

**Audit of Conference-Related
Activities and Expenses**

OIG Audit Report No. 14-09

May 1, 2014

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Executive Summary

The National Archives and Records Administration (NARA) sponsors and co-sponsors conferences to support NARA's vision that all Americans will understand the vital role records play in a democracy. Since 2011, the Office of Management and Budget (OMB) has issued guidance to help agencies eliminate excessive conference spending. OMB Memorandum 11-35, *Eliminating Excess Conference Spending and Promoting Efficiency in Government*, directed agencies to conduct a thorough review of the policies and controls associated with conference-related activities and expenses. OMB Memorandum 12-12, *Promoting Efficient Spending to Support Agency Operations*, directed agencies to reduce spending on conferences where practicable by implementing specific policies outlined in the directive.

NARA's Office of Inspector General (OIG) performed an audit of NARA's conference activities and expenses. Our objective was to evaluate (1) internal controls over NARA funded conference¹ related spending, and (2) the reasonableness of conference expenses. We determined NARA's conference guidance addresses, and in some cases exceeds, OMB directives on conferences. We also determined NARA has taken initiative to reduce conference expenses. For example, the agency moved the annual genealogy fair from onsite to online in September 2013. The online fair saw an increase in attendance and a reduction in costs. Additionally in August 2013, Agency Services hosted the Federal Records Centers Operations Conference via videoconference. The five day conference consisted of various daily presentations lasting four and a half hours.

However, in this audit we found NARA could have realized \$193,942 in funds to better use had stronger internal controls over conference-related activities and expenses been implemented. Specifically, we found the Accounting Policy and Operations Branch (BCA) was not effectively monitoring conference-related activities and expenses. We identified instances where approval was not obtained for conferences. By not obtaining approval, offices expended unauthorized funds. Additionally, we found NARA policies need to be updated to reflect the law, and to include a process to review expenses after a conference has ended.

¹ Conference is defined in this report as it is in the Federal Travel Regulation (41 CFR 300-3.1), as: "A meeting, retreat, seminar, symposium, or event that involves attendee travel. The term "conference" also applies to training activities considered to be conferences under 5 CFR 410.404." Meeting refers to any meeting, retreat seminar, symposium or event requiring expenditure of funds, including Federal employee time and regardless of whether travel is required.

This report contains three recommendations which upon implementation will assist NARA in effectively monitoring conferences expenses.

Background

Federal Travel Regulation (FTR) 301-74, “*Conference Planning*,” outlines agency responsibilities for conferences, including (a) minimizing all conference costs, including administrative costs, conference attendees’ travel costs, and conference attendees’ time costs; (b) maximizing the use of Government-owned or Government provided conference facilities as much as possible; (c) identifying opportunities to reduce costs in selecting a particular conference location and facility (e.g., through the availability of lower rates during the off-season at a site with seasonal rates); (d) ensuring the conference planner or designee does not retain for personal use any promotional benefits or materials received from a travel service provider as a result of booking the conference; and (e) develop and establish internal policies to ensure these standards are met.

The Office of Management and Budget’s (OMB) Memorandum 11-35, *Eliminating Excess Conference Spending and Promoting Efficiency in Government*, directed all agencies and departments to conduct a thorough review of the policies and controls associated with conference-related activities and expenses. In May 2012, OMB issued Memorandum 12-12, *Promoting Efficient Spending to Support Agency Operations*. The Memorandum described a series of policies and practices related to activities and expenses in travel, conference expenditures, real estate, and fleet management. It outlined a series of new policies and practices for conference sponsorship, hosting, and attendance to ensure Federal funds are used appropriately on these activities, and that agencies continue to reduce spending on conferences where practicable. OMB Memorandum 13-05, *Agency Responsibilities for Implementation of Potential Joint Committee Sequestration* (issued February 2013), directed Federal agencies to apply increased scrutiny to new spending for conferences, and ensure that conference-related spending occurs only to the extent it is the most cost-effective way to maintain critical operations under sequestration.

In September 2012 NARA reissued² NARA 165-1, *Conference-Related Activities and Expenses*, to address OMB Memorandum 12-12. The interim guidance establishes policies and controls to mitigate the risk of inappropriate spending practices with regard to meetings and conferences sponsored or co-sponsored by NARA.

² It was previously based on OMB Memorandum 11-35 and issued on October 27, 2011.

Section 3003 of the *Consolidated and Further Continuing Appropriations Act of 2013* requires the head of any Executive branch department, agency, board, commission, or office funded by this or any other appropriations Act to submit annual reports to their Inspector General, regarding the costs and contracting procedures related to each conference they held during fiscal year 2013 for which the cost to the United States Government was more than \$100,000. It also requires within 15 days of the date of such for which the cost to the United States Government was more than \$20,000, the head of any such department, agency, board, commission, or office shall notify their Inspector General (or senior ethics official for any entity without an Inspector General), of the date, location, and number of employees attending such conference.

The Accounting Policy and Operations Branch (1) establishes policies governing financial management activities and operations, evaluates financial management processes, and provides guidance concerning financial and accounting procedures; (2) manages, administers, and coordinates NARA financial management functions; works closely with NARA program offices to ensure timely and accurate processing of obligation documents, acknowledgment of receipt and acceptance of goods and services, and payment of invoices; analyzes accounting data for accuracy, maintains internal controls for financial management processes, and manages financial review processes; and (3) manages the NARA travel program: establishes policies governing travel and government travel cards; provides guidance concerning travel management policies and procedures; works closely with NARA program offices to ensure timely and accurate processing of travel authorizations and vouchers; analyzes travel data for accuracy and maintains internal controls for travel management processes; manages financial review processes for the travel card program; and serves as liaison with the travel management system provider.

Objectives, Scope, Methodology

The objectives of this audit were to evaluate (1) internal controls over NARA funded conference-related spending, and (2) the reasonableness of conference expenses. Specifically, our audit focused on whether conference expense controls mandated by OMB and Congress were adequately implemented by NARA. To understand the requirements for conference expenses, we reviewed (a) NARA 165-1, *Conference-Related Activities and Expenses*; (b) NARA Notice 2013-106, *New Policies for Cash Awards, Travel, Conferences, and Hiring Under Sequestration*, (c) OMB Memorandum 11-35, *Eliminating Excess Conference Spending and Promoting Efficiency in Government*, (d) OMB Memorandum 12-12, *Promoting Efficient Spending to Support Agency Operations*, (e) OMB Memorandum 13-05, *Agency Responsibilities for Implementation of Potential Joint Committee Sequestration*, and (f) Public Law 113-6: *Consolidated and Further Continuing Appropriations Act, 2013*.

To accomplish our objectives we did the following:

- Reviewed NARA's policies against requirements set forth in OMB directives and the law.
- Obtained a list of NARA conferences held during the testing period (October 1, 2011 through June 30, 2013) and evaluated its completeness.
- Obtained data on conferences activities and funds expended from NARA offices.
- Reviewed travel vouchers in GovTrip.
- Evaluated controls over conference activities.
- Held discussions with personnel from the Office of the Archivist (N) and Accounting Policy and Operations (BCA).

This audit was conducted in accordance with generally accepted government auditing standards between June 2013 and February 2014. These standards require we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Results

Stronger Internal Controls Needed for Conference-Related Activities and Expenses

The Accounting Policy and Operations Branch (BCA) is responsible for establishing policies governing conference-related activities and expenses, and managing the approval process. However, we found BCA was not effectively monitoring conference-related activities and expenses. Specifically, we found (1) BCA was not aware of all conferences held, (2) conferences were held without authorization, (3) the OIG was not always notified when conference expenses were over \$20,000, and (4) there was no mechanism in place to review approved conference expenses after conferences occurred. This occurred because management did not have policies and procedures in place to adequately monitor conference activities or expenses. As a result, conference activities and expenses could be unnecessary and appear frivolous or wasteful.

Interim Guidance NARA 165-1, *Conference-Related Activities and Expenses* (dated September 12, 2012), establishes policies and controls to mitigate the risk of inappropriate spending practices with regard to meetings and conferences sponsored or co-sponsored by NARA. It applies to appropriations for NARA Operating Expenses, the Records Center Revolving Fund, and the National Archives Trust and Gift Funds. Under the policy any NARA conference requiring the expenditure of Federal funds must be approved in advance by Deputy Archivist and concurred by the Chief Financial Officer (CFO) and Office of General Counsel via NA Form 4015, *Conference Approval Request Form*.³ The form is required if a conference is (a) a NARA-sponsored or co-sponsored event identified or advertised as a conference, workshop, or similar program; or (b) meeting of ten or more NARA employees requiring travel or will be held in a non-Federal facility. The form includes conference details, estimated conference costs, and a justification for the conference.

³ NA Form 4015, *Conference Approval Request Form*, became effective October 27, 2011.

BCA was not aware of all conference-related activities

During the course of our audit, we requested NARA offices submit data on conferences sponsored or co-sponsored by NARA from October 1, 2011 through June 30, 2013. Based on *Conference Approval Request Forms* submitted and approved, 17 conferences were held during our testing period. However, we received data showing 17 additional conferences took place over what was documented as approved (see Table 1). When we tried to determine why conferences were not submitted for approval, offices indicated (1) the conference was scheduled prior to issuance of Interim Guidance NARA 165-1, *Conference-Related Activities and Expenses*, (2) the policy was not in effect at the time, (3) it was unknown if the conference was pre-approved, (4) there was no form at the time, or (5) they were not sure what the process was for approval at the time of the conference, but it was approved by the Archivist.

Table 1: Conferences Reported – BCA vs. OIG

Reported to	FY 2012		FY 2013	
	# of Conferences	Approved/Actual Expenses ⁴	# of Conferences	Approved/Actual Expenses
BCA	10	\$336,711	7	\$61,627
OIG	23	\$462,084	11	\$100,933

Conferences held without authorization

Based on data reported to our office, we reviewed 14 conferences to determine if they adhered to conference policies outlined by OMB, NARA, and FTR (see list of conferences reviewed in Appendix A). Of those tested, we found (1) one instance where the *Conference Request Approval Forms* was missing the signature of the Deputy Archivist, (2) one instance where the *Conference Request Approval Forms* was missing the signatures of the Deputy Archivist and General Counsel, and (3) seven instances where conferences were held without submission and approval of *Conference Approval Request Forms*. Four of those conferences held without approval were also not held in federal facilities:

⁴ Approved and actual expenses were reported by BCA and to the OIG, respectively.

Harry S. Truman Library - Three conferences sponsored or co-sponsored by the Harry S. Truman Library were held at non-federal facilities. None of the conferences were authorized. The *Case Studies of the Cold War: A Course for Teachers & Lecturers in Europe* was held in April 2012 at University of Utrecht, the Netherlands in Utrecht, Holland. The purpose of the course was to pilot a five-day course for secondary school teachers, PhD Students and (junior) university lecturers. The course was funded by the National Archives Trust Fund (NATF), and advertised as being heavily subsidized by the Truman Library.

In 2012 and 2013 the Truman Legacy Symposiums were held at the Harry S. Truman Little White House in Key West, Florida. The Symposiums have taken place since 2003 in Key West, Florida. The 2012 Symposium examined the foreign aid policies and legacy of the 33rd president. The 2013 Symposium focused on the reorganization of the nation's military during Truman's administration, specifically the creation of the Department of Defense, the Joint Chief of Staff, and the Central Intelligence Agency. Both Symposiums were paid by NATF.

Library officials indicated they were not aware of the requirement to complete *Conference Request Approval Forms* for conferences in 2012. They also indicated a form was completed in 2013, but the Deputy Archivist did not sign-off on the Conference. Library officials' rationale was "the Deputy Archivist did not sign-off on the Conference, but understood to cancel NARA participation at what had become a late date could reflect badly on the Agency." By the date of the May 2013 conference, the policy requiring approvals was 18 months old. If the Library was unaware, the Executive for Legislative Archives, Presidential Libraries, and Museum Services, who is responsible for the Library's budget, should have been aware of the Deputy Archivist's increased scrutiny to all meetings and conferences during sequestration.

Interim Guidance 165-1, *Conference-Related Activities and Expenses*, requires all meetings and conferences be held in a Federal facility, except where: (i) the sponsoring NARA organization can demonstrate that using an alternative non-Federal facility will result in a lower cost; or (ii) where there is a business need to use a non-Federal facility. NARA Notice 2013-106, *New Policies for Cash Awards, Travel, Conferences, and Hiring Under Sequestration*, states meetings and conferences would only be approved only to the extent they meet one or more of the following criteria: (1) the meeting or conference is necessary to maintain critical agency mission operations under sequestration; (2) the meeting or conference would not appear frivolous or wasteful in a period of austerity and would not portray NARA in a negative light when compared to actions other agencies have taken to meet sequestration cuts; and (3) the meeting or conference is necessary to fulfill statutory or regulatory requirements.

Agency Services - Customer Relations Management/Scanwow! (Business Development/CRM) Conference for the Federal Records Center Program (FRCP) was held by Agency Services in December 2011, at the Laguna Cliffs Marriott Resort & Spa in Dana Point, California. The conference was an annual planning meeting which was usually held in different parts of the country near a FRCP to ease the burden of local arrangements, and distribute the burden to different FRCP managers. We reviewed documentation for the conference, including the 31 attendees, and found:

- Conference approval was not obtained for the conference. The original version of Interim Guidance 165-1, *Conference-Related Activities and Expenses* (dated October 27, 2011), required conferences less than 90 days from issuance to submit Form NA 4015 for all required approvals and signatures before the conference occurred and before incurring any additional obligations, including travel. The Contracting Officer was aware of the guidance before issuance, but indicated attempts to get a form with approvals were declined before issuance of the guidance. However, once the guidance was issued and before any additional payments or contract amendments, no effort was made by Agency Services to obtain the appropriate approvals.
- The rationale for selecting the Dana Point area for the conference was unreasonable when majority (80%) of the expenses were for traveling and 15 (55%) of the attendees duty stations were located on the East Coast (2 – Pennsylvania and 13 – Maryland). We were told no consideration was given to holding the meeting at a FRCP facility due to (1) extra logistics involved in transporting staff from the hotel to a FRCP facility and (2) many FRCP facilities not being able to comfortably accommodate the number of meeting participants. Also, cost comparisons were obtained from other Dana Point hotels (the St. Regis Monarch Beach and Ritz Carlton) which did not offer the government per diem rate.
- Attendees received per diem for three days of breakfast even though a continental breakfast (\$29/day) was paid for as a part of the conference package with the hotel; and
- One attendee stayed at the resort, but their residence in Oceanside, California was 35 miles from the conference site.

FTR §301-74.4 indicates cost comparisons should include, but not be limited to, a determination of adequacy of lodging rooms at the established per diem rates, overall convenience of the conference location, fees, availability of meeting space, equipment, and supplies, and commuting or travel distance of attendees. FTR §301-74.21 requires conference attendees to make the appropriate deduction from the meals and incidentals rate when meals are furnished by the government.

OIG was not notified of conference expenses over \$20,000

The *Consolidated and Further Continuing Appropriations Act of 2013* requires within 15 days of the date of a conference held by any Executive branch department, agency, board, commission, or office funded by this or any other appropriations Act during fiscal year 2013 for which the cost to the United States Government was more than \$20,000, the head of any such department, agency, board, commission, or office shall notify their Inspector General (or senior ethics official for any entity without an Inspector General), of the date, location, and number of employees attending such conference. In April 2013, NARA's CFO communicated to management for the head of any NARA organization sponsoring a conference or event costing excess of \$20,000 (including costs to other Federal agencies) to notify the OIG within 15 days after the event.

Based on our review, there were two conferences in FY 2013 that met the \$20,000 criteria. The 2013 Truman Legacy Symposium and George W. Bush Library Dedication had expenses totaling \$21,232 and \$24,571, respectively. While our office received notification about the George W. Bush Library Dedication, we were not made aware of the expenses for the Truman Legacy Symposium.

No mechanisms in place to review approved conference expenses after conferences occurred

Our review also found there was no process in place to review conference expenses after conferences occurred. While offices are required to submit estimated expenses when completing the *Conference Request Approval Form*, there is no independent review performed of actual expenses after the conference ended. We identified one instance where estimated approved expenses exceeded actual expenses. The Bi-Annual Facility Manager (FM)/Field Support Officer (FSO) Conference was submitted for approval⁵ for \$26,487, but expenses totaled \$37,769. Since many of the conferences occurred without approval, we were unable to determine if approved budgets were exceeded.

⁵ The form provided to the OIG during fieldwork was not approved by the Deputy Archivist. Prior to issuance of the final report, a form with the signature was provided.

Unauthorized conference activities and expenses during a time of economic scrutiny shows offices disregard for established policies. In the absence of proper internal controls to monitor the conferences, there is no assurance funds are used appropriately and in a cost effective manner.

Recommendations

1. The Deputy Archivist should ensure a process is developed to strategically plan conferences at the senior management level based on the mission, vision, and budget resources of the agency.
2. The Chief Financial Officer should ensure:
 - a) Communication is provided to offices regarding adherence to conference policies, including penalties for non-compliance.
 - b) Interim Guidance 165-1, *Conference-Related Activities and Expenses*, is updated to incorporate statutory requirements for reporting to the OIG any conferences where expenses exceed \$20,000.
 - c) Methodology is developed for gathering and reporting post conference details, including detail of all expenses and justification when total costs increase by a threshold established by management. Establish a timeframe for reporting.
3. The General Counsel with the assistance of the Chief Financial Officer should make a determination of whether any employees and officials who were responsible for approving or certifying purchases and their supervisors should be held responsible for government funds spent on unapproved conferences taking place after issuance of Interim Guidance 165-1, *Conference-Related Activities and Expenses* (dated September 12, 2012).

Management Response

Management concurred with the recommendations.

Appendix A – NARA Conferences Selected for Review

Conference Name	Conference Dates	Location	Total Expenses ⁶	Approved
1. Presidential Library Director Meeting (PLDM), Advisory Committee on Presidential Library-Foundation Partnerships (ACPLFP)	December 1-2, 2011	Nixon & Reagan Libraries Yorba Linda & Simi Valley, CA	\$32,279	NO
2. Customer Relations Management/Scanwow! Conference for the FRCP	December 12–16, 2011	Laguna Cliffs Marriott Resort* Dana Point, CA	\$52,719	NO
3. Administrative Officer Conference and HR Migration Training	January 23–27, 2012	Archives II College Park, MD	\$61,569	YES
4. FRCP Transfer & Disposition Conference	April 24-27, 2012	Ellenwood FRC Ellenwood, GA	\$28,635	NO
5. Bi Annual FM/FSO Conference	April 29–May 4, 2012	Reagan Library Simi Valley, CA	\$37,769	NO ⁷
6. The Cold War - Causes and Consequences	April 18-22, 2012	University of Utrecht* Utrecht, Holland	\$20,243	NO
7. Truman Legacy Symposium	May 18-19, 2012	Truman Little White House* Key West, FL	\$16,719	NO
8. PLDM, Presidential Library Director Council Meeting (PLDC), ACPLFP	May 31–June 1, 2012	Archives I Washington, DC	\$21,871	YES

*Held at non-federal facilities

⁶ Total expenses are based on figures reported to or calculated by the OIG.

⁷ The form provided to the OIG during fieldwork was not approved by the Deputy Archivist. Prior to issuance of the final report, a form with the signature was provided.

Conference Name	Conference Dates	Location	Total Expenses	Approved
9. National Level Continuity Exercise - Eagle Horizon 2012	June 18–22, 2012	NARA Continuity Facility Rocket Center, WV	\$33,989	YES
10. PLDM, PLDC, ACPLFP	November 28-29, 2012	Archives I Washington, DC	\$19,331	NO
11. FRCP Director Conference	September 17–21, 2012	National Personnel Records Center St. Louis, MO	\$36,826	YES
12. Office of Presidential Libraries Digitization Conference	September 26-27, 2012	Truman Library Independence, MO	\$26,976	NO ⁸
13. George W. Bush Library Dedication	April 24-26, 2013	George W. Bush Library Dallas, TX	\$24,571	YES
14. Truman Legacy Symposium	May 17-18, 2013	Truman Little White House* Key West, FL	\$21,232	NO

*Held at non-federal facilities

⁸ The form provided to the OIG during fieldwork was not approved by the Deputy Archivist or General Counsel. Prior to issuance of the final report, a form with the signatures was provided.

Appendix B – Acronyms and Abbreviations

ACPLFP	Advisory Committee on Presidential Library-Foundation Partnerships
AF	Federal Records Center Program
BCA	Accounting Policy and Operations Branch
CFO	Chief Financial Officer
CFR	Code of Federal Regulations
FM	Facility Manager
FRCP	Federal Records Center Program
FSO	Field Support Officer
FTR	Federal Travel Regulation
LP-HST	Harry S. Truman Library
N	Office of the Archivist
NARA	National Archives and Records Administration
NATF	National Archives Trust Fund
OIG	Office of Inspector General
OMB	Office of Management and Budget
PLDC	Presidential Library Director Council Meeting
PLDM	Presidential Library Director Meeting

Appendix C – Management’s Response to the Report



Date: APR 17 2014
To: James Springs, Acting Inspector General
From: David S. Ferriero, Archivist of the United States
Subject: OIG Revised Draft Audit 14-09, Audit of Conference-Related Activities and Expenses

Thank you for the opportunity to provide comments on this revised draft report. We appreciate your willingness to meet and clarify language in the report.

We concur with both recommendations in this audit, and we will address them further in our action plan.



DAVID S. FERRIERO
Archivist of the United States

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Appendix D – Report Distribution List

Archivist of the United States (N)
Deputy Archivist of the United States (ND)
Chief Operating Officer (C)
General Counsel (NGC)
Executive of Business Support Services (B)
Chief Financial Officer (BC)
Director, Performance and Accountability (CP)
Management Control Liaison, Performance and Accountability (CP)