

OFFICE OF INSPECTOR GENERAL

**Management Advisory on
Department of Homeland Security
Components' Reporting of
Conference Spending**



Homeland
Security

**August 10, 2015
OIG-15-121-MA**



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Department of Homeland Security

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August 10, 2015

MEMORANDUM FOR: The Honorable Chip Fulgham
Chief Financial Officer
Department of Homeland Security

FROM: Anne L. Richards *Anne Richards*
Assistant Inspector General
Office of Inspections

SUBJECT: *Management Advisory on Department of Homeland Security Components' Reporting of Conference Spending*

Following are the results of our review of the Department of Homeland Security (DHS) components' required reporting on conference spending to the Office of Inspector General (OIG) and the public.

Summary

We reviewed whether, from October 1, 2013, to December 31, 2014, DHS components reported conference expenses to OIG and the public as required. During this time period, DHS components reported 28 (15 percent) of 187 conferences they were required to report to OIG; of the 28, 2 (7 percent) were reported within the required 15 days. Based on conference expenses reported in the first quarter of fiscal year (FY) 2015, the components' compliance with the reporting requirement is improving—the percentage of conferences reported rose from 13 percent in FY 2014 to 30 percent in the first quarter of FY 2015. For all but one conference with expenses exceeding \$100,000, DHS published conference expenditures on its website as required, but the public cannot easily find this information. We made three recommendations to improve DHS components' required reporting of conferences to OIG and the public. DHS concurred with these recommendations and took responsive action; we consider all three recommendations closed.

Background

As shown in the following table, between October 1, 2013, and December 31, 2014, DHS components hosted or attended 1,883 conferences at a total cost of \$20.3 million.



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	Number of conferences	Cost
Hosted	490	\$13.14 million
Attended	1,393	\$ 7.16 million

Source: OIG analysis of DHS-provided data for component-reported conference expenses between October 1, 2013, and December 31, 2014

DHS components have multiple requirements for reporting conference expenses to the DHS Office of the Chief Financial Officer (OCFO), OIG, and the public. According to the *DHS Financial Management Policy Manual*, DHS components must report all conferences attended or hosted to the OCFO. Events with \$25,000 in travel costs or \$10,000 in conference-hosting costs, such as facility rental or equipment, require prior approval from the OCFO.

Under the *Consolidated and Further Continuing Appropriations Act, 2013* and extended by the *Continuing Appropriations Act, 2014* and the *Consolidated and Further Continuing Appropriations Act, 2015*,¹ within 15 days of hosting a conference with costs exceeding \$20,000, DHS must report to OIG the date of the conference, its location, and the number of employees attending. Annually, DHS must report to OIG more detailed information on conferences it hosted during the fiscal year that had costs exceeding \$100,000.

The Office of Management and Budget (OMB) requires that, for each conference (hosted or attended) with expenses exceeding \$100,000, DHS must annually post in a dedicated place on its official website details of the costs and purpose of the event.² According to General Services Administration guidance, meetings, training, or other events that involve employee travel are considered conferences. However, mission-related events to perform operational or managerial activities are not reportable.³

Key Issues

In FY 2014 and the first quarter of FY 2015, DHS components did not report all conferences they were required to report to OIG. OCFO records show that in FY 2014 components hosted 428 conferences at a total estimated cost of \$11.6 million. Of the 428 conferences, 164 had costs exceeding \$20,000; therefore, components should have reported them to OIG. However, components reported only 21 (13 percent) of the 164 conferences. In the first quarter of FY 2015,

¹ Public Law 113-6, Section 3003, Public Law 113-46, Section 119, and Public Law 113-235, Section 739

² OMB memorandum, *Promoting Efficient Spending to Support Agency Operations* (M-12-12), May 11, 2012

³ GSA Bulletin, *Clarification of Agency Reporting Requirements for Conferences* (FTR 14-02), December 13, 2013



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components hosted 62 conferences at an estimated cost of \$1.55 million; 23 of these should have been reported. Components reported 7 (30 percent) of the 23 conferences.⁴

Of the 28 conferences reported to OIG in FY 2014 and the first quarter of FY 2015, 2 were reported within the legislatively required 15-day timeframe. In FY 2014, components reported 2 (10 percent) of 21 conferences within the required timeframe. None of the 7 conferences reported in the first quarter of FY 2015 were reported within 15 days.

In FY 2014, DHS reported on its website all but one conference it was required to include in its public report. In FY 2014, DHS components hosted or attended 23 conferences costing more than \$100,000. Of the 12 conferences it was required to publicly report, DHS reported 11 (92 percent) on its website. DHS was not required to include in its public report the remaining 11 conferences because they were mission-related or for mission-critical training.

The public report is not accessible from DHS' website. Although DHS is complying with OMB regulations to report conference-related expenses exceeding \$100,000 on its website, at the time of our field work, the information was not accessible without a specific direct link. When we tried to navigate the public website, we could not access the conference reports. Because the intent of this requirement is to make the information publicly available, the OCFO should make this information accessible from the website. We informed OCFO officials of this issue.

Explanations for Underreporting

According to the OCFO, officials know that some components are not complying with the requirement to report to OIG. The OCFO surmised that components may have been unaware of the CFO's July 19, 2013 memorandum reminding them about the 15-day reporting requirement. For example, TSA did not realize that reporting to OIG was still an active requirement. On April 13, 2015, TSA emailed OIG explaining that the OCFO had recently clarified reporting requirements; the component provided a list of conferences hosted, attended, or planned for FY 2015: 28 conferences reported were past the 15-day deadline, 5 were timely, and 19 were planned.

⁴ In the first quarter of FY 2015, components actually reported 11 conferences to OIG, but the Transportation Security Administration (TSA) reported 4 based on estimated costs that met the reporting threshold, and the actual costs fell below the threshold.



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OCFO officials also said the requirement that components report to OIG within 15 days of holding a conference is problematic because components may not know the final conference cost in that timeframe. Therefore, components may not know whether the conference costs meet the reporting threshold.

The OCFO's Efforts to Improve Components' Reporting

According to OCFO officials, they are taking steps to improve components' conference reporting, as well as compliance with reporting requirements. For example, to ensure data integrity, beginning with FY 2014 data, the OCFO's Risk Management and Assurance Division will audit the information components provide to the OCFO to ensure submitted conference expense information is complete and supported by documentation. This office already audits packages that components submit for review and approval to attend or host conferences.

To improve reporting, as of January 2015, the Conference Attendance Tool⁵ requires components to attest they reported hosted conferences with costs exceeding \$20,000 to OIG within 15 days, and if not, explain why. However, the tool does not require components to submit documentation proving they have notified OIG. The tool also does not allow users to distinguish between conferences reported to OIG after 15 days and conferences they did not report at all. We suggested improvements to the tool to OCFO officials, which they agreed would enhance their oversight of components' reporting.

OIG received DHS' annual report on conferences it hosted in FY 2013 with costs exceeding \$100,000 in November 2014, more than a year after the end of the fiscal year. As of May 1, 2015, OIG had not received the annual report for FY 2014. Although the *Consolidated and Further Continuing Appropriations Act, 2013* does not specify a deadline for providing these annual reports to OIG, DHS should be timelier in its reporting. Because the information is similar, OCFO officials said they plan to issue future reports to OIG by January 31, when the OMB-required annual report is due.

Recommendations

We recommend that the Chief Financial Officer: (1) ensure components understand the requirement to report conference expenditures exceeding \$20,000 to OIG within 15 days; (2) update the Conference Attendance Tool to ensure components include evidence they have reported required conference

⁵ The Conference Attendance Tool is a web-based conference reporting and approval system the OCFO uses to track, approve, and oversee components' conference expenditures.



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expenditures to OIG and enable OCFO officials to distinguish late from unreported conferences; and (3) ensure conference reports on the DHS website are accessible to the public.

Management Comments and OIG Analysis

We received DHS' written comments, which are included at the end of this report. In addition, we received technical comments from the OCFO and incorporated these into the report where appropriate. DHS concurred with all three recommendations and provided documentation of actions taken to address each. Specifically, on July 2, 2015, the Under Secretary for Management sent a memorandum to all component heads reminding them of the OIG reporting requirement. OCFO officials also modified the Conference Attendance Tool to require components to provide evidence they reported conference expenditures to OIG as required. Lastly, DHS updated the website so users can navigate to the annual conference report from the DHS homepage. These actions are responsive to the intent of the recommendations, which are resolved and closed. No further reporting is necessary.

Methodology

Our scope included conferences hosted or attended between October 1, 2013, and December 31, 2014. The OCFO provided 585 requests to host conferences and 1,393 conference attendance reports for this timeframe from its systems. We did not audit this data. We excluded 95 redundant or obsolete conference hosting requests, resulting in a universe of 490 hosted conferences. We used actual costs to identify conferences that met reporting thresholds. When actual costs were unavailable, we used estimated costs.

We reviewed emailed conference reports OIG received from components to determine which conferences components reported and whether the reporting was timely. To determine whether conferences were reported as required, we reviewed the OMB-required annual public report, which we accessed using a direct link the OCFO provided. We spoke with OCFO officials responsible for approving, monitoring, and auditing components' conference expenditure requests and reports. We also spoke with OIG officials responsible for routing and compiling component conference reporting.

We conducted this review under the authority of the *Inspector General Act of 1978*, as amended, and according to the *Quality Standards for Inspection and Evaluation* issued by the Council of the Inspectors General on Integrity and Efficiency.



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U.S. Department of Homeland Security
Washington, DC 20528



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July 24, 2015

MEMORANDUM FOR: Anne L. Richards
Assistant Inspector General
Office of the Inspector General

FROM: Jim H. Crumpacker, CIA, CFE 
Director
Departmental GAO-OIG Liaison Office

SUBJECT: OIG Draft Management Advisory: "Department of Homeland Security Components' Reporting of Conference Spending" (Project No. 517-709)

Thank you for the opportunity to review and comment on this draft report. The U.S. Department of Homeland Security (DHS) appreciates the Office of Inspector General's (OIG's) work in planning and conducting its review and issuing this report.

The DHS Deputy Under Secretary for Management and Chief Financial Officer (CFO) was pleased to note OIG's positive recognition that the Office of the Chief Financial Officer (OCFO) is continuing to take steps to improve the Department's overall compliance with multiple conference expense reporting requirements. It is important to recognize that government-wide conference guidance and reporting requirements continue to evolve. DHS is committed to continuing to improve its related processes and ensuring that Departmental conference spending is only driven by mission requirements and is in the best interest of the Government and taxpayers.

To illustrate, since April 2009, DHS has proactively addressed the management of conference spending and focused on improving efficiencies through the Department's Efficiency Review initiative. The Department's travel and conference guidance includes a robust review policy and DHS is reviewing expenditures at the \$10,000 level—a lower level than the \$100,000 threshold required by Office of Management and Budget (OMB) Memorandum M-12-12, "Promoting Efficient Spending in Support of Agency Operations," dated May 11, 2012. DHS conference and travel policies include:

- (1) maximizing the use of Government office space and facilities for training events and meetings in lieu of renting more costly meeting space, and



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(2) limiting the number of attendees to conferences.

DHS uses multiple approaches to ensure Component compliance to Departmental policy and guidance. These include policy guidance published in the Financial Management Policy Manual, alert memos, working group meetings to discuss current issues, policy changes and exchanges of information. Data calls and CFO Council meetings are also used to provide additional guidance to Components, as needed.

The draft report contained three recommendations with which the Department concurs. Specifically, OIG recommended that the DHS CFO:

Recommendation 1: Ensure components understand the requirement to report conference expenditures exceeding \$20,000 to OIG within 15 days.

Response: Concur. The DHS CFO previously communicated to Components the requirement to report conference expenditures to OIG and has specifically placed this responsibility on the CFO of the component hosting the conference (see CFO memorandum: "Conference Reporting," dated July 19, 2013). The CFO has also recently reiterated this requirement (see CFO memorandum: "Conference Reporting," dated March 4, 2015).

DHS recognizes that monitoring Component compliance with this guidance to ensure compliance can be strengthened and has taken actions to address this issue. Most recently, on July 2, 2015, the Under Secretary for Management sent a memorandum to all Component Heads reminding them of the requirement to report all conferences costing more than \$20,000 to OIG within 15 days after the conference. Copies of each of the aforementioned memorandums have been provided to OIG.

The OCFO Financial Management Division (FM) staff has also taken action to strengthen monitoring of Component compliance with this requirement. Specifically, the Conference Attendance Tool (CAT) used to monitor and process conference activity was modified to require: (1) the attachment of documentary evidence from Components demonstrating compliance with the reporting requirement, and (2) delivery of an automated reminder message to the Component 15 days after the start of a conference to update the CAT in a timely manner.

Given completion of the aforementioned actions, the DHS CFO requests that OIG consider this recommendation resolved and closed.

Recommendation 2: Update the CAT to ensure components include evidence they have reported required conference expenditures to OIG and enable OCFO officials to distinguish late from unreported conferences.



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Response: Concur. OCFO FM staff has already modified the CAT as described in the response to Recommendation 1 shown above. In addition, conference control testing has been included in the FY 2015 Risk Management and Assurance assessment plan to help ensure compliance with this new requirement. Specifically, during July 2015, OCFO FM staff began:

- (1) monthly reporting to measure component compliance with the 15 day reporting requirement,
- (2) verifying documentary evidence of the OIG conference submission, and
- (3) making report results available to OCFO Risk Management and Assurance staff for testing.

Given completion of the aforementioned actions, the DHS CFO requests that OIG consider this recommendation resolved and closed.

Recommendation 3: Ensure conference reports on the DHS website are accessible to the public.

Response: Concur. As the draft report notes, DHS is in compliance with OMB and Departmental guidance requiring public disclosure of conference reports. The report is readily available to the public. The page holding the reports is the fourth entry that appears when a user types the word “conferences” into the search bar at the top of the DHS main page. Similarly, if a user types “DHS conferences” into Google, the page holding the reports is the fourth entry that appears. To make the reports even easier to find by navigating the public site, the Department has also created a specific site link on the Budget and Performance page of DHS.gov (see <http://www.dhs.gov/budget-performance>).

The DHS CFO requests that OIG consider this recommendation resolved and closed.

Again, thank you for the opportunity to review and comment on this draft report. Technical comments were previously submitted under separate cover. Please feel free to contact me if you have any questions. We look forward to working with you in the future.

ADDITIONAL INFORMATION AND COPIES

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