



U.S. Department of Energy
Office of Inspector General
Office of Audits and Inspections

INSPECTION REPORT

Conference Management at Selected
Department Sites

DOE/IG-0913

June 2014



Department of Energy
Washington, DC 20585

June 3, 2014

MEMORANDUM FOR THE SECRETARY

FROM: 
Gregory H. Friedman
Inspector General

SUBJECT: INFORMATION: Inspection Report on "Conference Management at Selected Department Sites"

BACKGROUND

In support of its diverse science, energy and national security missions, the Department of Energy sponsors and/or funds attendance of both Federal and contractor employees at a variety of conferences and meetings. During Fiscal Year 2013, the Department expected to spend about \$125 million on approximately 9,700 events. To help ensure that such events are cost effective and relate to the core missions, in May 2012, the Office of Management and Budget (OMB) issued Memorandum M-12-12, *Promoting Efficient Spending to Support Agency Operations*. This memorandum established rigorous conference controls, including approval by Secretarial officers for high cost events.

In response to the OMB direction, in December 2012, the Department issued a memorandum, *Updated Guidance on Conference-Related Activities and Spending*, establishing stringent conference reporting and approval processes. While broadening reporting requirements, the Department memorandum set up exemptions to conference reporting requirements for certain mission related events. This memorandum also required the development of a database known as the Conference Management Tool. Department officials told us that they developed and deployed the tool in less than 3 months and that it has become essential to the conference management process. According to those same officials, the tool is used to track events across program elements and helped save \$7.6 million in Fiscal Year 2013.

Because of the cost and volume of conferences, we initiated a review of selected events to determine whether the Department had effectively managed conference expenditures and related activities. We also inquired into the circumstances surrounding two allegations we received: the first, that a conference was not properly reported; and, the second, that there had been a misuse of conference funds.

RESULTS OF INSPECTION

We found that while the Department had strengthened conference reporting and approval controls, our inspection revealed that opportunities exist to improve the management process in

this important area. Specifically, our testing¹ revealed that:

- Program offices inconsistently applied the event exemption criteria for 5 of 17 (29 percent) events included in our sample. As a consequence, these events, estimated to cost more than \$1.2 million, were not subject to the same reporting, review and approval rigor required for other events.
- The Department's Conference Management Tool contained data that was either inaccurate, incomplete or both for 18 of 33 (55 percent) Department-sponsored and non-sponsored conferences.
- Program officials failed to properly report and breakout food costs of approximately \$72,000 in 2 of the 15 (13 percent) Department-sponsored and co-sponsored conferences we reviewed, resulting in a situation where food costs were unknowingly approved. Adequate cost comparisons were also not completed for 3 (20 percent) of those same Department-sponsored and co-sponsored conferences.

The issues we identified with conference management occurred, at least in part, because management did not ensure those charged with reporting or making conference-related decisions adhered to or properly interpreted established requirements. Of particular concern, we found that responsible personnel had not been adequately trained to appropriately apply established event exemptions and to correctly enter required information into the Conference Management Tool. Program officials also did not always ensure that approval packages appropriately identified food costs as required. Finally, event coordinators told us that they did not conduct cost comparisons and search for alternative venues because they believed or assumed that there were no other available venues. In some cases, event coordinators believed that the Government was already getting a good deal.

The Department has taken a number of positive actions to cancel a number of conferences, reduce the frequency of recurring meetings and has broadened the use of video conference technology. However, additional effort is necessary to improve transparency and assure that Government funds are being spent appropriately, efficiently and in the best interest of the taxpayer.

Allegations

The specific allegations we received were not substantiated. However, we found that a contractor employee attended a non-Department sponsored, 8-day conference on a cruise ship at Government expense. Even though the employee's attendance was approved by contractor management officials, we noted that the cruise was not consistent with the Department guidance that such events "...should not be held at resorts." We notified Federal officials of the event and later learned that the responsible contractor had reimbursed the Department for the cost of the trip to avoid any negative publicity regarding this event.

¹ See Appendix 2 for details on multi-part sampling.

MANAGEMENT REACTION

Management concurred with the report's recommendations and identified planned actions to address our recommendations. We consider management's comments responsive to the report's recommendations.

Management's comments are included in Appendix 5.

cc: Deputy Secretary
Deputy Under Secretary for Science and Energy
Under Secretary for Nuclear Security and Administrator for the National Nuclear
Security Administration
Deputy Under Secretary for Management and Performance
Chief of Staff

INSPECTION REPORT ON CONFERENCE MANAGEMENT AT SELECTED DEPARTMENT SITES

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CONFERENCE MANAGEMENT AT SELECTED DEPARTMENT SITES

CONFERENCE MANAGEMENT PERFORMANCE

In December 2012, the Department of Energy (Department) issued a memorandum, *Updated Guidance on Conference-Related Activities and Spending*, implementing the requirements stipulated in the Office of Management and Budget (OMB) Memorandum M-12-12, *Promoting Efficient Spending to Support Agency Operations*. Specifically, the Department's memorandum set up conference approval authorities and thresholds. Conferences ranging from \$100,000 but less than \$500,000 were to be approved by the Deputy Secretary, while all planned conferences over \$500,000 required a specific waiver from the Secretary. In addition, conferences sponsored by the Department with expenses exceeding \$100,000 were required to be publicly reported annually on the Department's website. A conference was defined as "[a] meeting, retreat, seminar, symposium or event that involves attendee travel." The term 'conference' may also apply to some training activities.

The memorandum also stipulates all conference activities and approvals are to be reported through a database. The Department's Office of Management is responsible for administering this database known as the Conference Management Tool (CMT).

Each program office and head of contractor organization established a point of contact responsible for populating the CMT with specific information, such as conference attendees, costs and justifications. These entries can then be reviewed by the:

- Office of Management, which executes the approval process and ensures that the approval packages and the CMT information are consistent with timing, content and format. That office also provides guidance and direction on conference planning and management.
- Office of General Counsel (General Counsel) that provides guidance and legal review for all conference approval packages.
- Deputy Secretary for approval of packages over \$100,000 and under \$500,000.

The Department memorandum also provided for six possible event exemptions to bypass the conference approval process and public reporting requirements. Events exempted are categorized into six areas which include travel and meetings associated with audits and investigations, internal agency business, bi-lateral or multi-lateral international cooperation engagements, formal classroom training held at Federal facilities, classroom training required as part of a certification program, and peer review and evaluation panel/board meetings.

Even though the Department memorandum provides for exemptions, it states exemptions should be granted sparingly. This memorandum, however, does not specify who in the Department had the authority to make the determinations of eligibility for the exemptions.

Finally, in the situations where the Department is responsible for selecting a venue for such conferences, the Federal Travel Regulation (FTR) requires evidence of at least three cost

comparisons and an evaluation of Government facility availability. The FTR also stressed that use of Government-owned or Government-provided conference facilities must be maximized as much as possible. These reviews are designed to help ensure that requested expenditures are limited to the minimum level necessary to carry out the Department's mission and are consistent with applicable portions of the FTR and Federal Acquisition Regulation.

Conference Management

Our inspection identified opportunities to improve conference management and reporting activities across the Department. In particular, we identified inconsistent application of event exemption criteria and issues with CMT data integrity for a number of the specific conferences we evaluated. We also identified issues with approvals for food costs and missing and undocumented cost comparisons.

Inconsistent Application of Event Exemption Criteria

We found that program office officials inconsistently applied event exemption criteria for 5 of the 17 (29 percent) events we reviewed. The use of exemptions eliminated the requirement for program officials to enter event information into the CMT for tracking, monitoring and reporting. Our review of a list provided by program offices regarding 17 exempted events identified 5 events that did not appear to meet the applied exemption criteria. For example:

- The January and June 2013, as well as the January 2014 *United States Particle Accelerator School* event, which occurs twice a year at a cost to the Department of over \$600,000 annually or \$300,000 per event, was exempted. The justification used by program officials indicated that the event was exempted based on exemption "d," which allows events taking place in Federal facilities to be exempted. However, we noted that the last three such events were held in hotels and not in Federal facilities as required for events under this exemption.
- The November 2012 *X-Ray Scattering Principal Investigator's Meeting*, estimated cost of \$135,294, was exempted based on exemption "f" which allows program review meetings to not be considered conferences. A senior General Counsel official explained events being exempted as program reviews continue to be an on-going problem because topics covered must be specific to a project and involve only project discussions. We were told that there was insufficient information regarding this conference for General Counsel to make an exemption determination and to alleviate this issue, this event should have been held in a Federal facility.

Further, we were told that because the application of event exemption criteria has been problematic, program offices have been advised to submit all exemption requests to General Counsel for review and approval. We were told, however, that not all program offices were submitting exemption requests as advised. While we acknowledge that the use of exemptions is important, inconsistent application could result in overstating or understating the Department's reported conference expenditures and could ultimately diminish transparency.

Database Integrity Issues

We determined that the CMT which is used to track, monitor and report conference expenditures, contained data that was either inaccurate, incomplete or both for 18 of the 33 (55 percent) conferences we reviewed. Estimated conference cost is the determining factor for approval processing and reporting. Approval for conferences estimated to cost less than \$100,000 is subject to local policies and procedures developed by Department offices. Conferences with costs estimated at \$100,000 and above are subject to the Department memorandum and approval by the Secretary or Deputy Secretary. Prior to entering a specific conference into the CMT, the entry screen directs users to search the CMT to determine whether the conference has already been entered. If an entry for the conference does not exist in the CMT, then a new entry may be made.

Our review of the CMT identified: (1) duplicate entries; (2) multiple entries for a single conference entered by different program offices with different information in each entry; and (3) information reported to us from the site and program offices that often did not match the entries in the CMT. We identified the following discrepancies:

- The February 2013 *Ringberg Meeting*, [*Non-Department Sponsored*²] estimated at a cost of about \$42,000, had the same information entered into the CMT twice. As a result, the Department's total estimated conference expenses reported in the CMT were overstated by about \$42,000.
- The March 2013 *Atmospheric Systems Research Science Team Meeting* [*Department Sponsored*³], with an estimated cost of \$384,641 and 360 attendees, had been entered by a program office and approved by the Deputy Secretary. This same conference was re-entered into the CMT by two additional program offices, each with different estimated costs and information. The aggregated cost of the 3 entries was \$573,641 with 457 attendees which, had it been accurate, would have necessitated approval by the Secretary, rather than the Deputy Secretary. The 2 additional entries overstated the estimated total costs by approximately \$189,000 and 97 attendees.
- The March 2013 *American Physical Society Meeting* [*Non-Department Sponsored*], with an estimated cost of \$1,615,011, and 716 attendees was entered in the CMT. Our review of actual costs revealed that costs and attendees entered into the CMT by the program office was \$115,000 less in actual costs and 23 fewer attendees than what was reported to the Office of Inspector General by Department sites.

After bringing the data integrity issues with CMT to management's attention, the duplicate entry for the first example was removed. However, the remaining two examples were not modified to reflect accurate costs or attendees. In discussions with Office of Management officials, we were told that a "scrub" of the CMT had been started prior to the initiation of our review in

² A Non-Department sponsored conference is defined as a conference in which Department employees participate but an entity other than the Department has control over most of the aspects of the conference.

³ A Department sponsored conference is defined as a conference that the Department has control over most aspects of the conference.

March 2013. We found duplicate entries still existed in the CMT 9 months later. For example, one of the entries for the *Atmospheric Systems Research Science Team Meeting*, was not identified as a duplicate during the "scrub." In August 2013, we notified the program office of the duplicate entry and it has since been removed.

The Department's Office of Management officials also told us that they added a pop-up window to the conference entry screen in the CMT as an additional control to prevent duplicate entries. This control requires the operator to choose to accept or ignore similar conference entries displayed in the window before continuing to make a new entry, but additional monitoring is needed to verify the effectiveness of this control. The scrub of the database and the addition of the pop-up window will assist in identifying and correcting inaccurate entries; however, more needs to be done to ensure the integrity of the database.

Approvals for Food Costs

We found insufficient details to identify food costs in 2 of the 15 (13 percent) Department-sponsored or co-sponsored conferences reviewed. These packages were submitted to the Offices of Management, General Counsel and the Deputy Secretary for review and approval. Our review of supporting documentation revealed that both conferences had food included under the meetings, space and other amenities category that had not been separately identified in these packages uploaded in the CMT. As a consequence, food costs of about \$72,000 were unknowingly approved. Specifically, we determined that:

- The August 2012, *Basic Energy Sciences Detector Workshop [Department Sponsored]*, with an estimated cost of \$155,335, provided approximately \$10,000 in food; and,
- The July 2012, *Department of Energy Office of Science Graduate Fellowship Annual Research Meeting [Department Sponsored]*, with an estimated cost of \$454,600, provided approximately \$62,000 in food.

The FTR requires that when food is provided, the travelers' per diem allowances must be reduced appropriately and that these reductions should be clarified in advance of travel. Despite this requirement, we determined that per diem allowances for meals were not reduced in one of the two examples. Travelers did not reduce their per diem in 54 percent of the *Basic Energy Sciences Detector Workshop* travel expense reports, for a total cost to the Department of \$1,341. We notified appropriate officials who indicated that they are in the process of recouping these funds. A General Counsel official told us that when reviewing conference approval packages, providing food is the most frequent problem area. Therefore, reviewers need to know when conferences seeking approval are planning to provide food so they can ensure that travelers will reduce their per diem allowances accordingly.

Further, our office recently issued a report on *The Department of Energy's Energy Innovation Hubs* (OAS-M-13-08, September 2013), which addressed costs for meals and meeting refreshments for conferences held at these hubs. The report identified issues with inappropriately provided food at conferences. Based on our review, it appears that additional attention is required in this area.

Missing and Undocumented Cost Comparisons

The FTR requires a minimum of three cost comparisons to ensure responsible officials maximize the use of Government-owned or Government-provided conference facilities to the extent possible. Department officials could not provide adequate evidence to demonstrate that cost comparisons were completed for 3 of the 15, Department-sponsored conferences reviewed. These three conferences with estimated costs of \$305,000 were:

- *Basic Energy Sciences Detector Workshop*, August 2012, with an estimated cost of \$155,335. A senior Department official told us that Government facilities were not available, but could not provide documentation to support any research to support the official's assertion.
- *International Nonproliferation Export Control Program Review*, June 2012, with an estimated cost of \$75,000. A senior National Nuclear Security Administration official told us that no other facilities were available due to the concurrent scheduling of another large event near the venue location and as such, the official did not continue searching after the first available venue was identified. We found that even after it became necessary to reschedule the conference for the following week, the event coordinator did not evaluate alternative venues, but simply changed the dates with the same facility.
- *International Nonproliferation Export Control Program Review*, June 2013, with an estimated cost of \$75,000. The same National Nuclear Security Administration official cited previously said that the same venue from the previous year's meeting had offered an additional discount and was contracted again for the 2013 meeting without exploring other options.

Although we requested cost comparison documentation regarding these conferences, no information was provided. While informal venue expenditure inquiries may contribute to discounts and lower costs, the cost comparison process provides the best assurance that Federal funds are being spent efficiently and appropriately and in the best interests of the taxpayer.

Actions Taken by the Department

In response to an initial draft of this report, Department officials reported that they have changed the culture by institutionalizing best practices in conference management and associated cost savings measures. These cost cutting measures include urging the use of Government facilities, early registration discounts, low-cost airfares, limiting participation, minimizing rental car usage and maximizing in house resources. Department officials also reported that they saved \$7.6 million by cancelling, postponing and reducing conference attendance and booth space in Fiscal Year 2013.

Contributing Factors and Impact

The issues we identified with conference management occurred, at least in part, because management did not ensure those charged with reporting or making conference related decisions adhered to or properly interpreted established requirements. Of particular concern, we found that responsible personnel had not been adequately trained to appropriately apply established event exemptions and to correctly enter required information into the CMT. Program officials also did not always ensure that approval packages appropriately identified food costs as required. Finally, the event coordinators for the three conferences in question, told us that they did not conduct cost comparisons and search for alternative venues because they believed or assumed that there were no other available venues and/or that the Government was already getting a good deal.

While it appears that the Department has taken steps towards improving conference management, more needs to be done to promote transparency and assure that Government funds are spent appropriately, efficiently and in the best interest of the taxpayer.

Complaints and Other Matters

The specific allegations we received regarding conferencing matters were not substantiated. We did, however, find that a Department contractor employee attended a conference at the Department's expense which we felt was outside the parameters of existing Department guidance.

In its *Conference Management Best Practices* guidance, Office of Management advises conference attendees that Federal funds should be used for appropriate purposes and conferences should not be held at resorts. Nevertheless, our review found that a contractor employee attended a non-sponsored conference (included in our sample), *Study of Matter at Extreme Conditions*. The was an 8-day conference that took place aboard a ship, cruising the Caribbean in March 2013.

In light of current Departmental efforts to moderate its conferencing costs, we believe that attendance of this conference may not have been consistent with this goal. In response to our inquiries, the contractor assumed the \$2,270 cost of the conference to avoid the potential negative public perception of this event. We confirmed that the funds were returned to the Department.

RECOMMENDATIONS

Based on the issues identified in the report, we believe that the Department can take a number of steps to improve the monitoring and reporting of conferences. To address the issues outlined in our report, we recommend that the Director, Office of Management:

1. Establish procedures to ensure event exemptions are appropriately applied;
2. Update training to provide detailed steps on how to interpret and apply established event-exemptions;
3. Identify and correctly enter the required information in the CMT;
4. Perform periodic reconciliations to mitigate inaccurate and duplicate data in the CMT;
5. Promote transparency by ensuring Program officials provide an adequate breakdown of food costs in the approval package so that managers have sufficient detail to make informed approval decisions; and
6. Ensure that existing requirements to complete and document cost comparisons are met prior to conference approval.

MANAGEMENT RESPONSE AND INSPECTOR COMMENTS

Management concurred with our recommendations and indicated that it was in the process of implementing corrective actions. We found management's comments and planned corrective actions to be generally responsive to our report findings and recommendations. In response to Recommendations 1 through 6, the Office of Management issued a memorandum on May 9, 2014, reminding Department elements to seek clarification from General Counsel on event exemptions when appropriate. The Office of Management also said that it would continue to discuss the event exemption process, CMT data integrity, food costs and adequate cost comparisons at quarterly conference working group meetings and at the Best Practices Working Group to resolve challenges and develop standard protocols.

We modified our report, as necessary, in response to management's comments. Management's comments are included in Appendix 5.

OBJECTIVE, SCOPE AND METHODOLOGY

Objective

We initiated a review of selected conferences to determine whether the Department of Energy (Department) has effectively managed conference expenditures and related activities. Further, we received allegations that one conference was not reported and that Federal funds were misused regarding another conference. We incorporated these allegations into our review.

Scope

We conducted the fieldwork for this performance inspection between March 2013 and June 2014. We downloaded all conferences included in the Department's Conference Management Tool on March 1, 2013, which included 5,140 past and planned conferences for the years 2012 through 2013. Our judgmental sample, identified in Appendix 3, included 33 conferences from the Conference Management Tool in which 31 sites or program offices had participated. The total estimated cost of the 33 conferences in our review was \$6,790,073. The inspection was conducted under Office of Inspector General Project Number S13IS007.

Methodology

To accomplish the inspection objective, we:

- Reviewed applicable regulations, directives and policies related to conference management;
- Reviewed and analyzed information regarding event exemptions and information contained in the Department's Conference Management Tool required for documenting and approving Department conferences;
- Interviewed appropriate officials from Headquarters and Department and contractor officials at selected Department sites; and
- Reviewed conferences identified in our judgmental sample (see Appendices 2 and 3).

We conducted this performance-based inspection in accordance with the Council of the Inspectors General on Integrity and Efficiency's Quality Standards for Inspection and Evaluation. Those standards require that we plan and perform the inspection to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusions and observations based on our inspection objective. We believe the evidence obtained provided a reasonable basis for our conclusions and observations based on our inspection objective. Accordingly, the inspection included tests of controls and compliance with laws and regulations to the extent necessary to satisfy the inspection objective. Because our review was limited, it would not necessarily have disclosed all internal control deficiencies that may have existed at the time of our inspection. Also, we assessed the Department's compliance with the *Government Performance and*

Results Modernization Act of 2010 and determined that the Department had established performance measures, in general, as applicable. Finally, we relied on computer-processed data, to some extent, to satisfy our objective. We confirmed the validity of such data, when appropriate, by reviewing source documents.

Management waived the exit conference.

SAMPLING COVERAGE

We selected a judgmental sample of 33 conferences either held or attended by Department of Energy (Department) or contractor employees. We selected these conferences because they had already occurred, were the highest cost to the Department, were held in unusual locations or were sponsored by the Department and may have required senior level approval.

	Under \$20K	\$20K to \$100K	\$100K to \$500K	Over \$500K	Total	Value
<u>Statistical Data:</u>						
CMT Population *	4248 (83%)	720 (14%)	154 (3%)	18 (<1%)	5140	\$104,277,181
<u>Judgmental Sampling Coverage (Percentage is percent of Population for each category):</u>						
Conferences Reviewed	1 (.02%)	20 (2.7%)	10 (6.5%)	2 (11.1%)	33	\$6,790,073 (6.5%)
Sponsored/Co-sponsored	0 (0%)	9 (1.3%)	6 (3.9%)	0 (0%)	15	\$2,830,055 (2.7%)
Non sponsored Conferences	1 (.02%)	11 (1.5%)	4 (2.6%)	2 (11.1%)	18	\$3,960,018 (3.8%)

Legend: CMT – Conference Management Tool

* The population included the number of conferences entered into the CMT with both estimated and actual costs for Calendar Years 2012 and 2013, as of March 1, 2013.

We determined the database information for Fiscal Year 2012 to be unreliable for purposes of identifying a total population because the CMT was not in place until after December 2012. However, we selected our judgmental sample from the CMT conferences obtained as of March 2013, which included conferences from 2012 and 2013. Later in our inspection, we accessed the CMT to obtain more current conference information for Fiscal Year 2013. We used software to identify and remove the duplicate entries to provide a more reliable total population for Fiscal Year 2013. The updated conference information for Fiscal Year 2013 shows the Department estimated to spend about \$125 million on approximately 9,700 conferences.

Note: *Continuing Appropriations Act of 2013* required that all conferences with costs greater than \$20,000 be reported to the Office of Inspector General.

JUDGMENTAL SAMPLE

	Conference Sample	Conference Location	Estimated Costs	Actual Costs	Page Reference
1	11th Coordinated Working Group	Madrid, Spain	\$57,000	*	
2	12th U.S-China Oil and Gas	San Antonio, Texas	\$90,000	\$70,246	
3	2012 IEEE Nuclear Science Symposium	Disneyland, Anaheim, California	\$400,200	\$121,802	
4	24th Annual Weapons Complex Monitor	Jacksonville, Florida	\$48,691	\$28,695	
5	2nd International Workshop on Integration	Lisbon, Portugal	\$39,000	\$16,100	
6	36th Annual International Conference High Energy Physics	Melbourne, Australia	\$350,000	\$223,211	
7	5th International Conference on Fission	Sanibel Island, Florida	\$70,000	\$67,349	
8	INEC Program Review 2012	Washington, District of Columbia	\$75,010	\$68,799	5,6
9	Keeping the Lights On: A Roundtable	Puerto Rico	**	\$45,055	6,7
10	American Conference on Neutron Scattering	Washington, District of Columbia	\$155,000	\$207,090	
11	American Physical Society	Baltimore, Maryland	\$1,615,011	\$927,940	3
12	Analytic Exchange	Canberra, Australia	\$80,000	\$65,620	
13	BES Detector Workshop	Gaithersburg, Maryland	\$155,335	\$83,147	4,5
14	Big Boss	Shanghai, China	\$83,500	\$37,779	
15	Clean Cities Peer Review	Estes Park, Colorado	\$159,896	\$137,874	
16	DOE Grad Fellows Annual Meeting	Upton, New York	\$454,634	\$420,600	4
17	Graduate Students Awards Lindau	Lindau, Germany	\$241,000	\$166,397	
18	Heart Conference	Albuquerque, New Mexico	\$96,545	*	
19	International Battery Association	Barcelona, Spain	\$86,818	\$76,754	
20	International Symposium on Plasticity	Nassau, Bahamas	\$97,350	\$78,837	
21	KSTAR 2013	Chungchengnam-do, Korea	\$57,128	\$15,525	
22	Materials Research Society Fall Meeting	Boston, Maine	\$913,184	\$683,167	
23	National Reservation Economic Summit	Mandalay Bay, Las Vegas, Nevada	\$82,397	\$53,241	
24	R&D 100 Awards	Orlando, Florida	\$133,471	\$44,779	
25	Ringberg Castle Meeting	Bavaria, Germany	\$42,210	\$23,734	3
26	South Africa Regional Border Security	Pretoria, South Africa	\$260,116	\$217,380	
27	Study of Matter at Extreme Conditions	Celebrity Reflection Ship	\$5,150	\$2,270	7
28	Technical Experts Working Group	Brasilia, Brazil	\$118,500	\$65,966	
29	TIP2013	Honolulu, Hawaii	\$96,010	\$85,218	

APPENDIX 3

	Conference Sample	Conference Location	Estimated Costs	Actual Costs	Page Reference
30	United States Particle Accelerator School	Durham, North Carolina	\$328,142	\$256,955	2
31	INEC Program Review 2013	Washington, District of Columbia	\$75,010	***	5
32	Atmospheric Systems Research Science Mtg.	Washington, District of Columbia	\$384,641	***	3,4
33	US-CTA Mechanical Structure Meeting	Argonne, Illinois	\$99,000	*	
Totals			\$6,790,073	\$4,291,530	

* Actual costs were not obtained as the conference was canceled or not attended.

** Estimates not provided as conference not entered into CMT.

*** Limited review performed on these conferences because of specific issues identified during our inspection.

Conference names that are shaded represent Department Sponsored or Co-Sponsored.⁴

⁴ A Department co-sponsored conference is defined as a conference that the Department has provided funding but has little or no control over the aspects of the conference.

RELATED REPORTS

Office of Inspector General Reports

- Audit Report on [*The Department of Energy's Energy Innovation Hubs*](#), (OAS-M-13-08, September 2013). The audit was initiated to determine whether the Department of Energy (Department) was effectively managing its Energy Innovation Hubs program. The report determined that the Department had not effectively managed conference and meeting costs for the Hubs. The Hubs claimed costs for "working" meals and meeting refreshments that were unreasonable when considered in light of recent attempts to reduce and control travel and conference-related spending. Specifically, it was determined that the Buildings and Modeling Hubs frequently provided group meals and refreshments and meetings and conferences, expenditures that amounted to \$103,472 through May 2012. The Sunlight Hub spent \$157,991 on conferences and meetings where meals and refreshments were served through May 2012. Of this amount, \$123,808 was spent to host two annual all-hands conferences and another \$11,411 was spent on an annual performance review.
- Inspection Report on [*Office of Science Laboratory Conferences*](#), (DOE/IG-0794, May 2008). The objective of this review was to determine whether the conferences were managed cost effectively and consistent with applicable policies and regulations. The report determined that the Oak Ridge National Laboratory incurred "unreasonable" costs associated with conference-provided meals. At one 4-day conference in 2007, the Department spent over \$230,000 to provide meals for approximately 318 attendees. While it is an admittedly subjective judgment, we found these meals to be upscale and elaborate, which was reflected in the cost of the conference. Such costs are generally treated as unallowable. Additionally, Oak Ridge National Laboratory had not requested or obtained Department approvals prior to holding a number of conferences during Fiscal Years 2005 through 2007. Such approvals help ensure, among other things, that conference locations and costs are appropriate. Oak Ridge National Laboratory also had not provided conference information for inclusion in the Department's Conference Management System database, resulting in a material understatement of Department conferences and conference costs.

General Services Administration Report

- U.S. General Services Administration (GSA) Office of Inspector General Management Deficiency Report on [*Public Buildings Service 2010 Western Regions Conference*](#), (April 2, 2012). The GSA Deputy Administrator requested that the GSA Office of Inspector General investigate allegations of possible excessive expenditures and employee misconduct in connection with the 2010 Western Regions Conference. The Office of Inspector General found that GSA spending on conference planning was excessive, wasteful, and in some cases, impermissible. For example, to select a venue and plan the conference, GSA employees conducted two "scouting trips," five off-site planning meetings, and a "dry run." Further, GSA failed to follow contracting regulations in many of the procurements associated with the Western Region Conference and wasted taxpayer

dollars. GSA actions included disclosing a competitor's proposal price to a favored contractor and providing free rooms to a contractor's employees even though the contract cost included lodging. Further, GSA incurred excessive and impermissible costs for food at the Western Region Conference, GSA incurred impermissible and questionable miscellaneous expenses, and GSA's approach to the conference indicates that minimizing expenses was not a goal.

Department of Justice Report

- Report on [*Audit of Department of Justice Conference Planning and Food and Beverage Costs*](#), (Audit Report 11-43, September 2011). The objective of this review was to assess event planning and food and beverage costs to identify whether there were expenditures indicative of wasteful or extravagant spending. The Department of Justice Office of Inspector General determined that although firms hired by Department of Justice components to plan conferences incurred over \$600,000 in planning costs, about \$556,000 in charges (93 percent) were not included on mandated Department of Justice conference costs reports. The 10 conferences reviewed by this audit collectively incurred about \$490,000 in food and beverage costs. Once applicable service charges, local sales taxes, and indirect costs were factored into the final prices, some meals and refreshments not only exceeded what would have been allowable under April 2008 Justice Management Division meal and refreshment cost limits, but also they appeared extravagant and potentially wasteful. For example, costs included \$65 dinners, \$76 lunches, \$41 breakfasts, and \$32 per person refreshments.

MANAGEMENT COMMENTS



Department of Energy

Washington, DC 20585

April 24, 2014

MEMORANDUM FOR RICKEY R. HASS
DEPUTY INSPECTOR GENERAL
FOR AUDITS AND INSPECTIONS
OFFICE OF INSPECTOR GENERAL

FROM: INGRID KOLB
DIRECTOR
OFFICE OF MANAGEMENT

SUBJECT: Management Response to Draft Inspection Report,
Conference Management at Selected Department Sites

Thank you for the opportunity to review and comment on the Inspector General's draft report, *Conference Management at Selected Department Sites*. The Office of Management has reviewed the report and generally supports its recommendations.

As the report notes, the Department has taken a number of actions to reduce conference expenses, including reducing the frequency of recurring meetings and conferences and broadening the use of video conference technology. Consistent with the guidance provided by the Office of Management and Budget, the Department is committed to taking aggressive steps to ensure that conference-related expenses are appropriate, necessary and managed in a manner that minimizes cost to taxpayers. As part of this commitment, the Department continues to identify new cost saving opportunities and reduce conference-related expenses wherever possible.

As the report highlights, the Department's science, energy and national security mission demands strong and sustained partnerships among public, private and academic scientists, engineers and technical experts. World-class scientists at the Department's seventeen National Laboratories, headquarters and site offices present cutting-edge research that advances the Department's Mission, and this continued collaboration with experts around the world is essential to scientific innovation and discovery.

Recognizing both the role of conferences in achieving our scientific and nuclear security missions and the need to control costs, the Department has taken significant steps to reduce costs while fulfilling our national security and scientific mission and responsibilities. These measures, which comply with the Office of Management and Budget's May 2012 memorandum, *Promoting Efficient Spending to Support Agency Operations*, include:



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- Issuing rigorous policy guidance governing the participation of the Department's Federal and contractor personnel in scientific, research, nuclear security, environmental and other professional conferences;
- Establishing a comprehensive electronic system to collect and review detailed information on participation and other expenditures for each of these conferences; and
- Instituting a rigorous approval process to assure that proposed conferences are mission-critical, participation levels are appropriate, and costs are carefully scrutinized.

The Department reduced conference spending by approximately \$7.6 million in FY 2013 by cancelling or postponing conferences, reducing the number of attendees and rental of booth space, and requiring the use of early registration discounts and low-cost airfares. We are also making greater use of video teleconferencing and webinars in place of face-to-face meetings and conferences, including installing desktop computer cameras for video-based discussion among users. In addition, the Department has issued complex-wide guidance to institutionalize these best practices.

To implement these policies, the Office of Management established an intra-agency working group with Department-wide representation that meets quarterly to resolve challenges and provide updates on changes to conference management policies or procedures. This working group has also been trained on the use of the electronic conference management system. The Office of Management maintains an internal webpage on conference management policies and best practices, and the General Counsel's office has issued guidance on conducting and participating in conferences. In addition, the Department has recently established a Best Practices Working Group to develop standard protocols to ensure consistency and uniformity in managing conferences.

The Department is steadfast in our continuing commitment to control conference costs without compromising the pursuit of our vital scientific and nuclear security missions. Attached are the Management Decision for the recommendations (Attachment 1) and the Technical Comments for the report (Attachment 2). If you have any questions about our response, please let me know.

Attachments

MANAGEMENT DECISION

IG Draft Inspection Report, *Conference Management at Selected Department Sites*
Issued April 2014

Recommendation 1: Establish procedures to ensure event exceptions are appropriately applied.

Management Response: Concur. The Deputy Secretary's December 2012 guidance on conference management outlines six criteria, established by the Department's Office of the General Counsel (GC), for determining whether an event is considered a conference or is not considered a conference and therefore is exempt from the conference reporting requirements. The guidance clearly states that events not meeting these exemption criteria are subject to the conference approval process. In instances where organizations are uncertain about a determination, the Office of Management (MA) directs them to complete the Event Determination Template (available on the Department's internal conference management webpage) and submit it to GC for review and determination of whether or not the event qualifies for an exemption.

MA will send a memorandum in April 2014 reminding the Departmental elements to seek clarification from GC on event exemptions. The memorandum will include the exemption criteria from the Deputy Secretary's December 2012 guidance and the Event Determination Template that should be submitted in those circumstances. MA and GC have discussed this process with the Departmental Elements at the quarterly conference working group meetings and will continue to do so. In addition, the Best Practices Working Group will also support the effort to enhance staff understanding of event exemption criteria to ensure consistency.

Recommendation 2: Update training to provide detailed steps on how to interpret and apply established event exceptions.

Management Response: Concur. At the quarterly meetings of the conference working group MA, in partnership with GC, will explain and discuss the criteria for event exceptions, clarify how to interpret and apply these exemptions, and address any questions or concerns. In addition, in April 2014, MA will issue a memorandum to Departmental elements reminding them to seek GC guidance when needed.

Recommendation 3: Identify and correctly enter appropriate information in the CMT (Conference Management Tool).

Management Response: Concur. Accurate and timely data is essential to the conference approval process. To ensure that DOE leadership has the information needed to make informed decisions, MA will continue training Department staff on the conference management tool. In addition, the CMT was designed to minimize errors through the use of drop-down menus and other pre-filled data fields. The Department's Best Practices Working Group is focused on developing protocols to help ensure consistent information input into the CMT across Departmental Elements. MA will explore additional strategies for improving data quality in collaboration with the program offices by July 2014.

Recommendation 4: Perform periodic reconciliations to mitigate inaccurate and duplicate data in the Conference Management Tool.

Management Response: Concur. The CMT includes a search capability to identify potentially duplicative data, allowing users to search several fields including conference name, date, location, and sponsor. To improve the search mechanism, we recently enhanced the CMT to provide daily and weekly alerts of created events. In addition, MA conducts a weekly review of all events created in the system to help identify and remove duplicate entries. Finally, MA will consider the feasibility of adding safeguards, such as assigning a unique identification number to each conference, by July 2014.

Recommendation 5: Promote transparency, ensure Program officials provide an adequate breakdown of food costs in the approval package so that managers have sufficient detail to make informed approval decisions.

Management Response: MA concurs. DOE organizations that are proposing to sponsor a conference are required to include cost information, including food costs, in the CMT in accordance with OMB direction, departmental conference reporting requirements, and statutory requirements. When submitting a conference for approval, they must also certify that the cost information is up-to-date. MA will emphasize the importance of these requirements at quarterly working group meetings.

Recommendation 6: Ensure that existing requirements to complete and document appropriate cost comparisons are met prior to conference approval.

Management Response: MA concurs. The Department requires that cost comparisons be completed and documented as mandated by our *Guidance on Conference-Related Activities and Spending*; *General Counsel's Guidance on Conference Guidance on Conducting and Participating in Conferences*; the *Federal Travel Regulations*; and the *Official Foreign Travel Order*. Organizations submitting a conference for approval must certify that they complied with all applicable requirements set forth in these guidance documents, including those for cost comparisons. MA will emphasize the importance of these certifications at quarterly working group meetings as well as the requirement to conduct thorough cost comparisons.

FEEDBACK

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