Report In Brief

APRIL 18, 2016

Background

The Census Bureau's Working Capital Fund (WCF) was established through the Omnibus Consolidated Appropriations Act of 1997 (the Act), dated September 30, 1996 (P.L. 104-208). According to the Act, the WCF was established without fiscal year limitation, for expenses and equipment necessary for the maintenance and operation of such services and projects as the Director of the Bureau determines may be performed more advantageously when centralized. The Act calls for the preparation of a separate schedule of expenditures and reimbursements and a statement of the current assets and liabilities of the WCF each year. It also allows the WCF to be credited with advances and reimbursements from applicable appropriations of the Bureau and from funds of other agencies or entities.

According to the Bureau's *WCF Handbook*, the mission of the WCF is to support the Bureau by funding centralized services and projects, and equitably distributing costs to the beneficiaries of such services and projects, including internal stakeholders and reimbursable customers.

The WCF consists of four funds, each with a separate fund code in the Commerce Business System, the Department-wide financial management system used by the Bureau: (1) Cost Allocation, (2) Cost Collection, (3) Reimbursable, and (4) Fixed Fee. The fiscal year (FY) 2014 activity in the WCF totaled about $714 million.

Why We Did This Review

Per the language included in the Senate Appropriations Committee Report related to the Department's FY 2015 appropriations, our objective was to evaluate the budgetary controls over the Bureau's WCF. Specifically, we assessed the controls for building overhead rates and distributing charges to projects, reviewed the appropriateness of the level of fund balances, and evaluated compliance with appropriations laws.

U.S. CENSUS BUREAU

The Census Working Capital Fund Lacks Transparency

OIG-16-025-A

WHAT WE FOUND

The Bureau could not provide support for its overhead rates. During the audit we attempted to validate the Bureau's overhead cost rates by examining the underlying support for rate calculations. The Bureau could not provide this documentation for FYs 2011–FY 2015, however, and was therefore unable to support the methodology used in developing the rates.

The Bureau lacks monitoring procedures to ensure WCF transparency and compliance with statutes. The Bureau does not monitor the period of availability of Improving Operational Efficiency (IOE) program funds that are advanced to the WCF because they believe that these funds, when earned, are available without fiscal year limitation. We found that the Bureau did not return unobligated balances to the originating appropriation. Additionally, although the Bureau was able to summarize the history of the IOE program and corporate unfunded requirements program during the audit, it was not able to provide documentation justifying or authorizing either program's creation within the scope of the WCF authorizing legislation. In addition, our review of projects funded by the IOE and corporate unfunded requirements programs indicates that the use of some of the funding may not fall within the scope of the legislation establishing the Bureau's WCF.

The Bureau may have used FY 2010 funds to improperly augment a survey sponsor's FY 2009 appropriation. Some transfers may have resulted in an improper augmentation of a survey sponsor's FY 2009 appropriation. The Bureau was able to process these transactions because the reimbursable agreement used the same project code for FY 2009 and FY 2010, and there is no control in place to ensure that current year funds are not used to adjust the budget authority for prior year reimbursable agreements.

Bureau personnel have not prepared the required financial reports for the WCF. Authorizing legislation requires that the Bureau prepare a separate schedule of expenditures and reimbursements and a statement of the current assets and liabilities of the WCF at the close of each fiscal year. Although the Bureau has been required to prepare these separate financial reports since the WCF was established in 1996, it has never produced them.

The Bureau lacks controls necessary to ensure that excess funds are returned to reimbursable survey sponsors promptly. At the end of interagency agreements' period of performance, excess funds should be promptly returned to reimbursable survey sponsors. However, we found that the timing of these refunds was inconsistent—because the Bureau does not have a policy identifying the maximum amount of time, after the period of performance ends, to issue refunds to customers.

WHAT WE RECOMMEND

We recommend that the Director of the Census Bureau

1. develop policies and procedures to ensure that the methodology used to develop overhead rates is documented and retained;
2. obtain an opinion from the Department of Commerce Office of General Counsel to determine whether funds from the IOE program, carried over in FY 2010 and FY 2011, are considered earned revenue and were carried over in compliance with appropriations law;
3. determine whether the projects funded through the IOE and corporate unfunded requirements programs are within the scope of the legislation authorizing the WCF;
4. develop controls related to reimbursable agreements to ensure that deficits are not created and appropriations of sponsoring agencies are not potentially improperly augmented;
5. identify the officials responsible for reviewing the schedule of expenditures and reimbursements, and the statement of current assets and liabilities of the WCF, and either (a) prepare the required annual financial reports or (b) seek to revise the requirement in the WCF's authorizing legislation; and
6. develop policies and procedures that designate a time frame for refunds to be provided to reimbursable sponsors after the end of the agreement's period of performance.