

Highlights of [GAO-11-41](#), a report to the Subcommittee on Commerce, Justice, Science, and Related Agencies, Committee on Appropriations, House of Representatives

## Why GAO Did This Study

GAO previously found that a significant portion of the National Institute of Standards and Technology's (NIST) working capital fund contained a growing carryover balance. Almost all of the fund's resources come from appropriations advanced from federal clients for NIST's technical services through interagency agreements. Monitoring and tracking key information about agreements and the funds advanced for them is critical for both NIST and its clients to make well-informed budget decisions, comply with applicable fiscal laws and internal controls, and ensure the proper use of federal funds. GAO was asked to review (1) the factors contributing to the working capital fund's carryover balance and (2) NIST's processes for managing its interagency agreements and workload. To do so, GAO reviewed laws and fiscal requirements, analyzed NIST budget data and policies related to its interagency agreements, analyzed a random sample of agreements, and interviewed NIST officials.

## What GAO Recommends

GAO is making 5 recommendations to improve NIST's management of its interagency agreements, including holding senior managers responsible for strategic workload management, improving internal monitoring and reporting, ensuring compliance with applicable fiscal laws, and communicating key information to clients on its agreement status. NIST agreed with all 5 recommendations and is taking action to implement them by the end of this fiscal year.

[View GAO-11-41 or key components.](#)  
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# INTRAGOVERNMENTAL REVOLVING FUNDS

## NIST's Interagency Agreements and Workload Require Management Attention

### What GAO Found

NIST's working capital fund carryover balance is largely driven by appropriations advanced from federal clients to support interagency agreements. Most agreements cross fiscal years and because more than half were accepted in the second half of the fiscal year, some carryover of funds and work is expected.

NIST's processes for managing agreements are insufficient to help ensure compliance with applicable fiscal laws.

- NIST does not monitor the period of availability of appropriations advanced from client agencies and therefore cannot be sure that funds are legally available when it bills against them. If NIST were to use funds after an account closes, its clients could be exposed to possible Antideficiency Act violations. GAO found two reasons for this. First, NIST treats these funds as being available without fiscal year limitation. Second, NIST does not manage agreements in a way that would allow it to monitor the availability of client advances.
- NIST does not ensure that it starts work on its agreements within a reasonable amount of time after client agencies advance funds to NIST. Long delays in starting work may lead to the improper use of appropriated funds. There is no governmentwide standard for a reasonable time in which to begin work. NIST has not considered such a standard for itself, but some agencies use 90 days as a general guide. NIST took, on average, an estimated 125 days to start work. Further, GAO estimates that NIST began work about 7 months after receiving funds advanced from clients for about half of its agreements. In some cases the delay was 1–2 years. There were several reasons for this, including that NIST does not record or monitor the date it begins work on agreements, and does not consider whether it has the appropriate resources agencywide before accepting new work.

NIST lacks a high-level, senior management focus on managing its interagency agreement workload. Strategic workforce planning requires the effective deployment of staff to achieve agency goals. NIST places a high priority on its interagency agreements; however, senior managers play no role in determining whether appropriate resources are available agencywide to support its workload. Further, although NIST shares responsibility with its federal clients for ensuring the proper use of appropriated funds, it does not sufficiently communicate important information to clients—such as when work is expected to begin on agreements—that would better inform client decisions about how to best use their funds. Absent strategic workload management and improved client communications, NIST cannot meet the needs of this high-priority area. As a result of our review, NIST began revising its interagency agreement process. Because NIST did not provide this information to GAO until after the review was complete, GAO was unable to determine the effect of those changes.