



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

INSPECTION REPORT

Management of Department of Energy–
Sponsored Conferences Greater Than \$20,000

INS-L-15-02

February 2015



Department of Energy
Washington, DC 20585

February 11, 2015

MEMORANDUM FOR THE DIRECTOR, OFFICE OF MANAGEMENT

Marilyn Richardson

FROM: Marilyn E. Richardson
Acting Assistant Inspector General
for Inspections
Office of Inspector General

SUBJECT: INFORMATION: Inspection Report on "Management of Department of Energy–Sponsored Conferences Costing More Than \$20,000"

BACKGROUND

The Department of Energy (Department) sponsors and funds many conferences and meetings in support of its missions. The March 2013 *Consolidated and Further Continuing Appropriations Act* required Executive agencies to provide periodic reports on conferences costing more than \$20,000 and annually for conferences costing more than \$100,000 to their respective Offices of Inspector General.

Our report on *Conference Management at Selected Department Sites* (DOE/IG-0913, June 2014) revealed that the Department's Program Offices inconsistently applied conference criteria, the Conference Management Tool (CMT) was inaccurate, and Program officials failed to properly report and break down food costs. These issues occurred, at least in part, because management did not ensure conference decisions were based on established requirements. The report covered 33 of 5,140 conferences held between January 2012 and March 2013.

In accordance with the Act, the Department provided the Office of Inspector General information on 329 conferences held April 2013 through September 2014. These events had an aggregate cost of more than \$21 million for conferences costing more than \$20,000. The annual report for conferences costing more than \$100,000 included 16 conferences that cost taxpayers more than \$3 million. We reviewed 151 of the 329 conferences that occurred from January through September 2014 that cost more than \$20,000. We also examined all 16 conferences that occurred in fiscal year (FY) 2013 that cost more than \$100,000. Our objective was to determine whether Department-sponsored conferences were adequately processed and if expenditures were supported.

RESULTS OF INSPECTION

Although the Department had made progress in the management of conference expenditures, more can be done to control cost and ensure that funds are spent appropriately. Specifically, our review identified accounting, documentation and justification issues that affected approximately one-third of the 151 conferences, held at a cost of about \$4 million, in the greater than \$20,000

category. Problems were also observed in all 16 of the FY 2013 conferences we reviewed, totaling about \$3.3 million, in the greater than \$100,000 category. The issues we discovered were similar to those described in our previous report on this matter and involved problems with database entries, cost comparisons, use of Government facilities, adherence to Department guidance, social event sponsorship and annual report requirements. For this report, our reported results were based on a review of the Department's CMT. We confirmed the validity of such data, on a limited basis, through written requests and discussions with an Office of Management official. While we confirmed that the conferences we reviewed in the CMT were recorded as having been approved by management officials, we did not validate the need/requirement for individual attendance.

As of November 2014, three of six recommendations from our recent report were considered open, and the Department was in the process of implementing corrective actions. As a result of management's corrective action, three of the recommendations were closed that did not pertain to the issues detailed in this report. Based on our review, we believe that addressing the remaining open recommendations in our previously issued report should also help resolve the concerns identified in this review.

Adherence to Department Guidance on Use of Federal Facilities

We determined that many conferences not held in federal facilities lacked documentation that such facilities were considered. In some cases, we also noted that the justification provided was, in our opinion, insufficient. The Department's *Updated Guidance on Conference-Related Activities and Spending*, dated December 6, 2012, specifies that sponsors should aggressively seek to reduce costs by selecting a federal venue. However, we found that 40 of the 151 sponsored conferences conducted between January and September 2014 were not held in federal facilities. There was no indication in the CMT whether Department organizers had considered using a federal facility, and in some cases, justification was questionable. For example, there was no indication that a federal facility was considered for a conference held in Berkley, California, at a cost of \$29,475. Additionally, a conference was held at a Washington, DC, hotel costing \$63,802, including meeting space cost of \$15,000. The justification for using a nonfederal facility was because the Department's headquarters site was "not conducive to an efficient flow of conversation and development of concepts." Office of Management conference officials told us that they agreed the justification for this conference could be questionable.

Conference Information Management

Our review of the monthly conference reports found that data entry and recording requirements had not been satisfied. In response to Office of Management and Budget guidance on conference management, the Department instituted controls to limit and ensure the appropriate use of funds. Notably, officials were required to enter all conference attendees and costs into the CMT to ensure appropriate approval and release of funds. However, we found that Department organizations did not always enter the cost for sponsorship fees for conferences. Specifically, of the 151 conferences we reviewed in the greater than \$20,000 cost category, 5 conferences, totaling about \$195,000, included only travel cost, and there was no indication whether fees (i.e., hotel meeting space rental, registration fees and others) were waived, even though the CMT indicated that the Department had sponsored these conferences.

We requested additional information about two of the five conferences and confirmed that information contained in the database was incorrect. In one case, Department officials updated the CMT with appropriate information. In another, information was removed because officials told us that the conference was cancelled. Senior Department officials told us that in some cases, the CMT will include no cost information when actual costs are to be entered but have yet to be compiled. Other required information we identified as missing in the CMT included 5 conferences without the venue location, 5 conferences without a justification or description, and 28 conferences with no indication of whether cost comparisons were conducted or if contracts were awarded on a competitive basis. We also identified two conferences that were entered twice into the CMT.

Our review also identified conference information, regarding social events that in our view, could lead to negative public perceptions. Existing guidance notes that participation in any associated social events should be limited and restrained to the greatest degree practicable to avoid the appearance of impropriety. Despite this admonition, we found that attendance at some conferences included associated social events. For example, the CMT showed Department-sponsored conferences that included a casino night, Super Bowl party, golf tournament, banquet on a dinner cruise boat, dinner at the NASCAR Hall of Fame, and a tour and dinner at an aquarium. Department officials told us that these events were incorrectly entered into the CMT as Department-sponsored but should have been identified as cosponsored or not sponsored at all. Further, federal officials told us they have little control over associated conference social events in such situations. Department officials told us that they are going to correct the conference information in the CMT and provide training regarding determining Department sponsorship.

Annual Report Requirements

Our review of the annual conference report revealed that, in general, the Department provided adequate oversight of Department-sponsored conferences; however, better conference data could be provided. The Act requires that Department officials provide certain details of conferences with costs greater than \$100,000 to the Office of Inspector General annually, to include costs to the Government for food or beverages, audiovisual services, and travel by employees or contractors to and from the conference. The report provided the total cost for all the conferences we tested; however, it did not provide detailed cost breakdowns for individual travel for any of the 16 FY 2013 sponsored conferences costing more than \$100,000. Additionally, the report did not provide food costs for 8 of the 11 conferences that included food. For example, we observed that food was purchased for a procurement workshop; however, officials reported that these costs were not provided because a fixed price contract was used and the required information was unavailable.

The Act also required a discussion of the methodology used to determine which costs relate to the conference and a description of the contracting procedures, including competitive contract award or cost comparisons. We found that such information was not always provided. For example, the report did not provide information on competitive contract award or cost comparison when an off-site facility was used for the Advanced Test Reactor National Scientific User Facility Users Week held in June 2013. Further, the report showed a cost comparison for the Particle Accelerator Conference held in 2011 rather than a current comparison for the 35th International Free Electron Laser Conference held in August 2013.

Impact

Without fully addressing information management weaknesses and adhering to Department guidance and Act requirements, there is increased risk that the Department could spend funds for sponsored or cosponsored conferences that are otherwise not in the best interest of the taxpayer.

PATH FORWARD

Based on the Department's assurances that it is addressing conference issues identified in our previously issued report *Conference Management at Selected Department Sites* (DOE/IG-0913, June 2014), we are not making any recommendations. We take this position because we believe that the ongoing actions, if properly completed, should help to address the similar issues identified during this review. In addition, Department officials stated that they are going to take a "proactive" approach to ensure that missing information is entered in the CMT, correct sponsorship information is provided and questionable information is addressed by conducting meetings with all conference points of contact either individually or as a group. In these meetings they would provide changes and lessons learned and conduct early reviews of upcoming conferences.

We appreciated the cooperation of your staff that provided information and assistance during the Inspection.

Attachments

cc: Deputy Secretary
Deputy Under Secretary for Management and Performance
Chief of Staff

OBJECTIVE, SCOPE AND METHODOLOGY

OBJECTIVE

The objective of our inspection was to determine whether conferences sponsored by the Department of Energy (Department) were adequately processed and if expenditures were supported.

SCOPE

We conducted fieldwork for this performance-based inspection between June 2014 and January 2015. We received from the Department 329 sponsored and cosponsored conferences held April 2013 through September 2014. Our inspection consisted of a review of information included in the Department's conference management database entered by conference organizers with limited verification. We reviewed 151 conferences held between January and September 2014 with costs greater than \$20,000 and 16 conferences held in fiscal year 2013 with costs greater than \$100,000. The conferences occurred in various locations throughout the United States and the world and were sponsored and cosponsored by numerous Department and National Nuclear Security Administration organizations. None of the conferences reviewed in our previous report *Conference Management at Selected Department Sites* (DOE/IG-0913, June 2014) were included in this review. The inspection was conducted under Office of Inspector General Project Number S14IS014.

METHODOLOGY

To accomplish the objective, we performed the following:

- Reviewed Public Law and Department guidance regarding conference management controls;
- Reviewed the Department Conference Management Tool (CMT) database;
- Interviewed a limited number of key federal personnel associated with the conference management and the CMT; and
- Conducted Internet searches to obtain additional information on the Department provided conferences.

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. We also assessed compliance with the *GPRRA Modernization Act of 2010*. In particular, we determined that performance measures related to the conference management program were established as required. 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. Finally, we relied on computer-processed data, to some extent, to satisfy our objective. We confirmed the validity of such data, on a limited basis, through written requests and discussions with an Office of Management official. An exit conference was held on January 22, 2015.

PRIOR REPORTS

- Inspection Report on [*Conference Management at Selected Department Sites*](#) (DOE/IG-0913, June 2014). 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.
- Audit Report on [*The Department of Energy's Energy Innovation Hubs*](#) (OAS-M-13-08, September 2013). The report concluded that generally, the Hubs initiative was satisfying the specific federal, Department and programmatic requirements that were evaluated during the review. Although the review did not identify material concerns regarding Hub operations, we identified several areas warranting management attention by the Department to include effective management of conference and meeting costs and conflict of interest certification completion and retention.
- Inspection Report on [*Office of Science Laboratory Conferences*](#) (DOE/IG-0794, May 2008). The report concluded that the Oak Ridge National Laboratory incurred "unreasonable" costs associated with conference-provided meals, had not requested or obtained Department approvals prior to holding a number of conferences during fiscal years 2005 through 2007 and had not provided conference information for inclusion in the Department's Conference Management System database.

FEEDBACK

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