



**U.S. OFFICE OF PERSONNEL MANAGEMENT
OFFICE OF THE INSPECTOR GENERAL
OFFICE OF EVALUATIONS AND
INSPECTIONS**

Final Evaluation Report

**EVALUATION OF THE U.S. OFFICE OF
PERSONNEL MANAGEMENT'S CONFERENCE
SPENDING REPORTING**

Report Number 4K-CF-00-17-015

June 22, 2017

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EXECUTIVE SUMMARY

Evaluation Of The U.S. Office Of Personnel Management's Conference Spending Reporting

Report No. 4K CF-00-17-015

June 22, 2017

Why Did We Conduct the Evaluation?

This evaluation was conducted to address concerns raised from a prior Office of the Inspector General inquiry into the U.S. Office of Personnel Management (OPM) Conference Spending reporting.

The objective for our evaluation was to determine if OPM has policies and procedures for reporting its conference spending in accordance with the Office of Management and Budget (OMB) and the *Consolidated Appropriations Act* requirements.



William W. Scott, Jr.
Chief, Office of Evaluations and Inspections

What Did We Find?

We determined that OPM does not have formalized policies and procedures for reporting its conference spending in accordance with OMB and the *Consolidated Appropriations Act* requirements. Specifically, we identified the following issues related to OPM's process for reporting its conference spending:

- Unclear distinction between what is considered a “conference” versus training;
- Undefined roles and responsibilities for conference reporting;
- Reporting requirements for net conference expenses (all direct and indirect conference costs paid by the agency minus any revenue collected from the conference) to include the *Consolidated Appropriations Act* requirements, were not known; and,
- No designated official for approving agency-hosted conferences.

We also found that the responsibility to develop policies and procedures for reporting conference spending was unclear.

TABLE OF CONTENTS

| | <u>Page</u> |
|---|-------------|
| INTRODUCTION | 1 |
| RESULTS OF EVALUATION | 3 |
| OPM Lacks Policies and Procedures for Reporting its Conference Spending | 3 |
| APPENDIX | |
| A. Scope and Methodology..... | 5 |
| B. Management Comments..... | 6 |
| REPORT FRAUD, WASTE AND MISMANAGEMENT | 8 |

INTRODUCTION

This final evaluation report details the results of our evaluation of the *U.S. Office of Personnel Management's (OPM) Conference Spending Reporting*. This evaluation was conducted by OPM's Office of the Inspector General (OIG), as authorized by the Inspector General Act of 1978, as amended.

Executive Order 13589 directed all agencies to reduce overall expenses within their support operations by not less than 20 percent starting in fiscal year 2013. In May 2012, the Office of Management and Budget (OMB) issued Memorandum M-12-12, *Promoting Efficient Spending to Support Agency Operations*, outlined the steps agencies could take to improve operations, increase efficiency, and cut unnecessary spending to include conference expenses. The specific requirements for agencies included:

- Initiating a senior level review for all planned conferences;
- Initiating a senior level approval for all future conference net expenses¹ in excess of \$100,000;
- Prohibiting net expenses in excess of \$500,000 on a single conference; and,
- Initiating public reporting for all conferences where net expenses are in excess of \$100,000.

Since the issuance of OMB Memorandum M-12-12, agencies have achieved significant savings in conference spending and strengthened internal controls over monitoring travel and conference-related activities. However, agencies faced many challenges with the implementation of OMB M-12-12, including reduced opportunities to perform useful agency functions, present scientific findings and innovations, train, recruit and retain employees, or share best practices.

To address these challenges, OMB issued Memorandum M-17-08, *Amending OMB Memorandum M-12-12, Promoting Efficient Spending to Support Agency Operations*, in November 2016. This new guidance is less restrictive; now allowing agencies to host or sponsor a conference with a net expense of \$500,000, pending the agency designated official's rationale and approval, which must be posted on the agency's website. OMB Memorandum M-17-08 also states that agencies should develop and implement conference guidance tailored to their mission

¹ Net expenses is defined as all direct and indirect conference costs paid by an agency, whether paid directly by the agency or reimbursed by the agency to travelers or others associated with the conference, minus any revenue collected from the conference to include fees paid by participants.

needs and risks, consistent with the conference requirements of OMB Memorandum M-12-12 as amended.

In addition to OMB's guidance, the *Consolidated Appropriations Act*, (which is issued for each fiscal year) states that any agency funded by this Act should:

- Submit annual reports to the OIG regarding the costs and contracting procedures related to each conference it held during the fiscal year where the cost to the Government was more than \$100,000; and,
- Notify the OIG within 15 days of the date of a conference costing the Government more than \$20,000.

OPM's Conference Spending

The OPM's Office of the Chief Financial Officer (OCFO) is responsible for reporting its conference spending. The OCFO, at the end of each year, sends a data call to all program offices requesting information on their conference spending for the last fiscal year based on OMB's reporting requirements. If a program office sponsored or hosted a conference that exceeded the OMB threshold of \$100,000, they are requested to provide the following details:

- Total expenses incurred for the conference;
- Location of the conference;
- Date of the conference;
- Brief explanation of how the conference advanced the program offices' mission; and,
- Total number of individuals whose travel expenses or other conference expenses were paid by the program office.

Based on the program offices' responses, the OCFO generates the required annual *Conference Expense Report* by January 31st of each year. This report is submitted to OMB and published to OPM's website. For fiscal year 2012, OPM reported one conference with expenses that exceeded \$100,000. For fiscal years 2013 – 2016, OPM reported that no conferences met the OMB threshold for net conference expenses.

RESULTS OF EVALUATION

OPM Lacks Policies and Procedures for Reporting Its Conference Spending

We determined that OPM does not have formalized policies and procedures for reporting its conference spending in accordance with OMB and the *Consolidated Appropriations Act* requirements. As stated in OMB Memorandum M-17-08, OPM should develop and implement agency conference spending guidance tailored to OPM's mission needs and risks, consistent with the conference spending requirements of OMB Memorandum M-12-12, as amended. Additionally, OPM is not reporting its conference spending that exceeds \$20,000 to the OIG as required by the *Consolidated Appropriations Act*.

We determined the following issues related to OPM's process for reporting its conference spending:

- Unclear distinction between what is considered a "conference" versus training;
- Undefined roles and responsibilities for conference reporting;
- Reporting requirements for net conference expenses to include the *Consolidated Appropriations Act* requirements, were not known; and,
- No designated official for approving agency-hosted conferences.

We also found that the responsibility to develop policies and procedures for reporting conference spending was unclear. The OCFO suggested that we correspond directly with the Office of Executive Secretariat to obtain OPM's policies and procedures related to conference spending. However, the Office of Executive Secretariat was unable to provide us with formal policies and procedures for reporting conference expenses and referred us to the OCFO.

Recommendation

We recommend that the OPM develop policies and procedures that are tailored to its mission needs and risks, for reporting conference spending. These policies and procedures should (a) clearly define what is considered a "conference;" (b) specify the roles and responsibilities for those that are part of the reporting process; (c) outline all reporting requirements for net conference expenses to include the *Consolidated Appropriations Act* requirements; and (d)

designate OPM's official for approving agency-sponsored conferences that exceed the OMB thresholds.

Management Comments

OPM partially concurs with the factual accuracy of this finding. "OPM concurs with the recommendation to establish policies and procedures addressing internal controls at the aggregated conference level and reporting to OIG. However, we only partially concur because these internal controls for reporting travel expenses at the employee level are already in place and OPM has met some of the reporting requirements stated in the OMB guidance."

OIG Comments

OPM states that they only partially concur with accuracy of this finding and its non-concurrence focuses on reporting travel expenses at the employee level and having met some of the reporting requirements stated in OMB guidance. Our evaluation was not focused on travel at the employee level, as the OMB guidance addresses agency level reporting. In addition, we also addressed within this report where OPM did meet one of the requirements stated in OMB guidance.

In its partial concurrence, OPM did however agree to address our recommendation and it is our position that once addressed this finding will be closed.

APPENDIX A: SCOPE AND METHODOLOGY

We conducted this evaluation in accordance with the *Quality Standards for Inspection and Evaluation*, January 2012, approved by the Council of the Inspectors General on Integrity and Efficiency.

We performed our evaluation fieldwork from November 30, 2016 through March 8, 2017 at the OPM Headquarters in Washington, DC.

The scope of this evaluation considered the conference expense reporting periods for fiscal years 2012 – 2016. To determine if OPM has policies and procedures for reporting its conference spending in accordance with the OMB and the *Consolidated Appropriations Act* requirements, we identified and reviewed all conference reporting requirements with:

- OMB Memorandum M-12-12, *Promoting Efficient Spending to Support Agency Operations*;
- OMB Memorandum M-17-08, *Amending OMB Memorandum M-12-12, Promoting Efficient Spending to Support Agency Operations*; and
- The *Consolidated Appropriations Act* for 2012 to 2016.

We conducted interviews and corresponded with key personnel responsible for conference spending to gain an understanding of their roles and responsibilities as they relate to the reporting process. Specifically, we met with the OCFO personnel to obtain management's perspective on OPM's conference spending report process. We also met with personnel from OPM's Human Resources Solutions, Employee Services, Retirement Services, National Background Investigations Bureau, and Health and Insurance Benefits, to gain an understanding of how they monitor and track their net conference expenses based on the OMB and the *Consolidated Appropriations Act* requirements. To obtain OPM's current policies and procedures related to conference spending, we corresponded with the Office of the Executive Secretariat.

We reviewed and analyzed OPM's conference expense reports for fiscal years 2012 – 2016 to identify the conferences OPM has hosted or sponsored that met the OMB requirements for reporting. We also reviewed tracking documents from the program offices to determine how they reported their net conference expenses.

APPENDIX B: MANAGEMENT COMMENTS



Office of the Director

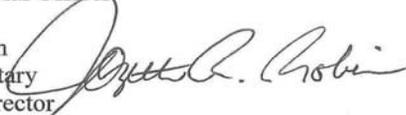
UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

Washington, DC 20415

May 15, 2017

MEMORANDUM FOR: WILLIAM W. SCOTT, JR.
Chief, Office of Evaluations and Inspections
Office of the Inspector General

FROM: Dennis Coleman 
Acting Chief Management Officer
& Chief Financial Officer

Jozetta Robinson 
Executive Secretary
Office of the Director

SUBJECT: Draft Report on Evaluation of the U.S. Office of Personnel
Management's Conference Spending Reporting
(Report No. 4K-CF-00-17-015)

Thank you for providing OPM the opportunity to respond to the Office of the Inspector General (OIG) draft report, *Evaluation of the U.S. Office of Personnel Management's Conference Spending Reporting*, Report No. 4K-CF-00-17-015.

Below is the response to the recommendation.

Recommendation: We recommend that the OPM develop policies and procedures for reporting conference spending that are tailored to OPM's mission needs and risks. These policies and procedures should (a) clearly define what is considered a "conference;" (b) specify the roles and responsibilities for those that are part of the reporting process; (c) outline all reporting requirements for net conference expenses to include the Consolidated Appropriations Act requirements; and (d) designate OPM's official for approving agency-sponsored conferences that exceed the OMB thresholds.

Management Response:

We partially concur.

OPM concurs with the recommendation to establish policies and procedures addressing internal controls at the aggregated conference level and reporting to OIG. However, we only partially concur because these internal controls for reporting travel expenses at the employee level are already in place and OPM has met some of the reporting requirements stated in the OMB guidance.

In the OPM Reservations and Delegations of Administrative Authority (RDAA), the OPM Director reserves the authority to approve (at the employee level), "Participation or attendance by OPM employees at an externally sponsored conference when the total cost exceeds \$10,000 for each employee or involves international travel."

Further, Associate Directors and Office Heads are delegated authority to, "Approve training for their employees in Government and non-Government facilities."

Over the years, OPM has taken the appropriate steps to eliminate sponsorship of conferences with a cost in excess of \$500k. OPM has also posted conference spending information on its website, as required by OMB guidance, when spending was in excess of \$100k.

OPM will take the following actions to comply with the need to develop the policies and procedures at the aggregated conference level and report to OIG:

- Designate an approving official at the Deputy Director level or equivalent to approve conference spending over \$100,000;
- Formalize the waiver process for conference spending exceeding \$500,000 to meet OMB requirements
- Update the FMM and RDAA to reflect reporting and approval requirements as it relates to conference spending; and
- Formalize procedures for Resource Management Officers (RMOs) to consistently track and report all required conferences expenditure elements and provide training and job aids to RMOs on these procedures.

I appreciate the opportunity to respond to this draft report. If you have any questions regarding our response, please contact Jozetta R. Robinson, [REDACTED], and [REDACTED]@opm.gov.



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