

OFFICE OF INSPECTOR GENERAL

**Audit of Department of
Homeland Security's
Fiscal Year 2016
Conference Spending**



Homeland
Security

**July 13, 2018
OIG-18-69**



DHS OIG HIGHLIGHTS

Audit of Department of Homeland Security's Fiscal Year 2016 Conference Spending

July 13, 2018

Why We Did This Audit

Public Law (P.L.) 114-113, *Consolidated Appropriations Act, 2016*, requires the Department of Homeland Security to report event-related spending. Our audit objective was to determine whether DHS' spending on selected hosted or sponsored conferences for fiscal year 2016 was appropriate, reasonable, necessary, and in compliance with the *Consolidated Appropriations Act, 2016*.

What We Recommend

We made five recommendations that, when implemented, will improve conference reporting and ensure the accuracy and timeliness of conference data submissions.

For Further Information:

Contact our Office of Public Affairs at (202) 254-4100, or email us at DHS-OIG.OfficePublicAffairs@oig.dhs.gov

What We Found

Since FY 2014, DHS improved conference spending reporting and implemented policies and procedures to ensure proper oversight and accurate and timely reporting. However, we found instances where DHS did not comply with annual conference reporting requirements. The Department failed to report two conferences costing more than \$100,000 each. The Department also did not always report all hosted conferences costing more than \$20,000 to the Office of Inspector General within 15 days of the conclusion of each conference. In addition, the Department did not always properly record actual costs accurately and within 45 days of the conclusion of each conference. Although DHS did not always comply with reporting requirements, in most cases its FY 2016 conference expenses appeared appropriate, reasonable, and necessary.

DHS Response

DHS concurred with our recommendations and has either completed corrective actions or has begun taking corrective actions in response to our report.



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

Washington, DC 20528 / www.oig.dhs.gov

July 13, 2018

MEMORANDUM FOR: Stacy Marcott
Acting Chief Financial Officer
Department of Homeland Security

FROM: John V. Kelly 
Acting Inspector General

SUBJECT: *Audit of DHS' Fiscal Year 2016 Conference Spending*

Attached for your action is our final report, *Audit of DHS' Fiscal Year 2016 Conference Spending*. We incorporated the formal comments from the Department of Homeland Security in the final report.

The report contains five recommendations aimed at improving conference reporting and ensuring the accuracy and timeliness of conference data submissions. Your office concurred with all five recommendations. Based on information provided in your response to the draft report, we consider recommendations 1 and 4 open and resolved. Once your office has fully implemented the recommendations, please submit a formal closeout letter to us within 30 days so that we may close the recommendations. The memorandum should be accompanied by evidence of completion of agreed-upon corrective actions and of the disposition of any monetary amounts. Recommendations 2, 3, and 5 are resolved and closed.

Please send your response or closure request to OIGAuditsFollowup@oig.dhs.gov.

Consistent with our responsibility under the *Inspector General Act*, we will provide copies of our report to congressional committees with oversight and appropriation responsibility over the Department of Homeland Security. We will post the report on our website for public dissemination.

Please call me with any questions, or your staff may contact Don Bumgardner, Deputy Assistant Inspector General for Audits, at (202) 254-4100.

Attachment



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Department of Homeland Security

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Abbreviations

CAT	Conference Approval Tool
FMPM	Financial Management Policy Manual
OCFO	Office of the Chief Financial Officer
OIG	Office of Inspector General
OMB	Office of Management and Budget
P.L.	Public Law
TSA	Transportation Security Administration



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Background

In June 2011, the President's Executive Order 13576, *Delivering an Efficient, Effective, and Accountable Government*, launched the Campaign to Cut Waste. This campaign intensified efforts to identify areas across the Government where waste or excess may exist, and to take immediate steps to address them. The Office of Management and Budget (OMB) issued Memorandum 11-35, *Eliminating Excess Conference Spending and Promoting Efficiency in Government*, instructing agencies to review their policies and internal controls for conference-related activities and expenses.

In May 2012, OMB issued Memorandum 12-12, *Promoting Efficient Spending to Support Agency Operations* (OMB M-12-12), instructing agencies to initiate senior-level review of all planned conferences and senior-level approval for all future conference expenses exceeding \$100,000. This memorandum also prohibited conference expenses in excess of \$500,000 on a single conference without a waiver and required agencies to report publicly on all agency-sponsored conferences with net expenses exceeding \$100,000.

In addition, the *Consolidated Appropriations Act, 2014*,¹ the *Consolidated and Further Continuing Appropriations Act, 2015*,² and the *Consolidated Appropriations Act, 2016*,³ require the Department of Homeland Security to:

- submit costs and contracting procedures annually to the Office of Inspector General (OIG) for DHS-held conferences exceeding \$100,000 in cost to the United States Government; and
- notify OIG, within 15 days of a DHS-held conference, of the date, location, and number of employees attending such conference, for which the cost to the United States Government exceeds \$20,000.

Finally, the Department requires components to report actual conference costs in the Conference Approval Tool (CAT), its department-wide conference tracking system, within 45 days after the conclusion of each conference. For fiscal year 2016, the Department provided an automated notice through CAT 45 days after the conclusion of the conference informing the components of the requirement.

DHS hosts, sponsors, and conducts conferences to enhance its mission and provide training to staff. These conferences also bring DHS employees and

¹ Public Law (P.L.) 113-76, *Consolidated Appropriations Act, 2014*

² P.L. 113-235, *Consolidated and Further Continuing Appropriations Act, 2015*

³ P.L. 114-113, *Consolidated Appropriations Act, 2016*



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stakeholders together to share information, deliver education or training, and coordinate and collaborate with other Federal and non-Federal stakeholders on common issues or goals. Conferences are pre-arranged events that typically include designated or registered participants, a defined agenda, and scheduled speakers or discussion panels on defined topics. OMB M-12-12 and the Federal Travel Regulations,⁴ define ‘conference’ as a meeting, retreat, seminar, symposium, or event that involves attendee travel. The term ‘conference’ also applies to training activities that are considered to be conferences.⁵

In FY 2016, DHS reported that it held or sponsored 564 conferences totaling \$20.1 million as shown in table 1. This included 30 conferences with expenses greater than \$100,000 each, totaling almost \$8.2 million.

Table 1: FY 2016 DHS Conference Summary

	FY 2016
Total DHS-Held Conferences	564
Total DHS-Held Conferences Reported Over \$100,000	30
Total Conference Costs (in millions)	\$20.1

Source: OIG-generated table based on information provided by DHS Office of the Chief Financial Officer (OCFO)

The Department continues to improve its conference spending oversight. As a result of the most recent OIG audit on conference spending,⁶ the Department revised its *Financial Management Policy Manual (FMPM)*. The revised policy clearly defines what conferences, including training conferences, must be recorded in CAT and approved by the component senior official or the Department. In addition, the Department requires each component senior financial official to certify his or her review of CAT data annually for accuracy and completeness. The Department also clarified and reinforced the following requirements:

- the OIG 15-day reporting requirement, as well as the recipients of this report;
- the DHS 45-day actual conference cost reporting requirement; and
- the components’ need to maintain adequate documentation, and the events that must be recorded in CAT.

⁴ 41 Code of Federal Regulations § 300-3.1, *Glossary of Terms*

⁵ 5 Code of Federal Regulations § 410.404

⁶ *Audit of Department of Homeland Security’s FYs 2014 and 2015 Conference Spending* (OIG-17-94, July 10, 2017)



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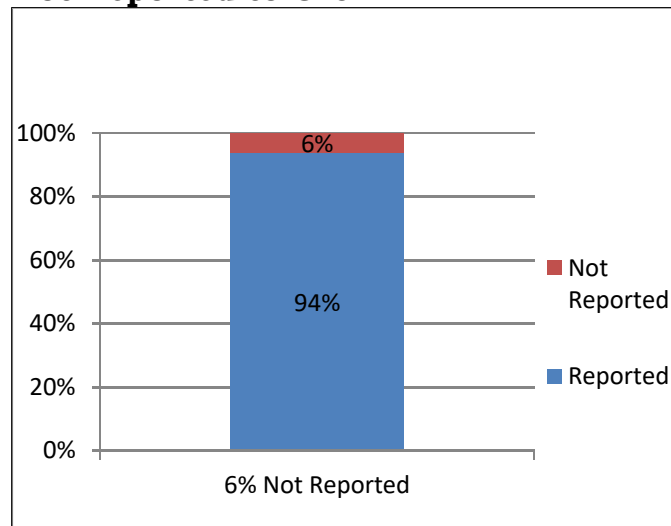
Results of Audit

Since FY 2014, DHS improved conference spending reporting and implemented policies and procedures to ensure proper oversight and accurate and timely reporting. However, we found instances where DHS did not comply with annual conference reporting requirements. The Department failed to report two conferences costing more than \$100,000 each. The Department also did not always report all hosted conferences costing more than \$20,000 to OIG within 15 days of the conclusion of each conference. In addition, the Department did not always properly record actual costs accurately and within 45 days of the conclusion of each conference. Although DHS did not always comply with reporting requirements, in most cases, its FY 2016 conference expenses appeared appropriate, reasonable, and necessary.

Underreporting of Hosted Conferences Costing More than \$100,000

DHS did not report two conferences costing more than \$100,000 each. Department officials indicated to OIG that it held 30, not 32 conferences in FY 2016 that involved expenses exceeding \$100,000 each. Additionally, DHS did not publicly report these two conferences costing a total of \$276,249 on its website as required by OMB M-12-12. Figure 1 shows the percentage of conferences not reported to OIG for FY 2016 (see appendix C, table 1, for details about the unreported conferences).

Figure 1: FY 2016 DHS Conferences Not Reported to OIG



Source: OIG analysis of information obtained from OCFO



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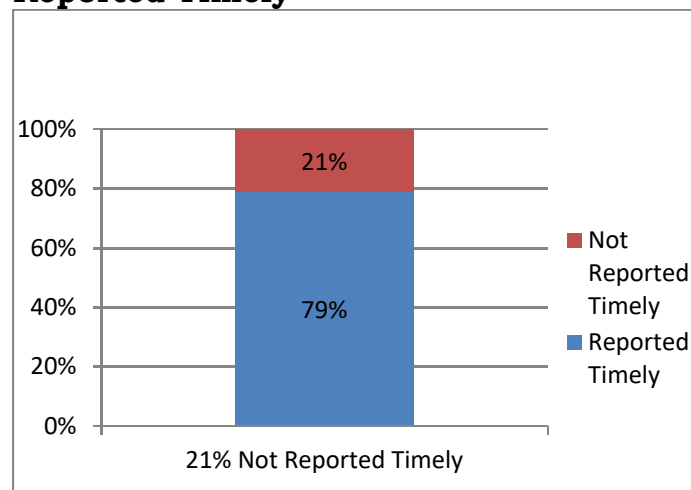
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DHS failed to report these two conferences exceeding \$100,000, as required, due to oversight error. For one conference, Department officials stated that they inadvertently omitted a conference held by the National Protection and Programs Directorate from the OIG annual report due to error. Department officials originally identified the conference as an external event, which is not subject to the same reporting requirements. For the second conference, the component incorrectly recorded the actual conference costs in CAT. The component reported \$96,668 instead of the actual conference cost of \$100,249, because attendees submitted incorrect travel vouchers. According to component officials, they made errors inputting accurate costs in CAT. The Department should ensure accurate reporting of conference costs to promote transparency and proper oversight.

15-Day Reporting Requirement Not Always Met

DHS components did not always report conferences to OIG as required by the *Consolidated Appropriations Act, 2016*, within 15 days of hosting a conference with costs greater than \$20,000. We judgmentally selected 19 of 61 hosted conferences with costs greater than \$20,000 held during the third and fourth quarters of FY 2016 to test DHS' compliance with the 15-day reporting requirement. We determined that components did not report timely the conference date, location, and number of employees attending for 4 of 19 (21 percent) of the selected conferences (see figure 2). Reporting delays ranged from 5 to 238 days as shown in appendix C, table 2.

Figure 2: FY 2016 DHS Conferences Not Reported Timely



Source: OIG analysis of information obtained from OCFO

Component officials cited a number of causes for delays in reporting. One component official noted that the reporting process is manual, which



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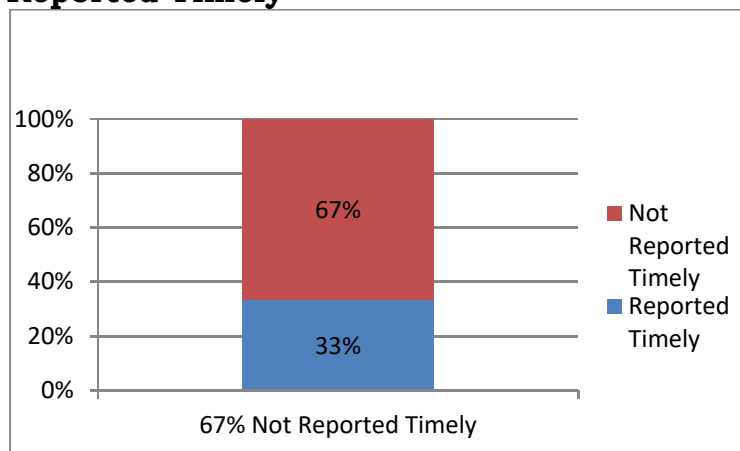
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contributed to the delay. Another component official noted being unaware that he could report estimates if actual costs were not available. Not reporting conferences in a timely manner could diminish the transparency of DHS reporting processes and inhibit proper oversight.

Actual Conference Costs Not Always Reported Timely or Accurately

DHS components did not always report actual conference costs in CAT accurately and within 45 days after the conclusion of conferences. Components did not meet the DHS 45-day actual conference costs reporting requirement for 6 of 9 (67 percent) selected conferences costing more than \$100,000 (see figure 3). Reporting delays ranged from 1 to 105 days as shown in appendix C, table 3.

Figure 3: DHS Actual Conference Costs Not Reported Timely



Source: OIG analysis of information obtained from OCFO

Furthermore, for FY 2016, OCFO officials identified 18 DHS-held conferences out of 564 reported in CAT that did not have an amount entered in the 'Total Conference Cost – Actual' field as of November 2017.

Although the Department's policy requires components to report actual conference costs within 45 days after the conclusion of the conference, it did not include this requirement in the FMPM until FY 2017. According to an OCFO official, prior to the Department including the requirement in the policy manual, CAT did not have a field to capture the date the component recorded actual costs. In addition, component officials have cited difficulties in obtaining and reporting actual conference costs within 45 days because they must collect the travel vouchers from all attendees at various field offices.



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In addition, for these nine conferences, we noted two conferences with actual costs \$194,692 lower than reported in CAT. For one of the conferences, the component official was unable to provide an explanation for the overreporting. For the second conference, according to the component official, the overreporting may have occurred because they were not provided the detailed breakdowns of individual traveler costs, which could explain the discrepancy with the actual cost reported. As a result, the Department does not have timely or accurate conference cost data, which may negatively impact its ability to comply with reporting requirements.

Proper Cost Analysis Not Performed for One Conference

The Transportation Security Administration (TSA) did not perform a proper cost analysis for its conference selected in our sample. TSA reported that it held an executive-level leadership training conference at Harvard University in Cambridge, MA. The reported conference cost was \$382,024 and included training for 28 Senior Executive Service-level participants. According to the FMPM, conference planners and approving officials must make every reasonable effort to minimize conference costs. For nationwide conferences, components should perform a cost comparison of location and facility alternatives to ensure requirements are met at the lowest possible cost consistent with existing laws and regulations. While their market research noted other institutional options, TSA did not conduct a cost comparison with other settings that offer leadership programs to determine the best value for the Government.

In addition, the component held three additional sessions at Harvard University with a total reported cost of approximately \$1 million. Although we are not questioning the quality of education received, we are concerned that component officials did not ensure they selected a program that was the most appropriate and cost effective.

Annual Reporting to Congress

The FY 2016 Appropriations Senate Report⁷ requires the Inspector General to report to the Appropriations Committee 30 days after the end of each FY regarding DHS spending on conferences, ceremonies, and similar events, based on quarterly reporting to OIG. The report should include the number of conferences held, the amount of funds obligated, and expenses by appropriation, including budget accounts and subaccounts used to pay for events.

⁷ Senate Report 114-68, *Department of Homeland Security Appropriations Bill, 2016*



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Department officials indicated that CAT was unable to capture the required appropriation and subaccount data in FY 2016. However, in October 2016 the Department implemented changes to CAT to allow components to enter the required data going forward.

DHS Improved Conference Reporting

Since FY 2014, DHS improved many areas of its conference spending reporting. For example, the Department decreased underreporting of DHS-held conferences costing more than \$100,000 from 50 percent in FY 2014 to 6 percent in FY 2016. Additionally, based upon a review of selected FY 2014 and FY 2016 reported conferences,⁸ DHS:

- increased compliance regarding the 15-day reporting requirement from 1 percent in FY 2014 to 69 percent in FY 2016; and
- increased compliance with the 45-day actual spending reporting requirement from 0 percent in FY 2014 to 33 percent in FY 2016.

The Department developed and refined CAT, which enabled components to report conference data such as conference requests, supporting documentation, 15-day reporting notifications, 45-day conference actual reporting, and conference approvals.

The Department continues to improve and implement conference-related policies and processes. Doing so ensures components know what events to consider a conference; understand that all conference requests are submitted in CAT for review, processing, and approval; and provides guidance to the components for properly reporting to OIG and the public.

Other Matters

During our review, we examined purchase and travel card transactions to identify potential conference expenses not reported to OIG. We did not identify any conferences not reported to OIG; however, we noted instances where components' purchase cards were used to pay for accommodations. A United States Coast Guard (Coast Guard) official stated that Coast Guard expenditures were for accommodations for international students to attend Coast Guard Officer Training, cadet leadership training, and National Collegiate Athletic Association sporting events. United States Immigration and Customs Enforcement expenditures were for protection at the United Nations General

⁸ Conferences were part of judgmental selections used during the audits of FY 2014 and FY 2016 conference spending.



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Assembly in New York City and one-stop hiring events. None of the travel card transactions tested appeared to be related to conferences.

Recommendations

Recommendation 1: We recommend the Department of Homeland Security Office of the Chief Financial Officer periodically review conference related documentation (e.g., travel vouchers and invoices) throughout the year, to ensure the actual costs reported in the Conference Attendance Tool are accurate.

Recommendation 2: We recommend the Department of Homeland Security Office of the Chief Financial Officer regularly monitor the OIG 15-day reporting process throughout the year, to ensure the controls are operating as intended.

Recommendation 3: We recommend the Department of Homeland Security Office of the Chief Financial Officer regularly monitor compliance of the components' reporting of actual costs throughout the year, in accordance with the *Financial Management Policy Manual*.

Recommendation 4: We recommend the Department of Homeland Security Office of the Chief Financial Officer ensure components perform comparisons of facility alternatives to ensure the lowest possible cost.

Recommendation 5: We recommend the Department of Homeland Security Office of the Chief Financial Officer regularly monitor compliance of the components' reporting of expenses by appropriation or other source of funding throughout the year, including budget accounts and subaccounts used to pay for hosted events.

DHS Comments and OIG Analysis

The Department concurred with our recommendations and provided comments to the draft report. A summary of DHS' management comments and our analysis follows. We included a copy of these comments in their entirety in appendix B. DHS also provided technical comments, which we incorporated as appropriate.

DHS Response to Recommendation 1: Concur. The DHS OCFO Risk Management and Assurance Division will continue to test conference spending yearly to assess the compliance, adequacy of procedures, and the internal controls in place over each component's conference reporting. Additionally, beginning in FY 2018 (Quarter 3), the Financial Management Division will add



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another compliance layer by testing a sample population of completed conferences each quarter and requiring the components to provide evidence and support for each reported cost. Estimated Completion Date: August 31, 2018.

OIG Analysis: The actions the Department proposed should meet the intent of the recommendation. The recommendation is resolved and will remain open until we have reviewed documentation confirming that the Department implemented its quarterly testing and provides approved protocols and examples of testing results.

DHS Response to Recommendation 2: Concur. DHS updated the policy on June 2, 2017, to more clearly identify the OIG 15-day reporting and report submission requirements and provided a copy to OIG. The Financial Management Division also automated the OIG 15-day notification process. Conferences that components input into the Conference Approval Tool with an estimated cost more than \$20,000, now generate an email notification automatically through CAT to the OIG email address. Members of the conference processing team review this periodically to ensure that no errors have occurred and for reporting compliance.

OIG Analysis: We reviewed the Department's updated policy clarifying the OIG 15-day reporting requirement and report submission requirements. We also confirmed the automated notice feature in CAT. The actions of the Department meet the intent of the recommendation and we consider the recommendation resolved and closed.

DHS Response to Recommendation 3: Concur. DHS OCFO Financial Management Division Policy Branch has implemented processes to better manage components' compliance with the 45-day reporting requirement. The division reports noncompliance to component leadership monthly through the Financial Management Health Assessment, which reports on multiple financial management metrics and requirements. If the 45 day deadline has passed, the remaining non-compliant conferences are submitted in a report to the DHS Director and Deputy Director of Financial Management for review on a bi-weekly basis. The Financial Management Division has seen a reduction in the number of conferences on the report. DHS requested this recommendation be resolved and closed.

OIG Analysis: We reviewed the documentation DHS provided to support its request for closure. The increased monitoring activities meet the intent of the recommendation and we consider the recommendation resolved and closed.

DHS Response to Recommendation 4: Concur. DHS concurred with this recommendation. DHS OCFO Financial Management Division conference processing team will continue to perform its conference submission checklist



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when reviewing component submissions and will place additional emphasis on this requirement during review. Specifically, the team will test compliance for FY 2018, quarters 3 and 4 and will address identified deficiencies, if any, with affected components, as appropriate. Estimated Completion Date: October 31, 2018.

OIG Analysis: The actions the Department proposed should meet the intent of the recommendation. This recommendation is resolved and will remain open until the Department provides documentation confirming its additional compliance tests are validating that components perform comparisons of facility alternatives to ensure the lowest possible cost.

DHS Response to Recommendation 5: Concur. Effective FY 2018, DHS OCFO Financial Management Division mandated components attach Program, Project, and Activity and Fund Code information as a separate document when reporting actual costs. Additionally, components are now required to certify that this information is attached as part of the actual cost reporting and available to the OIG and Risk Management and Assurance Division. DHS requested this recommendation be resolved and closed.

OIG Analysis: We reviewed the Department's new requirements. These actions meet the intent of the recommendation and we consider the recommendation resolved and closed.



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Appendix A

Objective, Scope, and Methodology

DHS OIG was established by the *Homeland Security Act of 2002* (Public Law 107–296) by amendment to the *Inspector General Act of 1978*. This is one of a series of audit, inspection, and special reports prepared as part of our oversight responsibilities to promote economy, efficiency, and effectiveness within the Department.

We performed this audit to determine whether DHS’ spending for hosted or sponsored conferences was appropriate, reasonable, and necessary, and in compliance with P.L. 114–113, *Consolidated Appropriations Act, 2016*. To achieve our audit objective, we identified and reviewed applicable Federal laws and regulations, OMB guidance, and DHS policies and procedures regarding conferences.

At DHS headquarters, we interviewed officials from OCFO directly involved in DHS conference processing, approval, reporting, and oversight. We also interviewed officials from DHS’ Risk Management and Assurance Division and reviewed oversight processes for conferences held during FY 2016. Based on FY 2016 reported conferences, we interviewed officials from the Office of Intelligence and Analysis, National Protection and Programs Directorate, Science and Technology Directorate, Management Directorate, Coast Guard, United States Customs and Border Protection, Federal Emergency Management Agency, United States Immigration and Customs Enforcement, and TSA.

The Department reported to OIG it hosted 30 conferences costing more than \$100,000 each during FY 2016, totaling almost \$8.2 million. We judgmentally selected nine conferences with \$100,000 or more in expenses to determine whether conference spending was reasonable, appropriate, and necessary (see appendix D for the nine selected conferences). We analyzed both actual and estimated costs, and approval packages submitted to DHS. We reviewed contracts, invoices, procurement requisitions, and vouchers; and other documentation such as agendas, or attendance listings, and justifications related to the conferences. We also reviewed whether the applicable conferences were correctly reported on the DHS external website, as required by Federal regulations.

In addition, we compared the date the actual conference costs were due to the date the components entered these conference costs in CAT. As a result, we identified any late conferences to determine whether the components submitted the actual conference costs in CAT within 45 days after the conclusion of the conference.



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DHS reported 61 conferences with costs greater than \$20,000 from the last two quarters of FY 2016. DHS is required to report these conferences to OIG within 15 days of the conference end date. To test reporting requirements, we judgmentally selected 19 of 61 conferences (31 percent). We reviewed each conference in CAT to determine whether the component sent the 15-day notice to OIG in a timely manner.

To test whether there were conferences under the \$100,000 threshold that should have been reported as greater than \$100,000, we selected an additional five of seven conferences ranging from \$85,000 to \$99,999. We compared the actual costs reported in CAT to the supporting documentation provided by each component.

We performed data mining techniques on purchase card and travel card transactions during FY 2016 to determine whether there were any unreported DHS-hosted or sponsored conferences. We examined purchase card transactions at hotels that were \$10,000 or greater and confirmed they were not related to DHS sponsored conferences or offsite training. Based on the *DHS Purchase Card Manual*, purchase cards should not be used to pay for lodging; rather, the traveler or agency should use an individually billed or centrally billed travel card.

We judgmentally selected 25 travel card transactions totaling \$122,258 to determine the purpose of travel. We requested supporting documentation for three to five travel vouchers from the following components: United States Customs and Border Protection, Federal Emergency Management Agency, United States Immigration and Customs Enforcement, U.S. Citizenship and Immigration Services, TSA, and Coast Guard.

We conducted this performance audit between March 2017 and January 2018 pursuant to the *Inspector General Act of 1978*, as amended, and according to generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based upon our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based upon our audit objectives.



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Appendix B
DHS Comments to the Draft Report


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



**Homeland
Security**

May 3, 2018

MEMORANDUM FOR: John V. Kelly
Acting Inspector General

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

SUBJECT: Management's Response to OIG Draft Report: "Audit of Department of Homeland Security's Fiscal Year 2016 Conference Spending" (Project No. 17-059-AUD-CFO)

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

The Department is pleased to note OIG's positive recognition that (1) DHS continues to improve its conference spending oversight, and (2) that your examination of purchase and travel card transactions did not identify any potential conference expenses not reported to OIG. This confirms the results of our ongoing efforts to ensure the Department has strong internal controls for conference approval and reporting, driving efficiency and effectiveness of mission delivery for the American taxpayer.

It is also important to mention the "Other Matters" OIG highlighted concerning the U.S. Coast Guard and U.S. Immigration and Customs use of purchase cards to pay for accommodations and other mission-related expenses. DHS Office of the Chief Financial Officer (OCFO) Financial Management Division (FMD) staff reviewed the information OIG shared concerning these charges and confirmed that all charge card transactions were valid. However, they are still in the process of reviewing the appropriateness of using the purchase card in lieu the travel card for the accommodation expenses. Once the review is completed, OCFO will determine what changes, if any are needed to travel and/or purchase card policies and procedures.

The draft report contained five recommendations with which the Department concurs. Attached find our detailed response to each recommendation. Technical comments were provided under separate cover.

Again, thank you for the opportunity to review and comment on this draft report. Please feel free to contact me if you have any questions. We look forward to working with you again in the future.

Attachment



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Attachment: Management Response to Recommendations Contained in OIG Draft Report 17-059-AUD-CFO

The OIG recommended that the DHS OCFO:

Recommendation 1: Periodically review conference related documentation (i.e., travel vouchers, invoices, etc.) throughout the year, to ensure the actual costs reported in the Conference Attendance Tool are accurate.

Response: Concur. The DHS OCFO Risk Management and Assurance Division (RM&A) will continue to test Conference Spending yearly to assess the compliance, adequacy of procedures, and the internal controls in place over each Component's Conference Reporting. DHS RM&A provides recommendations based upon findings, and the DHS OCFO FMD oversees the implementation of corrective actions to demonstrate effective monitoring and oversight of the Components' Conference Reporting, including accountability mechanisms to improve compliance. Additionally, beginning in FY 2018, (Quarter 3), FMD will add another compliance layer by testing a sample population of completed conferences each quarter and requiring the Components to provide evidence and support for each reported cost. Estimated Completion Date (ECD): August 31, 2018.

Recommendation 2: Regularly monitor the OIG 15-day reporting process throughout the year, to ensure the controls are operating as intended.

Response: Concur. The conference policy was updated on June 2, 2017, to more clearly identify the OIG 15-day reporting requirement and report submission requirements (a copy of the update was provided to OIG under separate cover). In 2017, FMD also automated the OIG 15-day notification process. Conferences that are input into the Conference Approval Tool (CAT) with an estimated cost more than \$20,000, now generate an email notification automatically through the CAT to the OIG email address. This is reviewed periodically by members of the conference processing team to ensure that no errors have occurred and for reporting compliance. We request OIG consider this recommendation resolved and closed.

Recommendation 3: Regularly monitor compliance of the components' reporting of actual costs throughout the year, in accordance with the Financial Management Policy Manual.

Response: Concur. In October 2017, the DHS OCFO FMD Policy Branch began reporting to Components, conferences that had exceeded the 45 day requirement for reporting of actuals as a reminder to bring delinquencies into compliance. This information is also reported to Component leadership monthly through the Financial Management Health Assessment which reports compliance with multiple financial management metrics and requirements imposed on the Components.

If the 45 day deadline has passed, the remaining non-compliant conferences are submitted in a report to the DHS Director and Deputy Director of Financial Management for review on a bi-



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weekly basis. Continued follow up on these outstanding actuals is occurring, and FMD has seen a reduction in the number of conferences on the report. For example, 2 recent reporting periods of 45 day actual cost submission compliance showed zero delinquencies. We request OIG consider this recommendation resolved and closed.

Recommendation 4: Ensure components perform comparisons of facility alternatives to ensure the lowest possible cost.

Response: Concur. DHS OCFOs FMD conference processing team will continue to perform its conference submission checklist when reviewing Component submissions and will place additional emphasis on this requirement during review. Specifically, the team will test compliance for FY 2018, quarters 3 and 4 and address identified deficiencies, if any, with affected Components, as appropriate. ECD: October 31, 2018.

Recommendation 5: Regularly monitor compliance throughout the year, of the components' reporting of expenses by appropriation or other source of funding, including budget accounts and Sub-accounts used to pay for hosted events.

Response: Concur. Effective FY 2018, DHS OCFO FMD mandated Components attach Program, Project, and Activity (PPA) and Fund Code (FC) information as a separate document when reporting actual costs. Additionally, Components are now required to check a box to certify that Program, Project and Activity and Fund Code information are attached as part of the actual cost reporting and available for OIG and RM&A audit, if needed. We request OIG consider this recommendation resolved and closed.



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Appendix C FY 2016 Reporting Issues

Table 1: FY 2016 Underreported Conferences

Component	Conference Name	Start Date	End Date	Actual Costs
National Protection and Programs Directorate	Infrastructure Security Compliance Division Field Staff Training Meeting	3/15/16	3/17/16	\$176,000
United States Secret Service*	Administrative Officer's Conference	4/11/16	4/15/16	\$100,249
Total				\$276,249

Source: OIG table based on information provided by DHS OCFO

*The component reported the conference as \$96,668; however, actual costs were \$100,249, and the Department should have reported the conference.

Table 2: FY 2016 OIG 15-Day Reporting

Component	Conference Name	Days Late
Management Directorate	Commemorating the Federal Government's Return to One World Trade Center	17
Federal Law Enforcement Training Center	A Case for Change – Federal Law Enforcement Training Center Summit on Trending Issues in Policing	5
Management Directorate	DHS Cyber Security Hiring Fair	238
U.S. Citizenship and Immigration Services	International Operations Field Office Director's Conference	39

Source: OIG table based on information provided by OCFO



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Appendix C (cont'd) FY 2016 Reporting Issues

Table 3: FY 2016 45-Day Conference Actual Reporting

Component	Conference Name	Days Late
U.S. Customs and Border Protection	Emergency Medical Technician Training	1
Intelligence and Analysis	Field Operations Division Offsite	11
Transportation Security Administration	Transportation Security Executive Service Training	18
United States Coast Guard	Facility Inspector Port Security Specialist Workshop	58
Science and Technology Directorate	Research and Development Showcase and Technical Workshop	5
Federal Emergency Management Agency	Federal Emergency Management Agency Field Operations Directorate Workforce Development Division 4Q Mass Training Event	105

Source: OIG table based on information provided by OCFO



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Appendix D FY 2016 Conferences Reviewed for Appropriateness and Reasonableness

Component	Conference Name
U.S. Customs and Border Protection	Emergency Medical Technician Training
Intelligence and Analysis	Field Operations Division Offsite
Transportation Security Administration	Transportation Security Executive Service Training
United States Coast Guard	Facility Inspector Port Security Specialist Workshop
Science and Technology Directorate	Research and Development Showcase and Technical Workshop
National Protection and Programs Directorate	Protective Security Advisor Annual Meeting
U.S. Immigration and Customs Enforcement	U.S. Immigration and Customs Enforcement Leadership Conference
Management Directorate – Chief Information Officer	DHS Cyber Security Hiring Fair
Federal Emergency Management Agency	Federal Emergency Management Agency Field Operations Directorate Workforce Development Division 4Q Mass Training Event

Source: OIG table based on information provided by OCFO



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Appendix E
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