



U.S. GENERAL SERVICES ADMINISTRATION  
Office of Inspector General

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June 24, 2008

Reply to: Deputy Assistant Inspector General  
Attn of: Finance and Administrative Audit Office (JA-F)

Subject: Review of GSA's General Management and Administration Working  
Capital Fund  
Report Number A070096/B/F/F08008

To: Kathleen M. Turco  
Chief Financial Officer  
Office of the Chief Financial Officer

This report represents the results of our review of the General Service Administration's (GSA) General Management and Administration (GM&A) Working Capital Fund (WCF). The objectives of this review were to (1) gain an understanding of the GM&A WCF, (2) determine how the costs associated with this fund are allocated to organizations within GSA. To accomplish our objective we reviewed relevant laws and regulations regarding the GM&A WCF, interviewed personnel and analyzed documentation to gain an understanding of the GM&A WCF as well as the internal control environment. This audit was conducted in accordance with generally accepted government auditing standards (GAGAS) and was performed from January to September 2007.

During our review of GSA's GM&A WCF, we noted weaknesses and a lack of controls for determining the methods used to allocate GSA's administrative service charges to components within GSA. We also noted that although policies and procedures governing the Surge Account existed, they were not consistently adhered to. Additionally, we requested that the Office of the Chief Financial Officer determine whether or not it is appropriate to utilize appropriated funds to reduce the next year's Centralized Administrative Support (CAS) bill.

If you have any questions regarding this report please contact me on (202) 501-006.

Jeffrey C. Pomack  
Deputy Assistant Inspector General for Auditing  
Finance and Administrative Audit Office (JA-F)



**REVIEW OF GSA'S  
GENERAL MANAGEMENT AND ADMINISTRATION  
WORKING CAPITAL FUND  
REPORT NUMBER A070096/B/F/F08008  
JUNE 24, 2008**

**Congressional Inquiry of GSA's General Management and Administration  
Working Capital Fund  
Report Number: A070096**

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## **EXECUTIVE SUMMARY**

### **Purpose**

The purpose of our review was to gain an understanding of the General Management & Administration (GM&A) Working Capital Fund (WCF) and how the costs associated with this fund are allocated to the organizations within the General Services Administration (GSA).

### **Background**

The GM&A WCF is a fully reimbursable revolving fund that finances administrative support services that are provided to GSA organizations and other select Federal agencies. The GM&A WCF is comprised of three main services: Centralized Administrative Support (CAS), Centralized Charges, and the Enterprise Infrastructure Operations (Information Infrastructure). The CAS represents the largest portion of GM&A WCF at approximately 55% of total obligations.

The GM&A WCF is authorized to recover, through billing rates, all costs of providing requested services to GSA organizations and select Federal agencies, including charges for personnel, materials, equipment (including maintenance, repair, depreciation, and replacement), and related expenses. The billing rates are based on a workload statistics methodology or full-time equivalent (FTE) methodology.

In Fiscal Year (FY) 2001, GSA's former Council of Controllers established the Administrator's Discretionary Fund (Surge Account). The Surge Account is available for the Administrator to use for special initiatives and has an annual budget of \$2.5 million.

### **Results in Brief**

Our review of the GM&A WCF found weaknesses and a lack of controls in the methods used to allocate GSA's administrative service charges to components within GSA. Some staff offices charge GSA components based on workload statistics. However, officials from the Office of the Controller stated they do not maintain the documentation to support these statistics. The majority of the GM&A WCF charges allocated to GSA components are apportioned prorata based on the components' FTE level as a percentage of GSA's FTE level. According to Office of Controller officials, there is no requirement that workload statistics be submitted. However, without workload statistics, the charges apportioned to individual components may not be accurate.

We also found control weaknesses in the Surge Account, which is used at the discretion of the Administrator. The Surge Account was billed to GSA components on a prorated FTE basis as part of the GM&A WCF. Documentation is lacking on the approval process for Surge disbursements. In addition, prior to our audit, Surge Account disbursements were included within the overall CAS accounts and flowed through the accounting system but were not separately identified as such. Furthermore, it is questionable as to whether it is allowable for GSA to utilize an unused portion of the GM&A WCF as an offset to the next year's CAS bill.

### **Recommendations**

Based on our review of the GM&A WCF, we recommended that the Chief Financial Officer:

1. Develop formal policies and procedures for allocating CAS charges including determining the appropriate cost allocation methodology (i.e. workload statistics or FTE level), and documenting the administrative office's rationale for the chosen methodology.
2. Ensure all policies and procedures defining the appropriate use of the Surge Account are followed and the method of approval for each disbursement from the Surge Account is documented.
3. Seek a legal opinion from the Office of General Counsel on whether, and under what conditions, it is allowable under appropriations law to utilize the unused portion of the GM&A WCF to reduce the subsequent year's CAS bill. Or, is it more appropriate to return any unused appropriated funds back to the organization that submitted them.

## **INTRODUCTION**

### **Background**

The Working Capital Fund (WCF), authorized by the Independent Offices Appropriation Act of 1946 (P.L. 79-49; 40 U.S.C. 293) provided initial capitalization of \$50,000 with modest additional capital appropriations made over the years. Through 1994, the WCF was limited to providing central blueprinting, duplicating, and distribution services for all GSA programs and to other Federal agencies. Beginning in 1995, the fund was expanded to finance centralized administrative services on a reimbursable basis that had previously been supported by a direct appropriation for general management and administration. For fiscal year 2007 the balance of the WCF was \$448 million.

Public Law 103-329 authorizes the use of the WCF for “administrative support services including accounting, budget, personnel, legal support, and other related services...” The law also states that the WCF can be used for “administrative and management services that the Administrator of GSA deems appropriate and advantageous subject to prior notice to the Office of Management and Budget.”

The General Management and Administration (GM&A) WCF is a fully reimbursable revolving fund that finances administrative support services that are provided to GSA organizations and other select Federal agencies. The agency-level management activities funded through the WCF include:

- The Office of the Chief Financial Officer (OCFO) - OCFO provides “corporate” shared services and full service financial management.
- The Chief Human Capital Office (CHCO) - CHCO contributes to GSA’s business success by providing human capital management strategies, policies, advice, information, services, and solutions consistent with merit system principles.
- Chief Information Officer (CIO) – CIO provides enterprise IT services and solutions at best value by leveraging IT resources to support GSA business needs and electronic government.
- Chief Acquisition Officer (CAO)- CAO has agency-wide responsibility for planning, directing and controlling functions that affect all GSA contracting activities.
- The Office of General Counsel (OGC) – OGC provides sound and timely legal support to GSA’s programs in areas such as contracting, information technology, travel and transportation, e-government initiatives, disposal of government property, bankruptcy, real estate, construction, historic preservation, leasing, environmental issues, telecommunications, litigation, personnel and labor relations, equal employment opportunity, appropriations, finance, the Freedom of Information Act, the Privacy Act, and the Federal Advisory Committee Act.

- The Office of Small Business Utilization (OSBU)- OSBU has nationwide responsibility for GSA's small business programs. OSBU promotes and facilitates programs and activities that provide "Access to Opportunity" to small, small disadvantaged, woman-owned, HUBZone certified and service-disabled veteran-owned businesses in GSA contracting nationwide.
- The Office of Civil Rights (OCR)- OCR is responsible for implementing both internal and external Civil Rights Programs at GSA.
- The Office of Performance Improvement (OPI)- OPI directs GSA's performance planning initiatives by ensuring that there is a robust and rigorous process in place to identify, develop, and execute changes necessary to achieve performance improvements.
- The Office of Emergency Management (OEM)- OEM is responsible for the GSA Nationwide Continuity of Operations Program and the GSA Interagency Emergency Response Program.

The Office of Budget (BE), within the Office of the Chief Financial Officer, is responsible for the management and oversight of the GM&A WCF. The GM&A WCF is authorized to recover, through billing rates, all costs of providing requested services to GSA organizations and select Federal agencies, including charges for personnel, materials, equipment (including maintenance, repair, depreciation, and replacement), and related expenses. The billing rates are based on a workload statistics methodology or full-time equivalent (FTE) methodology. A data call is sent out in the spring asking all administrative support offices to submit workload statistics to BE. If this data is not submitted, BE defaults to utilizing an FTE methodology to determine the charges allocated. Under the FTE methodology, GM&A WCF costs are allocated based on the percentage of GSA FTE's attributable to that organization.

### **GM&A Working Capital Fund Overview**

The GM&A WCF is comprised of three main services: Centralized Administrative Support (CAS), Centralized Charges, and the Enterprise Infrastructure Operations (Information Infrastructure). The CAS represents the largest portion of GM&A WCF at approximately 55% of total obligations. The CAS includes agency-wide functions such as finance, budget and accounting support, information technology, personnel administration, acquisition policy, and legal services.

Also included in the CAS is the Surge Account. According to the Office of the Controller (BE), GSA's former Council of Controllers established the Surge Account in FY 2001 with a budget of \$2.575 million to be utilized by the Administrator for special initiatives. The Surge Account has remained at \$2.575 million with the exceptions of FY 2006 and FY 2007. Specifically, in FY 2006, the Surge account was reduced to \$1.575 million and the reduction was used to

offset the FY 2006 CAS Bill. In FY 2007, the Surge Account was increased to \$2.9 million to add funding for the Student Loan Repayment Program. The Surge Account is currently displayed as a separate line item in the CAS bill. However, prior to FY 2007, the Surge Account was within the “Remaining CFO Activities” category of the CAS bill.

Centralized Charges is a clearing account for agency-wide costs paid by GSA, and includes programs such as Unemployment Compensation, Workman’s Compensation, Postage, FTS Long Distance Services, and Wireless Cell Phone Service.

Enterprise Infrastructure charges are paid to the Office of Chief Information Officer for the following services:

- **Enterprise Services** provides centralized program management that supports coordination and management controls for all elements of the Office of Enterprise Infrastructure. The support includes office administration, contract administration, performance management, budget and finance.
- **Desktop Services** manages and provides agency-wide electronic mail, collaborative services and maintenance and distribution of desktop client software.
- **Customer Services** manages and provides agency-wide consolidated help desk services.
- **Network Operations** manages, monitors, and provides agency-wide support for authentication, voice and data communications and data centers.
- **Infrastructure Applications** develops, implements, and supports GSA’s internet/intranet Web services (gsa.gov and Insite).
- **Business Applications** develops and supports business applications for the Office of Governmentwide Policy.

## **Objective, Scope, and Methodology**

The objective of the review was to:

- Gain an understanding of the General Management & Administration (GM&A) Working Capital Fund (WCF) and how the costs associated with this fund are allocated to the organizations within the General Services Administration (GSA).

To accomplish this objective we:

- Reviewed relevant laws and regulations regarding the GM&A WCF.
- Interviewed personnel and analyzed documentation to gain an understanding of the GM&A WCF and internal controls.

This audit was conducted in accordance with generally accepted government auditing standards (GAGAS) and was performed from January to September 2007.

## **RESULTS OF AUDIT**

Our review of the GM&A WCF found weaknesses and a lack of controls in the methods used to allocate GSA's administrative service charges to components within GSA. Some staff offices charge GSA components based on workload statistics. However, Office of Controller officials stated they do not maintain the documentation to support these statistics. The majority of the GM&A WCF charges allocated to GSA components are apportioned prorata based upon the components' FTE level as a percentage of GSA's FTE level. According to Office of Controller officials, there is no requirement that workload statistics be submitted. However, without workload statistics, the charges apportioned to individual components may not be accurate. According to Office of Controller officials, there is little documentation on overall policies and procedures for allocating charges for the GM&A WCF.

Controls are also lacking over the Surge Account, which is used at the discretion of the Administrator. The Surge Account is billed to GSA components on a prorated FTE basis as part of the GM&A WCF. Surge Account funding and disbursements are part of the CAS bill and flow through GSA's accounting system. However, prior to our audit, Surge Account disbursements were not separately identified as such within the CAS bill. We identified \$998,000 in Surge disbursements in FYs 2006 and 2007, but because the Surge disbursements were not separately identified, we cannot be certain this includes all Surge Account disbursements.

Funding of the GM&A WCF with GSA components' one year appropriations, such as the Office of Inspector General (OIG) and Office of Governmentwide Policy (OGP), could constitute appropriations law issues if those funds are retained beyond the appropriation year.

### **Weaknesses in Methods Used to Allocate WCF Charges**

The workload statistics methodology is one of two methods used by staff offices to allocate CAS charges to components within GSA. Staff offices gather data from a variety of activities such as the number of Pegasys transactions, the number of FTE dedicated to a specific GSA component, or the amount of time spent on a project. Workload data is based on the period from the end of March of the previous fiscal year through the end of March of the current Fiscal Year (mid-year to mid-year).

FTE allocation is the default method used by the Controller's Office, when workload statistics are not available or submitted by GSA components.

The FY 2007 CAS bill for GSA was as follows:

<b>Staff Office</b>	<b>Methodology</b>	<b>FY 2007 CAS Billing Amount for GSA</b>
Office of Finance	Workload Statistics	\$21,523,073
Financial Management Systems	Workload Statistics	\$45,810,506
Payroll Program	Workload Statistics	\$9,931,187
Remaining CFO Activities	FTE	\$15,750,503
Surge	FTE	\$2,575,000
Chief Human Capital Officer (formerly Chief People Officer)	FTE	\$20,829,768
General Counsel	Workload Statistics	\$11,435,625
Office of Citizen Services and Communications	Workload Statistics	\$1,642,631
Building Security Committee & Small Business	FTE (billed only to PBS & FAS)	\$1,850,870
Regional Acquisition Management	FTE (billed only to PBS & FAS)	\$227,040
Regional Management (Regions)	FTE (billed only to PBS & FAS)	\$44,864,826
Civil Rights and Regional Equal Employment Opportunity	FTE	\$2,314,787
Chief Information Officer	FTE	\$13,570,661
Office of Governmentwide Policy	FTE	\$837,388
Office of Performance Improvement	FTE	\$1,724,022
Office of Emergency Management	FTE	\$416,712
Office of Chief Acquisition Officer	FTE	\$6,531,470
Public Building Service –National Capital Region	All PBS	\$777,940
Common Costs (includes Centralized Charges, OCIO Infrastructure, and SES Pay Raises and Awards)	FTE	\$18,610,331

While we recognize that there may not be workload statistics available for all CAS charges, without assurance that the FTE methodology allocation is representative of the cost incurred in servicing an organization, CAS charges may be over or under billed to individual components. For example, utilizing the FTE allocation methodology in FY 2007, the OIG paid \$562,404 to the Chief

Human Capital Officer for human resources and personnel services, even though the OIG operates its own separate personnel office.

### Lack of Controls over the Surge Account

According to the Office of Controller, when a new Administrator takes office, a budget briefing is conducted with the Administrator's staff. As part of that briefing, a booklet titled "The Deputy Chief of Staff Budget Briefing" (briefing booklet) containing the criteria governing the uses of the Surge Account is discussed. According to the briefing booklet provided to the Administrator's staff, the Surge Account can be used for: (1) the Administrator's corporate project's/initiatives; (2) the Administration's unfunded mandates; and (3) one-time costs or recurring costs for items where permanent out-year financing has been approved and/or the agency will absorb from the existing baseline in future fiscal years; and must support GSA customers/stakeholders, although external customers may benefit indirectly.

The briefing booklet also states that the WCF Surge Account is not intended for the use of (1) increases in operating expenses of Staff Offices; (2) renovation of offices, (3) replacement of furniture; (4) replacement of personal computers; and (5) funding for existing staff or new staff where subsequent year funding has not been secured by paying customers.

According to the Office of Controller, disbursements from the Surge Account must go through an approval process. Once a request is submitted by the Administrator to the OCFO, the Agency's General Counsel and the Office of Controller within the OCFO must approve the request before any disbursements are made from the Surge Account. However, the Controller's Office was not able to provide any documentation validating this approval process.

Funding that is at the discretion of the head of the agency should include clear and detailed documentation and formal policies and procedures on how the funds can be used. Office of the Controller officials explained to us that the Surge Account funding and disbursements flowed through the accounting system as part of the CAS funding and disbursements, but were not specifically identified as Surge disbursements. This is because prior to 2007, the Surge Account wasn't identified as a line item within the CAS bill, but was simply included in the "Remaining CFO Activities" line item as part of the "Corporate Account". The funding and disbursements of CAS that were made as part of the Surge Account were tracked on a spreadsheet. We verified that the Office of the Controller now identifies Surge funding and disbursements as such through the Pegasys accounting system, and no longer use a spreadsheet.

Office of the Controller officials provided us a listing of FY 2006 and FY 2007 disbursements from the Surge account.

<b>Fiscal Year</b>	<b>Dollar Amount</b>	<b>Purpose</b>
2006	\$750,000	CAS Bill offset
2007	\$29,000	Fitness Center Equipment

According to Office of Controller officials, the reported Surge Account disbursements meet the given criteria for appropriate usage; the fitness center renovations and equipment benefited GSA employees; and the CAS offset was prior year costs where GSA absorbs the existing cost in future years.

As shown above, the only disbursement initially reported in FY 2006 was for \$750,000, which was used to offset the CAS bill. However, as part of our review of the GM&A WCF, we reviewed all disbursements from the overall "Corporate Account", of which the Surge Account was a part of for FY 2006 and FY 2007. During our review, we noted a contract totaling \$219,000 for the Fitness Center Renovation in the September Corporate Account documentation. Since there was a \$29,000 charge in FY 2007 for the Fitness Center equipment, we inquired whether the \$219,000 was also a Surge disbursement as it was not initially disclosed as a FY 2006 disbursement. The Controller's Office confirmed this was a Surge disbursement, and should have been captured in the FY 2006 data provided to the OIG.

Office of Management and Budget (OMB) Circular A-123, Management and Accountability and Control states that, "Transactions should be promptly recorded, properly classified and accounted for in order to prepare timely accounts and reliable financial and other reports. The documentation for transactions, management controls, and other significant events must be clear and readily available."

This discrepancy was caused by not specifically identifying Surge funding and disbursements within the CAS account. Office of the Controller officials stated there were no other such Surge Account disbursements that were not identified. However, since Surge Account disbursements were not identified as such, we are unable to verify whether there were any additional Surge Account disbursements.

As a result of the audit, the Controller's Office now specifically identifies and tracks Surge Account disbursements within the accounting system.

## Appropriation Law Issues

According to the Office of Controller, any funds remaining in the GM&A WCF Account are rolled into the Agency's unobligated Balance Account at the end of the fiscal year. In the next fiscal year, a portion of the unobligated balance is reallocated to GSA components in the form of a credit for the next CAS bill.

Some GSA components such as the Office of Government-wide Policy (OGP) and the OIG receive one - year appropriated funds from Congress. Appropriations rules require that any funds be used only for a purpose authorized by law and any funds not spent before the end of their appropriated lifespan must be returned to the U.S. Department of Treasury. The funds the OGP and the OIG utilize to pay the CAS bill are appropriated funds. These funds are collected by the Agency and placed into the WCF, which is a revolving fund.

Although the Agency "refunds" any unused portion of the GM&A WCF in the form of a reduction of the next year's CAS bill, any unspent appropriated funds used to fund the GM&A WCF should be returned to any appropriated organization that submitted them and ultimately, are either utilized by that organization or returned to the Treasury.

## **Conclusion**

Our review of the GM&A WCF and how the costs associated with this fund are allocated to GSA components found issues with the policies and procedures governing the GM&A WCF and the Surge Account, the methodology used to allocate GM&A WCF costs to organizations within GSA, as well as the monitoring of Surge Account disbursements.

## **Recommendations**

Based upon our review of the GM&A WCF, we recommend the Chief Financial Officer:

1. Develop formal policies and procedures for allocating CAS charges including determining the appropriate cost allocation methodology (i.e. workload statistics or FTE level), and documenting the administrative office's rationale for the chosen methodology.
2. Ensure all policies and procedures defining the appropriate use of the Surge Account are followed and the method of approval for each disbursement from the Surge Account is documented.
3. Seek a legal opinion from the Office of General Counsel on whether, and under what conditions, it is allowable under appropriations law to utilize the unused portion of the GM&A WCF to reduce the subsequent year's CAS bill. Or, is it more appropriate to return any unused appropriated funds back to the organization that submitted them.

## **Managements Comments**

Management's response dated May 20, 2008 states they fully concur with Recommendation No.1 and has taken actions to develop formal policies and procedures for allocating CAS charges. Management also concurred with Recommendation No.2 and has agreed to ensure policies and procedures governing the Surge Account are followed, and that the approval process currently in place is adhered to. Management concurred with Recommendation No.3 and is currently developing an action plan to address this recommendation. A copy of management's comments is provided in its entirety in Appendix A.

## **Internal Controls**

The objective of our review was to gain an understanding of the GM&A WCF and how the costs associated with this fund are allocated to the organizations within GSA. As part of the review we reviewed the controls over the GM&A WCF and the Surge Account. During our review we were concerned with how the methodology for allocating administrative charges to components within GSA was determined. In addition, we noted problems identifying actual Surge Account disbursements within the accounting detail. We have included recommendations in the report addressing these issues.

We would like to thank the Office of the Controller for the courtesies extended to us during our review. If we can be of further assistance to you, please do not hesitate to call Anthony Mitchell, Audit Manager, at (202) 501-0006.



GSA Office of the Chief Financial Officer

May 20, 2008

MEMORANDUM FOR JEFFREY C. WOMACK  
DEPUTY ASSISTANT  
INSPECTOR GENERAL FOR FINANCE (JA-F)

FROM: KATHLEEN M. TURCO *Kathleen M. Turco*  
CHIEF FINANCIAL OFFICER (B)

SUBJECT: OIG Draft Report: Review of GSA's General Management  
and Administration Working Capital Fund (A070096)

Thank you for the opportunity to review and comment on the subject draft report. We have implemented the three recommendations discussed in the report. Specific comments to each recommendation, documentation and other discussions in the report are attached.

If you have any questions, please contact Pamela Murray at 202-501-2052.

Attachments

U.S. General Services Administration  
1900 F Street, NW  
Washington, DC 20405-0001  
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OIG Draft Report: Review of GSA's General Management and  
Administration Working Capital Fund (A070096)

**RESPONSES TO THE RECOMMENDATIONS**

**Recommendation No. 1:** Based upon our review of the GM&A WCF, we recommend the Chief Financial Officer develop formal policies and procedures for allocating CAS charges including determining the appropriate cost allocation methodology (i.e. workload statistics or FTE level), and documenting the administrative office's rationale for the chosen methodology.

We concur with the recommendation. The Office of the Chief Financial Officer (OCFO) has formalized policy and procedures for allocating CAS charges. Workload statistics, a key factor in cost allocation, have been gathered annually. Copies of responses have been kept on file in the Office of the Controller. In FY2008 we made the following changes:

1. The workload statistics transmittal memorandum includes a new requirement to justify use of FTE as an allocation method. The FY2008 transmittal memo states: *"The Office of the Controller strongly encourages all Services and Staff Offices to submit workload statistics. If you are unable to provide the workload statistics, please explain why such data is either unavailable or assessing services based on FTE is appropriate for your program."*
2. We will continue maintain a hard copy and archive all e-mail responses to the transmittal memorandum.
3. If the program is unable to provide workload statistics, a hard copy of the justification will be maintained on file.

We consider this recommendation closed. No further action will be required.

**Recommendation No. 2:** Based upon our review of the GM&A WCF, we recommend the Chief Financial Officer ensure all policies and procedures defining the appropriate use of the Surge Account are followed and the method of approval for each disbursement from the Surge Account is documented.

We concur with the recommendation. We will continue to track obligations within the SURGE account. In addition, we will focus on the following actions:

1. Make certain that all previously established policies and procedures for the SURGE account are followed.
2. Strictly adhere to the approval process that is in place.
3. Continue to maintain the unique SURGE accounting classification that was established.
4. Display SURGE separately on the CAS Matrix and no longer include it in the CFO. Continue to brief all Administrators upon their arrival on the policy and procedures of SURGE.
5. Include SURGE policies and procedures in Office Handbook for new employees.

We consider this recommendation closed. No further action will be required.

Recommendation No. 3: Based upon our review of the GM&A WCF, we recommend the Chief Financial Officer seek legal opinion from the Office of General Counsel on whether, and under what conditions, it is allowable under appropriations law to utilize the unused portion of the GM&A WCF to reduce the subsequent year's CAS bill.

The Office of Chief Financial Officer (CFO) concurs with the OIG that appropriated funds not used in the current fiscal year should not be retained in the WCF and will be returned to the originating fund in accordance with the Federal Appropriation Law. However, contributions from non-appropriated funds may be retained until expended.

The CFO believes that retaining non-appropriated funds or the unused portion of GM&A WCF is not a matter of law but is governed by Federal administrative procedures. Operations of an intragovernmental revolving fund are defined and published in:

- ❖ OMB Circular A-11, Preparation, Submission and Execution of the Budget, and
- ❖ General Accounting Office (GAO) Red Book, Chapter 15.

OMB Circular A-11:

The OMB Circular A-11, Section 20.13(a) governs the operations of "revolving funds". The GM&A WCF has been designated by OMB as an intragovernmental revolving fund. Revolving funds can be used to credit payments when a law establishes that the agency may do.

The 1995 appropriations act (P.L. 103-329) authorized GSA to collect payments to remain available until expended and thus is in line with OMB Circular A-11. Specifically H.R. 4539 which became Public Law 103-329 *Treasury, Postal Service and General Government Appropriations Act of 1995*, authorized the CFO to utilize the unused portion of the GM&A WCF to reduce the subsequent year's Centralized Administrative Support (CAS) bill. Public Law 103-329 General Services Administration Section, Working Capital Fund Subsection states very clearly that GSA may retain, merge, and make available **until expended** funds for administrative support services, among others (emphasis added).

GAO Red Book, Chapter 15

The GAO red book supports the argument that GM&A WCF can retain funds:

1. Page 82. By authorizing the agency to retain receipts and deposit them back into the fund, a revolving fund provides the authority necessary to avoid the miscellaneous receipts requirement of 31 U.S.C. § 3302(b).
2. Page 85. "[a] revolving fund that operates as an accounting entity [in which] the assets are capitalized and all income is in the form of offsetting collections derived from the fund [is] operations and available in their entirety to finance the fund [is] continuing cycle of operations without fiscal year limitation."

3. Page 85. A typical example is the Commerce Department's working capital fund, 16 U.S.C. § 1521: "There is hereby established a working capital fund of \$100,000, without fiscal year limitation, for the payment of salaries and other expenses necessary to the maintenance and operation of (1) central duplicating, photographic, drafting, and Photostatting services and (2) such other services as the Secretary, with the approval of the Director of the [Office of Management and Budget], determines may be performed more advantageously as central services; said to be reimbursed from applicable funds of bureaus, offices, and agencies for which services are performed on the basis of rates which shall include estimated or actual charges for personal services, materials, equipment (including maintenance, repairs, and depreciation) and other expenses: . . . Provided further, that a separate schedule of expenditures and reimbursements, and a statement of the current assets and liabilities of the working capital fund as of the close of the last completed fiscal year, shall be included in the annual Budget."

Based on the above analysis, GSA's CFO is able to consider the remaining funds in the GM&A WCF account available to merge toward next year's CAS bill without running afoul of Federal appropriations laws.

We consider this recommendation closed. No further action will be required.

**Review of GSA's General Management and Administration Fund**  
**Report Number A070096/B/F/F08008**  
**June 24, 2008**

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