's performance metrics do not encompass the majority of services for one of its lines of business. Treasury officials stated they plan to revise this line of business' metrics to include all services by fiscal year 2018.

Source: GAO. | GAO-16-477

FAA and Treasury share pricing and performance information with the respective funds' customers. However, they do not make this information available to potential customers for most of the funds' lines of business because component agencies within the agencies purchase most of the services and the customized nature of the services. On the other hand, agency officials recognized the increasing external demand for some lines of business, such as Treasury's information technology services given cyberattacks on agencies. As more agencies consider transitioning to shared service providers, making pricing and performance information publicly available can help them determine the most efficient method for obtaining services.

FAA and Treasury have processes for effectively managing unexpended balances in the funds, including for identifying factors that affect balances, estimating future needs of the funds, and managing the funds' operating reserves. FAA and Treasury have documentation that provides some guidance for effectively managing the funds' reserves and believe this documentation to be sufficient. However, these documents do not include key processes they follow for managing the reserves, such as how FAA calculates the reserve for the next year. Given the centrality of the reserve to the effective management of the funds, written documentation of these processes is essential to ensure consistency in implementation over time and through transitions in leadership.