



March 23, 2010

TO: Elizabeth Robinson
Chief Financial Officer

FROM: Paul K. Martin /signed/
Inspector General

SUBJECT: Final Memorandum on the Analysis of Fiscal Year 2009 NASA-Sponsored Conferences (Report No. IG-10-009; Assignment No. A-09-019-00)

The Office of Inspector General (OIG) conducted an analysis of NASA's reports for the first quarter of FY 2009 of NASA-sponsored conferences with costs exceeding \$20,000. Our objectives were to determine whether NASA complied with requirements of the NASA Authorization Act of 2008 (Public Law 110-422), complied with the General Services Administration (GSA) Federal Travel Regulation (FTR), and adhered to NASA internal guidance on minimizing conference costs. (See Enclosure 1 for details on our scope and methodology.)

Executive Summary

NASA needs to improve its implementation of Federal guidelines and NASA policies and requirements for planning conferences. We found that conference planners did not complete cost comparisons of at least three facilities correctly, did not select conference locations in close proximity to NASA Centers, and did not fully consider Government facilities when evaluating locations.

We also found that the costs for food and beverages provided at the conferences were excessive and that NASA management could reduce conference costs for local attendees. For example, the light refreshment costs for one annual conference totaled \$62,611 or \$66 per day per attendee – more than the daily amount permitted for meals and incidental expenses in the conference city. The types of refreshments provided included soda, coffee, fruit, bagels, and cookies.

Finally, NASA conference-planning officials and contracted event planners could not provide us with all of the supporting documentation for conference-related activities and expenses prior to completion of our audit work. The inability to provide this information calls into question the quality and completeness of NASA's conference record keeping.

Our March 1, 2010, draft of this memorandum recommended specific steps that NASA could take to improve conference planning guidance for NASA employees, including contracting officers, contracting officers' technical representatives, and contractor employees, to facilitate cost-effective decision making in site selections. Additionally, we recommended that the CFO provide guidance – similar to other Federal Government agencies – regarding how to determine the reasonableness of light refreshment expenses and to keep the cost of meals at conferences within the established requirements. We also recommended that NASA consider reducing conference costs by not having local participants lodge at the conference facility. Finally, we recommended that the CFO emphasize the importance of maintaining readily accessible documentation supporting conference costs.

Management's comments on the draft of this memorandum are responsive (see Enclosure 2) and we will close the recommendations upon completion and verification of management's corrective action.

Background

The NASA Authorization Act of 2008 requires NASA to submit quarterly reports to the OIG on costs and contracting procedures used for FY 2009 NASA-sponsored conferences with costs exceeding \$20,000. For each such conference, NASA must report the purpose of the conference and provide information on the number of conference attendees, a detailed statement of the conference costs, and a description of the contracting procedures used to carry out the event. The description of contracting procedures must note whether NASA awarded contracts on a competitive basis and discuss any cost comparisons conducted. The Consolidated Appropriations Act of 2008 (Public Law 110-161) required the OIG to analyze NASA's quarterly reports for FY 2008 and to provide a report, with recommendations as necessary, to the House and Senate Appropriations Committees.

Our analysis of NASA's quarterly reports for FY 2009 was limited in scope because we only received NASA's report for first quarter conferences (October through December 2008) with costs exceeding \$20,000. The report, which we received August 7, 2009, noted that no reportable conferences were held during the second quarter of FY 2009. As of December 31, 2009, NASA had not provided reports for the third and fourth quarters of FY 2009.

All eight of the conferences that NASA reported for the first quarter of FY 2009 (listed in Table 1) occurred before NASA had implemented any corrective actions based on the OIG report, "NASA's Conference Planning Process Needs Improvement" (IG-09-002, October 29, 2008).

Table 1. NASA-Reported Conferences for FY 2009 (as of December 31, 2009)				
Conference Name	Dates	Location	Number of Attendees	Total Costs
Aerospace Battery Workshop	Nov. 18–20, 2008	Huntsville, AL	126	\$ 31,816
Aviation Safety Technical Conference	Oct. 21–23, 2008	Denver, CO	311	260,096
CLARREO ^a Workshop	Oct. 21–23, 2008	Washington, DC	112	75,696
Earth Science Data Systems Working Group	Oct. 21–23, 2008	Philadelphia, PA	90	79,085
First Annual NASA/JPL Small Business Symposium and Awards Ceremony	Nov. 17–18, 2008	Washington, DC	357	76,318
Fundamental Aeronautics Program Annual Review	Oct. 6–9, 2008	Atlanta, GA	650	535,149
Futures Forum	Oct. 10, 2008	Chicago, IL	244	68,113
Procurement Training Conference	Dec. 7–10, 2008 ^b	Baltimore, MD	317	495,173
				\$1,621,446
^a Climate Absolute Radiance and Refractivity Observatory.				
^b These dates include a day for a reception held before the conference.				

We focused our detailed analysis on the Procurement Training and Fundamental Aeronautics Program conferences, which accounted for 65 percent of the total costs incurred. We also examined cost comparisons of potential conference facilities for the other six conferences. (See Finding A for the results of our additional analysis.)

For the two conferences we examined in detail, NASA relied on contracted event planners to perform conference-planning services such as finding a hotel that met the sponsoring organization's requirements, arranging and negotiating snack and meal costs, conducting on-site registration, and printing and providing handout materials. When using a contractor to provide conference-planning services, the contracted event planner and the responsible NASA conference-planning official agree on a cost proposal that identifies services to be provided and the total cost of those services. The NASA conference-planning official then completes the "NASA Sponsored Conference –

Approval to Conduct” form, which must be approved by the appropriate Official-in-Charge or Center Director.¹

Thirty days after the end of the quarter when a conference occurs, the NASA conference-planning official is required to submit the actual costs incurred and have documented support for the costs available for the Office of the Chief Financial Officer (OCFO). During January 2009, NASA published NASA Form 1785, “NASA Sponsored Conference Reporting,” for reporting costs of conferences held during 2009. NASA requested, but did not require, that conferences held during the first quarter of FY 2009 (October–December 2008) use NASA Form 1785. Form 1785 requests information such as actual costs and contract information that NASA needs to prepare the required quarterly and annual reports.

Subsequent Events

On December 16, 2009, Congress enacted Public Law 111-117, the Consolidated Appropriations Act of 2010. The conference reporting requirements established in the Consolidated Appropriations Act of 2008, the NASA Authorization Act of 2008, and the Omnibus Appropriations Act of 2009 do not apply to fiscal year 2010. Specifically, the Act contains no requirement that NASA submit quarterly reports to the OIG for NASA-sponsored conferences with costs exceeding \$20,000 and no requirement that the OIG report on those conferences. Due to the change in conference reporting requirements for fiscal year 2010, the recommendations provided to NASA management in this report focus on improving implementation of Federal guidelines and NASA’s policies for planning conferences, improving or clarifying NASA policies and procedures, and improving the retention of related documentation.

Finding A: Conference Planning Activities Need Improvement

NASA needs to improve its implementation of Federal guidelines and NASA’s policies and requirements for planning NASA-sponsored conferences. When planning conferences, complete and accurate cost comparisons of conference locations and facilities are essential to making cost-effective decisions. During our analysis, we found that required comparisons of at least three facilities or locations for conferences were not always completed, the facilities selected for evaluation could have been closer to NASA Centers, and Government facilities were not fully considered during the site selection process. As a result, NASA may be spending more money than necessary when selecting conference sites.

¹ The instructions for the form list the approval authorities as NASA Officials-in-Charge of Headquarters Offices and Center Directors (or their designees). Although this form was replaced in January 2009 by NASA Form 1784, “NASA Sponsored Conference Approval,” the approval forms for all of the conferences in our testing period should have been completed before January 2009.

Conference Planning Guidance

NASA is required to follow Agency and Federal requirements for planning and holding Agency-sponsored conferences. Conference planning guidance is contained in GSA's FTR, NASA's Financial Management Requirements (FMR), and a November 2005 memorandum from the NASA Administrator to Officials-in-Charge of Headquarters Offices and Center Directors concerning planning Agency-sponsored events. During the first quarter of FY 2009, NASA FMR Volume 12, "Travel," was replaced by NASA Procedural Requirements (NPR) 9700.1, "Travel," September 30, 2008. Because the conferences reported to the OIG were planned before September 30, 2008, and held during the first quarter of FY 2009, we only refer to the FMR and not the NPR in this report.

Federal Conference Planning Guidance. FTR § 301-74 and Appendix E provide conference planning guidance for Federal agencies. The guidance states that when planning a conference, agencies must minimize all conference costs, including administrative costs and conference attendees' travel costs. In addition, agencies must maximize the use of Government-owned or Government-provided conference facilities. Lastly, agencies must establish internal policies to ensure these standards are met. The guidance also states that agencies should consider all direct and indirect conference costs paid by the Government, whether paid directly by agencies or reimbursed by agencies to travelers or others associated with the conference.

To determine which conference expenditures result in the greatest advantage to the Government, the FTR states that agencies must provide assurance that there is appropriate management oversight of the planning process. In addition, agencies must always perform cost comparisons of the size, scope, and location of the proposed conference. Moreover, for each conference an agency sponsors or funds in whole or in part for 30 or more attendees, the agency must consider at least three sites and maintain a record of the costs of each alternative site considered. A site refers to both the geographical location and the specific facility. The FTR further states that these records must be made available for inspection to the agency's OIG or other interested parties.

NASA Conference Planning Guidance. NASA FMR, Volume 12, § 301-74, April 2005, clarifies the conference guidance provided in the FTR. It also requires the preparation of the "NASA Sponsored Conference – Approval to Conduct" form. The instructions for completing the form are online at the NASA Electronic Forms Web site, linked to a form identified as GRC-634, "NASA Sponsored Conference – Approval to Conduct." The GRC-634 instructions direct those planning conferences to determine estimated travel costs for all NASA conference attendees by including travel, meals and incidental expenses (M&IE), lodging rates, and ground transportation costs. Planners are also directed to estimate the costs associated with holding the conference and provide

examples of such costs (e.g., meeting room costs, audiovisual equipment, light refreshments, and printing).²

NASA FMR, Volume 12, § 301-11, April 2005, includes information regarding NASA's local travel policy, stating: "No lodging or subsistence will be authorized within fifty (50) miles of both the employee's official duty station and the residence from which the employee commutes to the official duty station." The distance is reduced from 50 miles to 25 miles for NASA employees stationed in the Washington, D.C., area.

With regard to selecting a conference location, the NASA Administrator issued a memorandum on November 16, 2005, stating in part that

Government-owned facilities, including NASA Centers, should be considered as event locations if suitable facilities are available. Sites within 25 miles of a NASA Center are preferable, since not all attendees would then require hotel accommodations.

Aside from cost considerations, employees must be conscious of appearance concerns when selecting an event location. Selecting sites in exotic or resort destinations may create the appearance that the event is wasting Government resources in order to facilitate personal vacations or entertainment for employees. Employees should take care to select event locations that are cost justified, appropriate to the purpose of the event, and which minimize, to the greatest extent possible, any appearance of impropriety.

Information Provided on Conference Approval Forms Was Incomplete

The NASA Sponsored Conferences – Approval to Conduct form is intended to compare an estimate of expected costs for potential conference sites and, at a minimum, include the determination of adequacy of the facilities; overall convenience of the conference locations; fees; local lodging and M&IE rates; availability of meeting space, equipment, and supplies; and commuting distance of attendees. The form is designed to help ensure compliance with conference planning guidance, to ensure that cost-effective decisions are being made, and to ensure compliance with the NASA FMR.

Fundamental Aeronautics Program Annual Conference Held in Atlanta, Georgia, October 6–9, 2008. We found that the Approval to Conduct form for this conference was incomplete, although it had been signed by the appropriate NASA official. For two of the potential conference facilities, the contracted event planner did not evaluate the cost of the facility to provide services for the conference in the cost comparison because those facilities were not available in the timeframe desired. The planner did not evaluate

² NASA Interim Directive (NID) 9312.2, "Requirements Relating to Conference Attendance, Obligations and Expenditures," effective January 12, 2009, provides requirements applicable to conference-related obligations and costs, attendance at foreign conferences, and reporting on costs related to conferences that are reportable to Congress. It also establishes internal policies relating to conference reporting and compliance. Finally, it references as an authority NPR 9700.1, effective September 2008, which provides the financial management requirement for travel.

two replacement facilities with availability in order to perform a full cost evaluation comparing three facilities.

None of the potential conference facilities considered was a Government facility. We asked whether planners considered a Government facility and received a response from management that “no NASA facility” would be able to meet the needs of the conference. The evaluation of Government facilities should not have been limited to NASA facilities. Additionally, we received no evidence or support of the evaluation of the NASA facilities to assess whether they would meet the needs of the conference. Per the FTR, records of this evaluation must be made available for inspection to the agency’s OIG or other interested parties.

The potential conference facilities and the geographical locations considered were all more than 50 miles from a NASA Center. As noted previously, a reduction in lodging and M&IE costs for local attendees would have resulted if the conference had taken place within 50 miles of a Center.

Procurement Training Conference Held in Baltimore, Maryland, December 7–10, 2008. None of the potential conference facilities considered for this conference was a Government facility. Personnel in NASA’s Office of Procurement, which sponsored the conference, stated that no Government facility would be able to meet the needs of the conference. These needs included a room large enough to accommodate the entire conference body of 300 attendees plus presenters, a minimum of eight breakout rooms with a capacity to hold 35–50 people, and a site that was within reasonable proximity to a major airport and eating facilities. As discussed previously, conference planning guidance requires planners to consider Government facilities. We received no evidence that the individuals planning this conference evaluated Government facilities to assess whether any would meet the needs of the conference. According to the FTR, records of this evaluation must be made available for inspection to the agency’s OIG or other interested parties.

The Procurement Training Conference took place in Baltimore and the three conference facilities considered were all more than 25 miles from a NASA Center. Again, as discussed previously, a reduction of lodging and M&IE costs for local attendees would have resulted if the conference had taken place within 25 miles of a Center. Additionally, the event planner was directed in the Statement of Work to only consider Baltimore when evaluating conference facilities. We were not provided any documentation regarding why Baltimore was chosen over other geographical locations. Although selecting Baltimore may have resulted in reduced air transportation costs due to the number of participants from the D.C. area, a cost evaluation of other geographical locations would have confirmed this determination. Absent an operational reason to hold the conference in Baltimore, failure to consider other geographical locations may have increased the cost of the conference.

Other Conferences. Based on our examination of the cost comparisons performed for the two conferences we reviewed in detail, and considering the impact that not performing a cost comparison could have on effectively and efficiently planning a conference, we expanded our examination to the other six NASA conferences reported for the first quarter of 2009. We examined each conference to determine whether cost comparisons were accurate and complete. Our results are as follows:

- Aerospace Battery Workshop (November 18–20, 2008; Huntsville, Alabama). A memorandum describing the procedures followed in choosing the conference site that was most advantageous to the Government was included in the conference report. However, no cost data was provided in support of the site selection.
- Aviation Safety Technical Conference (October 21–23, 2008; Denver, Colorado). A memorandum was included in the conference report that identified the three sites considered in the cost comparison. However, the cost data for the categories used in the cost comparison was not provided.
- Climate Absolute Radiance and Refractivity Observatory (CLARREO) Workshop (October 21–23, 2008; Washington, D.C.). The cost comparison performed was incomplete because it failed to consider travel-related costs such as airfare, per diem, car rental, and local travel.
- Earth Science Data Systems Working Group (October 21–23, 2008; Philadelphia, Pennsylvania). Although five locations were considered, no cost comparisons were completed because four of the five potential locations were not available in the timeframe desired. Additionally, no estimate was made concerning travel-related costs.
- First Annual NASA/Jet Propulsion Laboratory (JPL) Small Business Symposium and Awards Ceremony (November 17–18, 2008; Washington, D.C.). We received no evidence of cost comparisons, although the NASA Office of Small Business Programs provided us with a memorandum noting that the office had no participation in the decisions regarding the selection of the contractor for this event. That selection was made by JPL. Although NASA conference planning guidance is applicable to JPL, we received no documentation in the conference report from JPL regarding cost comparisons performed. As such, we cannot determine whether JPL performed cost comparisons as part of the selection process when determining the conference location.
- Futures Forum (October 10, 2008; Chicago, Illinois). Because there was no charge for the site (Alder Planetarium), the Office of Communications Planning, which sponsored the conference, and the event planner concluded that an Approval to Conduct form was not necessary.

Conclusion

Our review of NASA conferences in the first quarter of FY 2009 found that NASA conference planners and contracted event planners did not comply with conference planning guidance and did not fully consider all alternatives in selecting conference sites. As such, NASA officials and contractors were unable to show that they made the most cost-effective decisions when choosing conference sites because the data they used was incomplete.

As a result of the findings in the OIG report “NASA’s Conference Planning Process Needs Improvement” (IG-09-002, October 29, 2008), NASA implemented NASA Interim Directive (NID) 9312.2, “Requirements Relating to Conference Attendance, Obligations and Expenditures and Instructions for completing the NASA Sponsored Conference Approval and Reporting Forms,” in January 2009. While this Directive is not a compendium of all relevant conference planning guidance, it does refer to available guidance, including the FTR and the NASA Administrator’s memorandum of November 16, 2005.

Recommendations, Management’s Response, and Evaluation of Management’s Response

Recommendation 1. The NASA CFO should ensure that NASA employees and contractors receive additional conference planning guidance before conference planning commences. Specifically, we recommend that the CFO ensure that conference planners and managers providing the approval to conduct a conference complete a full evaluation of a minimum of three conference sites, including all of the required indirect and direct costs.

Management’s Response. The Deputy CFO concurred and said the CFO will strengthen the guidance in NASA Form 1784, “NASA Sponsored Conference Approval,” and its instructions.

Evaluation of Management’s Response. Management’s planned action is responsive. The recommendation is resolved and will be closed upon completion and verification of management’s corrective action.

Recommendation 2. The NASA CFO should ensure that NASA employees and contractors receive additional conference planning guidance before conference planning commences. Specifically, we recommend that the CFO revise NASA Form 1784 to include documentation of a planner’s consideration of Government facilities as a potential conference location, as well as consideration of geographical locations within 50 miles of a NASA Center (or 25 miles in the Washington, D.C., area).

Management’s Response. The Deputy CFO concurred, stating that as part of its revision of NASA Form 1784, NASA will require conference planners to document

that Center sites have been considered and provide specific reasons if a non-Center site was selected.

Evaluation of Management's Response. Management's planned action is responsive. The recommendation is resolved and will be closed upon completion and verification of management's corrective action.

Recommendation 3. The NASA CFO should ensure that NASA employees and contractors receive additional conference planning guidance before conference planning commences. Specifically, we recommend that the CFO supplement existing guidance to assist conference planners in considering NASA or other Federal Government facilities, including providing a list of facilities and points of contact.

Management's Response. The Deputy CFO concurred, in part, and said the CFO plans to strengthen guidance requiring consideration of on-site facilities. However, the Deputy CFO stated that NASA is neither required nor equipped to maintain information on all Federal facilities that could be utilized for conferences, their characteristics, and availability. Instead, the Deputy CFO said NASA will forward our recommendation to the General Services Administration (GSA) and urge its full consideration.

Evaluation of Management's Response. Management's planned action is responsive. We agree that NASA may not be able to maintain information on Federal facilities on a nationwide basis, although each Center should be aware of Federal facilities near their locations that could be considered to host NASA conferences. More broadly, NASA's planned action to forward our recommendation to GSA for consideration is responsive to the intent of our recommendation. Therefore, the recommendation is resolved and will be closed upon completion and verification of management's corrective action.

Recommendation 4. The NASA CFO should ensure that NASA employees and contractors receive additional conference planning guidance before conference planning commences. Specifically, we recommend that the CFO update the NASA Conference Resource Web site to centralize access to conference planning guidance. Specifically, in addition to the link to NID 9312.2, links to the following items should be on the Web site:

- a. NASA Form 1784, "NASA Sponsored Conference Approval";
- b. NASA Form 1785, "NASA Sponsored Conference Reporting";
- c. Instructions for completing NASA Forms 1784 and 1785;
- d. NASA Administrator Memorandum, "Planning Agency-Sponsored Events," November 16, 2005; and
- e. NPR 9700.1, "Travel."

Management’s Response. The Deputy CFO concurred and said NASA plans to make these links available at the NASA Conference Resource Web site.

Evaluation of Management’s Response. Management’s planned action is responsive. The recommendation is resolved and will be closed upon completion and verification of management’s corrective action.

Finding B: Costs for Food and Beverages Are Excessive

NASA incurred excessive costs for meals and light refreshments provided at NASA-sponsored conferences we reviewed in violation of FTR § 301, “Temporary Duty Travel Regulations,” Part 301-74 and Appendix E.

Meals

We found the costs for meals provided by NASA at the Fundamental Aeronautics Program Annual Conference excessive. According to Title 5, United States Code (U.S.C.), Section 5702, Federal agencies may use appropriated funds to pay subsistence costs of employees traveling on official business. To coordinate implementation of this rule, GSA annually establishes M&IE per diem rates to compensate Federal employees on travel status for the cost of meals during official travel. Unlike lodging, no allowance for additional costs for meals at a conference site is provided for in the FTR.³ Additionally, the FTR notes that conference planners should “[w]ork closely with the hotel to plan quality menus that fit within authorized per diem rates.” NASA guidance does not address authorizing additional costs for meals provided at NASA-sponsored conferences.

NASA provided meals at the Fundamental Aeronautics Program Annual Conference for all 650 attendees – 409 non-NASA attendees⁴ and 241 NASA employees and contractors.

Documentation (invoices) showed that NASA paid approximately \$58,450⁵ for the meals it provided (three breakfasts and one lunch per person). The M&IE rate for Atlanta, Georgia, where the conference was held is \$9 for breakfast and \$13 for lunch. Based on that rate, NASA should have spent no more than \$26,000 for the meals. In addition, NASA could have saved nearly \$50,000 if it had not included meals as part of the

³ FTR § 301-74.7 does allow for the costs for conference lodging to be “up to 25 percent greater than the applicable locality lodging portion of the per diem rate.”

⁴ GAO Decision, B-300836, “Matter of: National Institutes of Health – Food at Government-Sponsored Conferences,” March 2005, established that Federal agencies may pay for the meals and refreshments of non-Federal participants if specific criteria were met. We noted no evidence indicating that this conference did not meet the criteria.

⁵ The amount paid for providing meals to conference attendees was determined by adding all receipts associated with meals provided less a pro-rated credit provided by the hotel. For these calculations, the credit was pro-rated between the costs of meals and refreshment.

conference, as the cost of paying NASA personnel and contractors the M&IE rate would have been \$9,640. Table 2 shows the potential savings of the two options.

Table 2. Meals at the Atlanta Conference		
Description	Cost	Potential Savings
NASA-provided meals for all attendees (actual cost)	\$58,415	
Providing meals for all attendees at the local M&IE rate (estimated cost)	26,000	\$32,415
Providing no meals for attendees, but paying M&IE to NASA employees and contractors in attendance (estimated cost)	9,640	48,775

Light Refreshments

Similarly, we found the cost for the light refreshments for the Procurement Training and Fundamental Aeronautics Program Annual conferences excessive. FTR § 304-74 allows for agencies sponsoring a conference to provide light refreshments but do not include a maximum allowable cost. As such, other Federal agencies have established agency-specific guidance regarding the cost of light refreshments. For example, the U.S. Department of Justice developed the “Office of Justice Programs Financial Guide Part III, Chapter 7 (October 2009),” which states that “the cost of these items, plus any hotel service costs, cannot exceed 23 percent of the locality meals and incidental expenses (M&IE) rate per attendee per day.”

NASA has yet to provide guidance to aid conference planners to determine a reasonable cost for light refreshments. As there is no specific guidance, the costs incurred, regardless of the amount, are not out of compliance with the FTR or NASA policies; however, we believe that a reasonable or prudent person would conclude that light refreshments should be a small percentage of the allowable M&IE for the conference location. The FAR, Subsection 31.201-3, states that “a cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person in the conduct of competitive business.”

As shown in Table 3, the light refreshment costs for the Procurement Training and Fundamental Aeronautics Program Annual conferences totaled about \$62,611 and \$39,229,⁶ respectively. The types of items provided included soda, coffee, fruit, bagels,

⁶ The amount paid for providing light refreshments to conference attendees was determined by adding all receipts associated with light refreshments provided less a pro-rated credit applied by the hotel. For these calculations, the credit was pro-rated between the costs of meals and refreshments.

and cookies. The cost for these items for the Procurement Training Conference equaled about \$66 per day per attendee, which by itself is 112 percent of the \$59 daily M&IE rate for the location of the conference (Baltimore). The cost for these items for the Fundamental Aeronautics Program Annual Conference equaled about \$20 per day per attendee, which is 41 percent of the \$49 daily M&IE rate for the location of the conference (Atlanta).

Table 3. Refreshment Costs per Attendee		
Description	Procurement Training Conference	Fundamental Aeronautics Program Annual Conference
Total cost of refreshments	\$62,611	\$39,229
Number of attendees	317	650
Cost per attendee (average)	\$198	\$60
Number of days of conference	3	3
Cost for refreshment per attendee per day	\$66	\$20
M&IE rate for the conference location	\$59	\$49
Percentage of M&IE rate incurred for refreshments	112%	41%

Conclusion

Federal conference planners have a responsibility to critically assess and specifically justify serving food and beverages at conferences paid for with public funds. To carry out this responsibility, NASA should provide conference planners with clear and consistent guidelines on when and to what extent food and beverages can be served. In addition, NASA has not issued guidance defining reasonable costs for light refreshments at NASA-sponsored conferences. We believe such guidance needs to include specific criteria to gauge reasonableness in order to ensure that costs incurred are not excessive.

Recommendations, Management's Response, and Evaluation of Management's Response

Recommendation 5. The NASA CFO should develop specific guidance regarding the cost of food and beverages at NASA-sponsored conferences. Specifically, we recommend that the CFO develop guidance that requires conference planners to consider

the reasonableness of costs for light refreshments provided at NASA-sponsored events, to include

- a. requirements for performing an evaluation of the need to provide snacks and light refreshments, the frequency or amount of refreshments that are provided during the conference, and a total cost/cost per attendee analysis.
- b. limits on the cost per attendee per day for providing light refreshments similar to other agency's guidance on light refreshments.
- c. oversight of the contracted event planners by NASA employees to communicate and verify compliance with NASA policies regarding the cost of food and beverages at a conference.

Management's Response. The Deputy CFO concurred, in part, stating that NASA's practice in providing light refreshments has been in general compliance with the FTR and NASA internal regulations, and therefore he does not find it necessary for NASA to justify providing light refreshments in each case. However, NASA said it plans to update its conference planning guidance to

- emphasize the need to consider the frequency, amounts, and costs per person for light refreshments;
- define reasonable cost limits for providing such refreshments;
- require permission, in writing, justifying the reasons and estimated cost impacts for exceptions to the cost limits; and
- require NASA employees to communicate and verify compliance with NASA policies regarding the cost of food and beverages at a conference to the contracted event planners.

Evaluation of Management's Response. Management's planned action is responsive. The recommendation is resolved and will be closed upon completion and verification of management's corrective action.

Recommendation 6. The NASA CFO should develop specific guidance regarding the cost of food and beverages at NASA-sponsored conferences. Specifically, we recommend that the CFO direct that meals provided at NASA conferences should not exceed the local M&IE. For times when the M&IE rate is not offered by the conference facility, the CFO should have guidance that defines the appropriate costs for meals per attendee at NASA-sponsored conferences and require conference planners to obtain written approval for costs above a specific, pre-determined threshold.

Management's Response. The Deputy CFO concurred, stating that the guidance in the NF 1784 will be revised by setting a threshold for the cost of meals at NASA-sponsored conferences above which managerial approval is required.

Evaluation of Management's Response. Management's planned action is responsive. The recommendation is resolved and will be closed upon completion and verification of management's corrective action.

Finding C: Conference Costs Could Have Been Reduced

We found that the lodging and M&IE costs for the two conferences that we selected for detailed analysis could have been reduced. The Procurement Training Conference was held at a location just over 25 miles from the Goddard Space Flight Center (Goddard) and NASA Headquarters, and potentially less than 25 miles from the residence of some attendees. The NASA Administrator's November 16, 2005, memorandum providing guidance on conference planning states: "Sites within 25 miles of a NASA Center are preferable, since not all attendees would then require hotel accommodations."

The NASA FMR's NASA Federal Travel Regulations Supplement, "Temporary Duty Travel Regulations," § 301-11.1, states:

NASA's local travel policy has been established as follows: No lodging or subsistence will be authorized within 50 miles of both the employee's official duty station and the residence from which the employee commutes to the official duty station. An exception is allowed for training purposes authorized by each Center's Training and Development Division as qualifying under 5 U.S.C. § 4109(2) and when it has been determined that overnight stays and attendance at meals are necessary in order to achieve the objectives of the training. Training funds must be used in these circumstances.

The NASA FMR further limits the distance to 25 miles for employees stationed in the Washington, D.C., area. As such, if NASA had selected a conference site closer to Goddard or NASA Headquarters, costs for the local attendees could have been reduced because they would not have been eligible to receive reimbursement for lodging and M&IE.

We attempted to determine whether any of the conference attendees resided within 25 miles of the conference site. However, we encountered discrepancies between the travel expense reporting system, Travel Manager, and the OCFO data file that precluded this determination.

NASA management noted that this conference was for training purposes and that having the conference attendees lodge at the conference site is "more conducive to group interaction and sharing ideas outside the formal training sessions." The NASA Authorization Act of 2008 limited the spending on conferences in FY 2009 to \$5 million. Although lodging at the conference center may encourage interaction, NASA should carefully balance this consideration against the spending limit on conferences provided in the NASA Authorization Act of 2008 and the need to be cost-effective with public funds. Each conference attendee staying for the full conference would have incurred

approximately \$894 (excluding transportation costs) in reimbursable travel.⁷ NASA reported that 67 of the 317 attendees at the conference were from Goddard and NASA Headquarters. As such, some of the attendees may have resided within 25 miles of the conference site. We estimate that NASA could have saved \$59,898, the total lodging and M&IE costs for those 67 attendees, if local participants had not lodged at the conference site.

Conclusion

Costs for the Procurement Training Conference might have been reduced if NASA had selected a conference site closer to a NASA Center and local conference attendees had not lodged at the conference location. For future conferences, NASA should carefully weigh the benefit of the attendees lodging at the conference site as compared to the cost.

NASA implemented NID 9312.2 in January 2009, which reminded NASA conference-planning officials of the \$5 million spending limit on conferences in FY 2009 and directed them to minimize conference costs, including M&IE, transportation, and lodging costs. This guidance was issued after our sampled conferences had occurred.

Recommendation, Management's Response, and Evaluation of Management's Response

Recommendation 7. We recommended the NASA CFO emphasize to conference planners and sponsors the requirements in the NASA FTR Supplement that is now included in NPR 9700.1.

Management's Response. The Deputy CFO concurred, stating that NASA will emphasize the requirements of the NASA FTR Supplement via the Conference Resource Web site.

Evaluation of Management's Response. Management's planned action is responsive. The recommendation is resolved and will be closed upon completion and verification of management's corrective action.

Finding D: Some Supporting Documentation Not Provided

During our review, NASA management did not provide all of the requested supporting documentation for conference-related activities and expenses. The conference report for

⁷ For December 2008, the GSA M&IE and lodging rates for Baltimore City were \$59 and \$157, respectively. To be conservative, we did not include the 25 percent allowance for lodging costs while at a conference. Per the Travel Manager file received, most of the conference attendees incurred reimbursement for costs beginning December 7 and ending December 11. We estimate that the average cost for M&IE and lodging rates is approximately \$894 (75 percent of the M&IE for 2 days, 100 percent of the M&IE for 3 days, and 4 nights of lodging costs).

the Fundamental Aeronautics Program Annual Conference included \$15,138 (out of \$535,149) in conference-related costs for which adequate support, such as invoices, was not provided. These costs included \$578 of contractor travel costs, \$6,412 of online conference registration costs, and \$8,148 of costs for which the conference planning team had no invoices or detailed descriptions of the costs at the time of our analysis.

The Fundamental Aeronautics Program Office of the Aeronautics Research Mission Directorate, which sponsored the conference, stated that the \$15,138 of costs were not assigned to a specific invoice number but were made up of charges allocated from multiple invoices. Despite several requests, NASA officials did not provide the allocation method or invoices for any of the \$15,138 of conference-related costs. The sponsor of the Fundamental Aeronautics Program Annual Conference made efforts to reconstruct the allocation methodology, but it proved to be a labor-intensive effort. Because we attempted to complete our analysis in a timely manner, we discontinued follow-up on these items.

Guidance

Documentation should be readily available for examination. GAO's "Standards for Internal Control in the Federal Government" (GAO/AIMD-00-21.3.1, November 1999) states:

Internal control and all transactions and other significant events need to be clearly documented, and the **documentation should be readily available for examination**. The documentation should appear in management directives, administrative policies, or operating manuals and may be in paper or electronic form. **All documentation and records should be properly managed and maintained.** [Emphasis added]

Conclusion

NASA conference-planning officials and the contracted event planners have a responsibility to ensure the availability of conference-related documentation for review by management or other interested parties, including the OIG. In order to fulfill this responsibility, all parties involved in conference planning must properly document and retain support for conference expenses.

Recommendation, Management's Response, and Evaluation of Management's Response

Recommendation 8. We recommended the NASA CFO direct NASA conference-planning officials to properly maintain full documentation of conference expenses and that such documentation is readily accessible for examination.

Management's Response. The Deputy CFO concurred, stating that conference-planning officials will be directed through the Conference Resource Web site to

properly maintain full documentation of conference expenses and that such documentation must be readily accessible for examination.

Evaluation of Management's Response. Management's planned action is responsive. The recommendation is resolved and will be closed upon completion and verification of management's corrective action.

We appreciate the courtesies extended during our review. If you have any questions, or need additional information, please contact Mr. Mark Jenson, Financial Statement Audits Director, at 202-358-0629.

2 Enclosures

cc: Jaiwon Shin

Associate Administrator for the Aeronautics Research Mission Directorate

Bill McNally

Assistant Administrator for Procurement

Scope and Methodology

We performed this analysis from September 2009 through February 2010. The analysis was limited in that we did not follow generally accepted government auditing standards, as this was not an audit or a review. We also did not test related internal controls but only identified controls in the conference planning and conference reporting processes. Our objective was to analyze the FY 2009 quarterly reports of NASA-sponsored conferences costing more than \$20,000 to assess whether NASA complied with requirements of the Omnibus Appropriations Act of 2009. Specifically, our objective was to determine whether NASA followed the FTR and NASA internal guidance to minimize conference costs. We planned and performed the analysis to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our objectives. We performed our analysis at NASA Headquarters.

Scope Limitations. In the prior year, Congress requested that the OIG report on activities related to conferences with costs exceeding \$20,000. We determined an audit was appropriate to satisfy the requirements imposed on the OIG last year. In the current year, Congress again requested we analyze the conference reports. Our procedures over the current year NASA-sponsored conferences with costs exceeding \$20,000 were limited to an analysis. We believe limiting our procedures to an analysis, rather than an audit, is appropriate to meet the requirements of the Act and to produce a timely product, in light of NASA's late submission of quarterly reports.

As of August 7, 2009, NASA provided data on the conferences with costs exceeding \$20,000 for the first quarter of FY 2009 (October–December 2008). NASA reported that no conferences occurring in the second quarter of FY 2009 (January–March 2009) were reportable. As of December 31, 2009, NASA had not provided conference reports for the third and fourth quarters of FY 2009 (April–September 2009). Our analysis of the quarterly conference reports was due October 1, 2009, to the House and Senate Appropriations Committees. The timing of NASA's submission of the data for the first quarter of FY 2009 and the failure to provide data for the conferences occurring during the third and fourth quarters of FY 2009 precluded the OIG from performing the analysis over the full fiscal year, creating a scope limitation in our planned procedures. Additionally, the timing of NASA's submission resulted in a delay in the submission of this report to the House and Senate Appropriations Committees.

To ensure completeness of our population, we examined the reportable conferences from the first and second quarters of FY 2008 and determined whether those conferences were also held in FY 2009. The NASA Project Managers (PM) Challenge 2009 occurred February 24 and 25, 2009, but no conference report was provided to the OIG as of December 31, 2009. The NASA PM Challenge 2008 incurred costs of \$848,173; therefore, we inquired about the reporting of this conference and found that the NASA Office of the General Counsel had determined that this event no longer meets the criteria

of a reportable conference, as it is an internal NASA meeting. NASA internal meetings are not defined as conferences. None of the other conferences reported in the first and second quarters of FY 2008 were held in the first or second quarter of FY 2009.

Regulations, Policies, and Procedures. To determine whether NASA conducted the reported conferences in accordance with Federal regulations and NASA policies and procedures, we reviewed the following laws, regulations, policies, and procedures:

- Public Laws
 - National Aeronautics and Space Administration Authorization Act of 2008 (Public Law 110-422), October 15, 2008
 - Conference Report of the Omnibus Appropriations Act of 2009 (Public Law 111-8)
 - Consolidated Appropriations Act of 2008 (Public Law 110-161), December 19, 2007
- Federal Guidance
 - Federal Travel Regulation, Chapter 301, “Temporary Duty (TDY) Travel Allowances,” January 2004 and the FTR updates through July 2009;
- NASA Policies and Procedures
 - Administrator Memorandum, “Planning Agency-Sponsored Events,” November 16, 2005;
 - NASA Financial Management Requirements, § 301-11, Per Diem Expenses, and § 301-74, Conference Planning, December 2007;
 - CFO Memorandum, “New Conference Reporting Requirement,” January 24, 2008, replaced by NASA Interim Directive, 9312.2;
 - NASA Procedural Requirements, 9700.1, Travel, September 30, 2008; and
 - NASA Interim Directive, 9312.2, Requirements Relating to Conference Attendance, Obligations, and Expenditures; January 12, 2009.

Computer-Processed Data

During the analysis, we relied on computer-processed data provided to us by NASA personnel for our review and analysis. The data sources include data in Excel spreadsheets and PDF files that NASA OCFO generated out of the following systems and provided to us for our review:

- Travel Manager

- SAP [Systems, Applications, and Products]/Business Warehouse
- SATERN [System for Administration, Training, and Educational Resources for NASA]

During the analysis, we remained alert as to any instances that may have come to our attention that would warrant us to believe that any of the data to be unreliable. Any instances of data we were examining not appearing valid were noted explicitly in the body of this memorandum.

Internal Controls

We identified internal controls associated with planning the conferences to ensure that NASA obtained adequate competition and that management selected the conference site in accordance with Agency guidance. We also obtained an understanding of the internal controls associated with the accuracy and reliability of travel vouchers. We did not directly test the effectiveness of controls associated with conference reporting.

Prior Coverage

During the last 5 years, the OIGs for NASA, the Department of Justice, and the Department of Homeland Security have issued three reports of particular relevance to the subject of this memorandum. Unrestricted reports can be accessed over the Internet at <http://oig.nasa.gov/audits/reports/FY09> (NASA), <http://www.justice.gov/oig/reports/plus/a0742/final.pdf> (Justice), and http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_04_46.pdf (Homeland Security).

National Aeronautics and Space Administration

“NASA’s Conference Planning Process Needs Improvement” (IG-09-002, October 29, 2008)

Department of Justice

“Department of Justice Conference Expenditures” (Audit Report 07-42, September 2007)

Department of Homeland Security

“Assessment of Expenditures Related to the First Annual Transportation Security Administration Awards Program and Executive Performance Awards” (OIG-04-46, September 2004)

Management's Comments

National Aeronautics and Space Administration
Headquarters
Washington, DC 20546-0001



March 17, 2010

Reply to Attn of: Office of the Chief Financial Officer

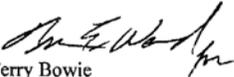
TO: Deputy Inspector General

FROM: Deputy Chief Financial Officer

SUBJECT: Response to Office of Inspector General Draft Memorandum on the Analysis of Fiscal Year 2009 NASA-Sponsored Conferences (Assignment No. A-09-019-00)

Thank you for the opportunity to comment on the subject draft memorandum. Our detailed comments are enclosed. We hope that they will be useful to your office as you complete the final memorandum.

If you have questions or need additional information, please contact Kevin Buford at (202) 358-0405.


Terry Bowie

Enclosure

Comments on the Draft Memorandum on the Analysis of Fiscal Year 2009 NASA-Sponsored Conferences (Assignment No. A-09-019-00)

General Comments:

As the memorandum notes, the eight conferences reviewed occurred before NASA implemented corrective actions called for in the OIG report, "NASA's Conference Planning Process Needs Improvement" (IG-09-002, October 29, 2008). Since then, NASA has improved its conference planning and cost controls along the lines recommended in the report. NASA similarly agrees with, and will implement, the recommendations in the OIG's draft memorandum as discussed below. Our plans for implementing the recommendations are discussed in the individual recommendations sections below.

OIG Finding A, "Conference Planning Activities Need Improvement:"

OIG Recommendations: "The NASA CFO should ensure that NASA employees and contractors receive additional...guidance before conference planning commences. Specifically, ...

1) Ensure that conference planners and managers...complete a full evaluation of a minimum of three conference sites, including all of the required indirect and direct costs."

NASA Response 1: NASA concurs, will strengthen the guidance to that effect in the revised NASA Form (NF) 1784 ("Approval to Conduct") and its instructions, and will provide OIG a draft for comment prior to finalizing. Time frame: April 2010.

2) "Revise NASA Form 1784 to include documentation of a planner's consideration of Government facilities as a potential conference location, as well as... locations within 50 miles of a NASA Center (or 25 miles in the Washington, D.C. area)."

NASA Response 2: NASA concurs. While sometimes conference locations near Centers result in costlier, longer trips for most attendees than locations near large airport hubs, we agree that as a rule, siting a conference near a Center, especially a Center likely to send many attendees to the conference, may well result in travel cost savings. Therefore, NASA will revise NF 1784 and its instructions to require planners to document that Center sites have been considered, and if a non-Center site is selected, to provide specific reasons, including cost comparisons, for determining that it provides a better value for the Government. Time frame: April 2010.

3) "Supplement existing guidance to assist conference planners in considering NASA or other Federal Government facilities, including providing a list of facilities and points of contact."

NASA Response 3: NASA concurs in part. The Agency agrees that many smaller events can realize cost savings if held onsite at NASA, and will strengthen guidance requiring consideration of onsite facilities. But for some larger conferences, NASA facilities are impractical. For instance, the Fundamental Aeronautics Conference involved 650 attendees (including about 250

Enclosure

NASA employees); no NASA Center had a conference room large enough to accommodate it. The Procurement Training Conference used many breakout rooms; again, NASA Centers cannot typically provide, especially on an occasional basis, enough breakout rooms in close proximity for such large events. Other Federal facilities might suffice if they could be identified. However, an OCFO search of the General Services Administration (GSA) website found no central, nationwide source of information on Federal facilities suitable for conferences and their characteristics and availability. NASA is not equipped or mandated to maintain such information. Such information could however be of great value government-wide if furnished by an Agency such as GSA that has the mandate and expertise to provide it. We will forward OIG's recommendations to GSA and other members of GSA's Executive Travel Steering Committee and urge its full consideration. This OIG recommendation has potential to provide significant cost savings government-wide if effectively implemented. Time frame for suggesting in interagency context: May 2010.

4) *"Update the Conference Resource Website to centralize conference planning guidance. Specifically, in addition to the link to NID 9312.2, links to the following items should be on the Web site:*

- a. *NASA Form 1784, "NASA Sponsored Conference Approval;"*
- b. *NASA Form 1785, "NASA Sponsored Conference Reporting;"*
- c. *Instructions for completing NASA Forms 1784 and 1785;*
- d. *NASA Administrator Memorandum, "Planning Agency-Sponsored Events," November 16, 2005; and*
- e. *NPR 9700.1, "Travel."*

NASA Response 4: NASA concurs, and will make these links available at the NASA Conference Resource Website. Time frame: April 2010.

OIG Finding B, "Costs for Food and Beverages are Excessive:"

OIG Recommendations:

The "CFO should develop specific guidance...

5) *...that requires conference planners to consider the reasonableness of costs for light refreshments...to include*

a. *...an evaluation of the need to provide snacks and light refreshments, the frequency or amount of refreshments..., and a total cost/cost per attendee analysis.*

b) limits on the cost per attendee per day for providing light refreshments similar to other agency's guidance on light refreshments.

c) oversight of the contracted event planners by NASA employees to communicate and verify compliance with NASA policies regarding the cost of food and beverages at a conference."

NASA Response 5: NASA concurs in part.

With regard to recommendation 5.a., NASA's practice in providing snacks and light refreshments, including in the conferences examined by OIG, has been in general compliance with the FTR and NASA internal regulations. Further, there is much common-sense logic for providing light refreshments onsite. Conference agendas rarely allow time for attendees to leave and find snacks on a break. If NASA does not provide refreshments, some attendees would leave to buy something to eat, reducing attendance and potentially causing a distraction to ongoing sessions. This would be counterproductive to the reasons the conference was convened in the first place. Providing refreshments helps keep attendees near session rooms and thus promotes full and consistent attendance. Allowing longer breaks so attendees can go out to obtain snacks and refreshments without missing any content might require extending conference duration, increasing the cost of lodging, conference facilities, and M&IE. For all these reasons, providing snacks and light refreshments is commonplace at conferences. Therefore, we disagree with requiring planners to justify them in each case. However, we do agree that appropriate frequencies, amounts, and costs per person should be considered, and will emphasize this as part of updated instructions to NASA sponsors on conference planning requirements. Time frame: April 2010.

Recommendation 5.b: NASA concurs and will define reasonable cost limits. NASA will also issue revised guidance specifying these limits and requiring planners to request permission for exceptions to them in writing, justifying the reasons and estimating cost impacts. Time frame: April 2010.

Recommendation 5.c: NASA concurs and will update guidance to that effect. Time frame: April 2010.

"We recommend that the CFO...

6) "...direct that meals provided at NASA-sponsored conferences should not exceed the local M&IE rate. For times when the M&IE rate is not offered by the conference facility, the CFO should have guidance that defines the appropriate costs for meals per attendee at NASA-sponsored conferences and require conference planners to obtain written approval for costs above a specific, pre-determined threshold."

NASA Response 6: NASA concurs that planners should normally keep meals within local M&IE limits, and will include guidance in the revised NF 1784 setting a threshold above which managerial approval is required. Time frame: April 2010.

OIG Finding C, "Conference Costs Could Have Been Reduced:"

OIG Recommendation:

7) The CFO should emphasize to conference sponsors and planners the requirements of the NASA FTR Supplement, now included in NPR 9700.

NASA Response 7: NASA concurs and will emphasize this in the Conference Resource website. Time frame: April 2010.

OIG Finding D, "Some Supporting Documentation Not Provided:"

OIG Recommendation:

8) The CFO should direct that conference planning officials keep full documentation of conference expenses and make them readily available for examination.

NASA Response 8: NASA concurs and will so direct in the Conference Resource website. Time frame: April 2010.