




# Office of Inspector General

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**To:** Carrie Hessler-Radelet, Director  
Anne Hughes, Chief Compliance Officer

**From:** Kathy A. Buller, Inspector General 

**Subject:** Management Advisory Report: Conference Cost Reporting (IG-16-03-SR)

**Date:** September 20, 2016

The purpose of this report is to bring to your attention certain opportunities for improvement OIG identified while reviewing the Peace Corps' efforts in complying with federal conference cost management and reporting requirements.

While the Peace Corps' policies and procedures for managing and reporting on conferences generally complied with federal law and Office of Management and Budget (OMB) guidance, we found that the agency has not fully complied with all reporting requirements.

## Background and Criteria

The relevant OMB guidance on conferences stems from two memorandums issued in September 2011 and May 2012, respectively: M-11-35, *Eliminating Excess Conference Spending and Promoting Efficiency in Government* and M-12-12, *Promoting Efficient Spending to Support Agency Operations*. Both outline policies and practices to ensure appropriate use of federal funds on conference sponsorship, hosting, and attendance. To summarize key memorandum requirements:

- Agency heads must review planned spending for every upcoming conference the agency sponsors or hosts where the agency's net conference expenses exceed \$100,000.
- Agencies must ensure conference expenses and activities comply with Federal Travel Regulation (FTR) directives and executive branch policies on conferences, and the Federal Acquisition Regulation (FAR) requirements on contracting for goods and services.
- Agencies must ensure conference attendance and expenses are limited to the levels required to carry out the conference's mission.
- Agencies must not incur net expenses greater than \$500,000 on a single conference without specific approval from the agency head.

On March 26, 2013, the appropriations law for FY 2013 mandated additional requirements.<sup>1</sup> It requires:

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<sup>1</sup> This mandate has been repeated in each of the appropriations bills covering fiscal years 2014-2016.

The head of any Executive branch department to submit annual reports to the Inspector General regarding the costs and contracting procedures related to each conference held by any such department during fiscal year for which the cost to the United States Government was more than \$100,000. Each report submitted shall include, for each conference:

1. A description of its purpose and the number of participants attending;
2. A detailed statement of the costs to the United States Government and the methodology used to determine which costs relate to the conference. The statement of costs should include the cost of food or beverages, audio-visual services and employee and contractor travel.
3. A description of the contracting procedures used including, (1) whether contracts were awarded on a competitive basis; and (2) a discussion of any cost comparison conducted by the departmental component or office in evaluating potential contractors for the conference.

The Peace Corps Office of the Chief Financial Officer (OCFO) issued agency offices a bulletin providing guidance for M-12-12 compliance in August 2012, along with forms for pre-conference approval and post-conference review. The bulletin required agency deputy directors approve each planned conference estimated to cost more than \$80,000 before obligating any expenses or investing significant staff time in planning the conference. Under agency policy, OCFO must validate the conference cost estimates and the report on actual spending for all conferences that fall into the above categories and submit them to the Director or Deputy Director for their signature.

For those conferences covered by the bulletin (those with estimated expenses of more than \$80,000 and those with actual expenses of more than \$100,000), the OCFO bulletin also required individual offices to certify in the post-conference review form that all conference expenses and activities comply with the FTR, the FAR, and Peace Corps policies. For conferences that cross multiple major offices, the form was to include signatures from all appropriate office heads. Further, all office heads must certify that conference attendance and expenses are limited to the levels required to carry out the conference mission.

In August 2013, OCFO added a chapter on conference planning and reporting to the Domestic Financial Management Handbook (DFMH) which included the reporting requirements mandated in the appropriations act. The agency developed a process for reporting conferences with projected expenses between \$20,000 and \$80,000 and initiating, reviewing, approving, and reporting expenses for conferences with projected expenses greater than \$80,000 to comply with OMB and appropriation act requirements.

## **Methodology**

We reviewed the agency guidance and processes for initiating, reviewing, approving, and reporting conference expenses and interviewed relevant staff members responsible for complying with the requirements. We also obtained the supporting documents for a judgmentally selected sample of conferences from the agency's FY 2013 and FY 2014 reports for conferences costing more than \$100,000. We reviewed the process and the supporting documents to verify if the agency adhered to compliance requirements.

## Findings

Major offices hosting conferences did not have adequate time to comply with all the requirements for all FY 2013 funds because the appropriations law was enacted in March 2013, well after the beginning of the fiscal year, and the OCFO policy on conference cost reporting was issued in August 2013.

We concluded that the agency provided adequate guidance and developed processes to enable agency offices to comply with the initiating, reviewing, approving, and reporting requirements for conference expenses. However, we also noted certain areas for improvement as discussed below:

***The agency did not fully report all items required by appropriation law to the inspector general in a timely manner.***

The agency provided its first conference cost report to the OIG on February 11, 2015, containing information on both FY 2013 and FY 2014 conferences with costs exceeding \$100,000. However, the report did not contain the required descriptions of competitive contract processes, contract awards, and contract cost evaluations. Moreover, the reporting information for FY 2013 was not timely.

The agency reports that due to an oversight, the OCFO budget officer who developed the report did not describe whether the agency followed competitive contracting procedures or how the agency evaluated potential contractors in awarding conference contracts for FYs 2013 and 2014. We communicated this oversight and reminded the budget officer to include this information in the conference report for FY 2015.

The FY 2015 report was received on June 8, 2016, but did not contain the required conference contract information.

In sum, for FYs 2013-2015 the agency did not comply with the Appropriations Act requirement to include descriptions of contracting practices followed in awarding contracts for conference cost.

***The agency did not fully comply with the requirement to notify OIG of conferences with costs exceeding \$20,000.***

The Appropriations Act for 2013 requires sponsoring offices report conferences over \$20,000 to the OIG within 15 days after the last day of the conference.<sup>2</sup> This requirement has been included in the Appropriations Acts for 2014, 2015, and 2016. As previously noted, offices had difficulties complying with this requirement for FY 2013 because the OCFO did not issue guidance for reporting until August 2013.

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<sup>2</sup> Section 3003 of the Consolidated and Further Continuing Appropriations Act, 2013, Public Law 113-6, 127 Stat. 198  
Section 742 of the Consolidated Appropriations Act, 2014, Public Law 113-76  
Section 739 of the Consolidated and Further Continuing Appropriations Act, 2015, Public Law 113-235  
Section 535 of the Consolidated and Further Continuing Appropriations Act, 2016, Public Law 114-113

We obtained a list of all conferences the agency held that cost more than \$20,000 in FYs 2013 and 2014, and compared it with a list of notifications we had received. While there was a significant improvement in reporting in FY 2014, the table below shows that a majority of conferences were nonetheless not reported to OIG. These unreported conferences represented more than \$2.1 million and \$1.8 million in costs in FY 2013 and FY 2014, respectively.

Conferences Not Reported to the Office of Inspector General			
Fiscal Year	Category	Number unreported out of total	Cost of unreported conferences out of total cost
2013	Between \$20k and \$100k	4 of 9	\$295,000 of \$557,000
	More than \$100k	11 of 11	\$1,860,000 of \$1,860,000
	<b>All FY13 Conferences</b>	<b>15 of 20 (75%)</b>	<b>\$2,155,000 of \$2,417,000 (89%)</b>
2014	Between \$20k and \$100k	6 of 21	\$278,000 of \$1,200,000
	More than \$100k	8 of 12	\$1,570,000 of \$2,170,000
	<b>All FY14 Conferences</b>	<b>14 of 33 (42%)</b>	<b>\$1,858,000 of \$3,370,000 (55%)</b>

We discussed the list of conferences not reported to OIG with the relevant program offices and OCFO. We concluded that the sponsoring offices did not notify OIG or OCFO of all conferences which they were required to report, despite the Peace Corps budget office having periodically reminded program officers of reporting requirements.

We asked sponsoring offices why they had not sent the required notifications in FY 2014. Several told us that they had in fact reported the conferences to OCFO and OIG, but could not provide evidence of having done so because they had not received electronic confirmation of submission. However, we tested the most current electronic notification form and found that it was functioning. Offices could better ensure compliance with reporting requirements by contacting OIG and OCFO in a timely manner in the event that they do not receive electronic confirmation of submitted notifications.

***A conference coordinator failed to comply with agency contracting policy.***

We found that a conference coordinator paid for services without creating valid obligating document. During a medical education conference, the conference coordinator reserved hotel rooms with a blanket letter of intent. The individual travel authorization of the participant provided the basis for the reserving lodging and boarding at the hotel. However, the conference used other services, including transportation for participants between the airport and hotel. The conference coordinator provided the centrally billed travel card to the hotel to obtain transportation services of approximately \$6,000 USDE.

The conference coordinator did not follow agency policies for obtaining additional services, and used the travel card to pay for these services without creating a valid obligation prior to payment. Per DFMH section 19.2:

Federal appropriations law requires that obligations include a specific vendor, amount/quantity, and price, period of performance or delivery date, and signature by a direct hire employee with procurement authority. Obligations can be documented by different forms, depending on the type of requirement. All obligating documents including modifications - must be signed and dated. The signed and dated document

establishes the obligation, which is recorded in Odyssey. Each obligating document - modifications included- should detail the basis for estimates and calculations, or refer to a pro-forma invoice or contract.

The conference coordinator charged approximately \$6,000 USDE to the centrally billed government travel card. As the conference coordinator did not prepare an obligating document and create an appropriate obligation in the Peace Corps financial system, this transaction was not legal, proper, and correct.

**We recommend that:**

1. The Office of the Chief Financial Officer ensure the agency's annual report to the Office of Inspector General on conferences comply with all reporting requirements, specifically the detailed requirements regarding contract competition, contract award details, and full description of contract cost and pricing analysis.
2. The Office of the Chief Financial Officer issue guidance and reminders to agency conference coordinators to help ensure that they fully understand and comply with the requirement to notify the Office of Inspector General and the Office of the Chief Financial Officer of all conferences that cost over \$20,000.
3. The Office of Acquisitions and Contracts Management, working with the director of the Office of Health Services, review the unauthorized purchase made at the medical education conference and ascertain whether it can be ratified, and if so, take appropriate steps to ratify the contract.
4. The Office of the Chief Financial Officer issue guidance advising agency conference coordinators of the importance of following agency contract policy and of contacting the Office of Acquisitions and Contracts Management before attempting to procure any services for conferences.

cc: Carlos Torres, Deputy Director  
Laura Chambers, Chief of Staff  
Elizabeth Ogunwo, White House Liaison  
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**MEMORANDUM**

**To:** Kathy Buller, Inspector General

**Through:** Anne Hughes, Chief Compliance Officer *[Signature]*

**From:** Joseph Hepp, Chief Financial Officer *[Signature]* *for Oct-Nov-2016*  
Linda Brainard, Chief Acquisition Officer *MBS (for)*

**Date:** November 4, 2016

**CC:** Carrie Hessler-Radelet, Director  
Carlos Torres, Deputy Director  
Laura Chambers, Chief of Staff  
Kathy Stroker, Acting General Counsel  
Paul Shea, Deputy Chief Financial Officer  
Angela Kissel, Compliance Officer  
Joaquin Ferrao, Deputy Inspector General  
Judy Leonhardt, AIG for Audits

**Subject:** Agency Response to the Management Advisory Report: Conference Cost Reporting (IG-16-03-SR)

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Enclosed please find the agency's response to the recommendations made by the Inspector General as outlined in the Management Advisory Report: Conference Cost Reporting (IG-16-03-SR) sent to the agency on September 20, 2016.

The agency concurs with all four recommendations and will work to address the them by the set target dates.

### **Recommendation 1**

**The Office of the Chief Financial Officer ensure the agency's annual report to the Office of Inspector General on conferences comply with all reporting requirements, specifically the detailed requirements regarding contract competition, contract award details, and full description of contract cost and pricing analysis.**

#### **Concur**

**Response:** In addition to the summary of the expenses of reportable conferences, with the annual report, the agency will provide copies of the conference venue contracts along with selection memorandums that detail the competitive process (quotes, price breakdowns, etc.) used to select the final venues.

#### **Documents to be Submitted:**

- FY16 January Conference Summary Report
- Venue contract and selection memo example

**Status and Timeline for Completion:** January 2017

### **Recommendation 2**

**The Office of the Chief Financial Officer issue guidance and reminders to agency conference coordinators to help ensure that they fully understand and comply with the requirement to notify the Office of Inspector General and the Office of the Chief Financial Officer of all conferences that cost over \$20,000.**

#### **Concur**

**Response:** The agency will issue semi-annual guidance concerning the responsibility to report on all conferences that cost over \$20,000. The semi-annual guidance will contain a link to the permanent home of the guidance, the Domestic Financial Management Handbook (DFMH).

#### **Documents to be Submitted:**

- Updated guidance concerning the responsibilities and roles of various office with regards to conference reporting. For inclusion in the DFMH.
- Email of documentation going out to the agency.

**Status and Timeline for Completion:** January 2017

### **Recommendation 3**

**The Office of Acquisitions and Contracts Management, working with the director of the Office of Health Services, review the unauthorized purchase made at the medical education conference and ascertain whether it can be ratified, and if so, take appropriate steps to ratify the contract.**

#### **Concur**

**Response:** The Chief Acquisition Officer will review the unauthorized purchase made at the medical education conference and submit the final decision concerning remedial action via a memo from the agency to the Office of Inspector General.

#### **Documents to be Submitted:**

- Decision memo of the Chief Acquisition Officer concerning the remedial action of the unauthorized purchase made at the medical education conference

**Status and Timeline for Completion:** January 2017

### **Recommendation 4**

**The Office of the Chief Financial Officer issue guidance advising agency conference coordinators of the importance of following agency contract policy and of contacting the Office of Acquisitions and Contracts Management before attempting to procure any services for conferences.**

#### **Concur**

#### **Response:**

A clear statement on the role of the contracting officer with regards to executing and amending conference contracts will be included in the semi-annual guidance (outlined in the response to Recommendation 1). This language will be included in the DFMH chapter (outlined in the response to Recommendation 2) and will contain a link to the permanent home of the guidance, the Domestic Financial Management Handbook (DFMH).

#### **Documents to be Submitted:**

- FY16 January Conference Summary Report
- Updated guidance concerning the responsibilities and roles of various office with regards to conference reporting. For inclusion in the DFMH.
- Email of documentation going out to the agency.

**Status and Timeline for Completion:** January 2017