

OFFICE OF INSPECTOR GENERAL

Audit of Department of Homeland Security's Fiscal Years 2014 and 2015 Conference Spending



Homeland
Security

July 10, 2017
OIG-17-94



DHS OIG HIGHLIGHTS

Audit of Department of Homeland Security's Fiscal Years 2014 and 2015 Conference Spending

July 10, 2017

Why We Did This Audit

Public Law (P.L.) 113-76, *Consolidated Appropriations Act, 2014*, and P. L. 113-235, *Consolidated and Further Continuing Appropriations Act, 2015*, require the Department of Homeland Security to report events-related spending. Our audit objective was to determine whether DHS' spending on selected hosted or sponsored conferences for fiscal years 2014 and 2015 was appropriate, reasonable, necessary, and in compliance with Federal regulations.

What We Recommend

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

DHS did not comply with the reporting of annual conferences as required by Federal regulations. The Department failed to report 6 conferences in FY 2014 and 14 conferences in FY 2015 that were greater than \$100,000 in its *Annual Report to the Office of Inspector General* and on the public website as required by Federal regulations. The total dollar value of these unreported conferences was \$862,881 and \$2,822,561 for FYs 2014 and 2015, respectively. The Department also did not always report all hosted conferences greater than \$20,000 to OIG within 15 days after the end of the conference. In addition, the Department did not always enter actual conference cost data into the Conference Approval Tool timely or accurately, and in some instances DHS did not have appropriate documentation to support expenses. Accurate reporting of conference costs is important to ensure transparency. Although DHS did not comply with reporting requirements, its conference expenses for FYs 2014 and 2015 appeared appropriate, reasonable, and necessary.

DHS Response

DHS concurred with all five of our recommendations and has already implemented corrective actions, resulting in the resolution and closure of all the recommendations.

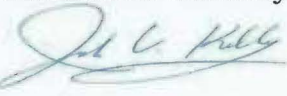


OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

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

July 10, 2017

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

FROM: John V. Kelly 
Deputy Inspector General

SUBJECT: *Audit of Department of Homeland Security's Fiscal
Years 2014 and 2015 Conference Spending*

Attached for your action is our final report, *Audit of Department of Homeland Security's Fiscal Years 2014 and 2015 Conference Spending*. We incorporated the formal comments provided by your office.

The report contains five recommendations to improve the overall effectiveness of conference reporting and recordkeeping and ensure the accuracy and timeliness of conference submissions. Your office concurred with the five recommendations. Based on information provided in your response to the draft report and supporting documentation provided under separate cover, we consider all five recommendations resolved and closed.

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 Maureen Duddy, Deputy Assistant Inspector General for Audits, at (617) 565-8723.

Attachment



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Abbreviations

CAT	Conference Approval Tool
CFR	Code of Federal Regulations
FY	fiscal year
GAO	Government Accountability Office
GSA	General Services Administration
OCFO	Office of the Chief Financial Officer
OIG	Office of Inspector General
OMB	Office of Management and Budget
P.L.	Public Law
FTR	Federal Travel Regulations



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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*, in September 2011, 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)¹, 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 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, Public Law (P.L.) 113-76, *Consolidated Appropriations Act, 2014* and P. L. 113-235, *Consolidated and Further Continuing Appropriations Act, 2015*, require the Department to:

- report annually to the Inspector General all conferences held costing more than \$100,000; and
- notify the Inspector General, within 15 days of the date a conference is held, of the date, location, and number of employees attending such conference, for which the cost to the United States Government was more than \$20,000.

The Department of Homeland Security hosts, sponsors, and conducts conferences to enhance its mission. These conferences also bring DHS employees and 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 (FTR), §300-3.1, 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 under [Title 5 of the Code of Federal Regulations] § 410.404".

¹ OMB Memorandum 12-12, *Promoting Efficient Spending to Support Agency Operations* (OMB M-12-12) was revised on November 25, 2016. The audit did not take the amendment into account because the audit scope was FYs 2014 and 2015.



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According to data obtained from DHS' Conference Approval Tool, DHS held 433 conferences with total cost of approximately \$11.4 million in fiscal year 2014 and 478 conferences totaling approximately \$10.4 million in FY 2015. The Department reported that it hosted or sponsored six conferences in FY 2014 and four in FY 2015 with expenses greater than \$100,000 each (see table 1), totaling \$1.4 million. The Office of Chief Financial Officer (OCFO) uses the Conference Approval Tool (CAT) as the central repository for hosted conference requests and approvals.

Table 1- FY 2014 – FY 2015 DHS Conference Summary

	FY 2014	FY 2015
DHS Total Conferences	433	478
DHS Reported Conferences > \$100,000	6 ²	4
Total Conference Costs (in millions)	\$11.4	\$10.4

Source: Office of Inspector General (OIG)-generated table based on information provided by DHS OCFO.

² We reviewed five of the six conferences, as OCFO mistakenly reported one conference that was an “attended” conference in FY 2014.



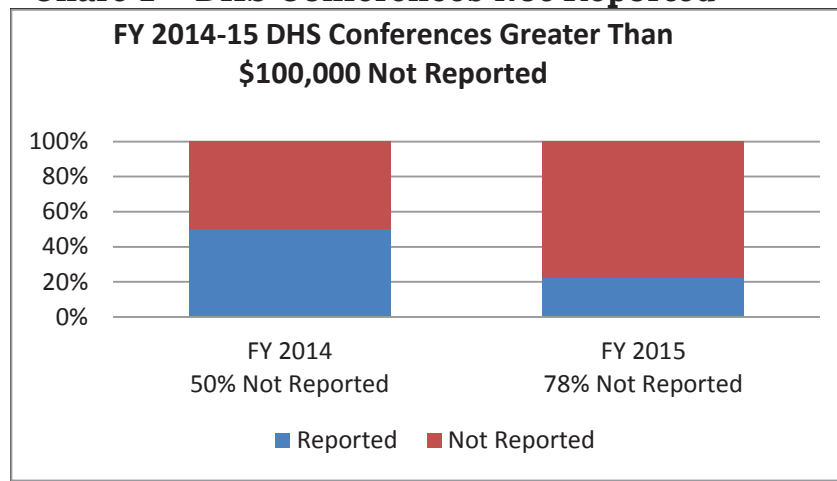
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Results of Audit

The Department did not comply with the reporting of annual conferences as required by Federal regulations. The Department failed to report 6 of 12 (50 percent) conferences in FY 2014 and 14 of 18 (78 percent) conferences in FY 2015 that were greater than \$100,000 in its Annual Report to OIG and on the public website (see chart 1). The total dollar value of unreported conferences greater than \$100,000 was \$862,881 and \$2,822,561 for FYs 2014 and 2015, respectively (see appendices C and D).

Chart 1 – DHS Conferences Not Reported



Source: OIG’s analysis based upon information obtained from DHS OCFO.

The Department failed to report these conferences on the public website as required by OMB M-12-12, *Promoting Efficient Spending to Support Agency Operations*, and was not transparent regarding the reporting of public funds for conferences.³

DHS reported 12 hosted conferences greater than \$20,000 to OIG as required within 15 days after the end of each conference, but reported 5 conferences later than 15 days and did not report 3 conferences. Furthermore, DHS components did not always report actual conference costs timely or accurately, and in some cases, DHS was unable to provide appropriate documentation to support expenses totaling \$79,471; however, we do not question the validity of these expenses. Lastly, we found DHS did not report in the CAT one conference held in FY 2014 with a final cost of \$20,253.

³ Report publicly on all conference expenses in excess of \$100,000. Agencies shall report on conference expenses on a dedicated place on their official website. By January 31 of each year (beginning on January 31, 2013), the agency head shall provide a description of all agency-sponsored conferences from the previous fiscal year where the net expenses for the agency associated with the conference were in excess of \$100,000.



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We determined that the Department did not comply with reporting requirements of conferences greater than \$100,000 because the OCFO misinterpreted Federal guidance and excluded training conferences. The Department did not always notify OIG within 15 days of a conference due to incomplete guidance on providing notification to OIG.

Additionally, DHS components did not always report actual conference costs timely or accurately because of lack of written guidance within the DHS *Financial Management Policy Manual*. Two components were unable to provide appropriate documentation to support some expenses due to changes in travel systems. Finally, a component official said they were aware of the reporting requirements in CAT; however, they mistakenly failed to report one conference.

Although DHS did not comply with the reporting requirements, based upon the results of the nine conferences that we tested, DHS conference expenses for FYs 2014 and 2015 appeared appropriate, reasonable, and necessary.

Accurate reporting of conference costs is important for the integrity of the conference cost reporting process and to ensure transparency. Without adequate supporting documentation, DHS cannot be assured that all conference spending is appropriate or in the best interest of the Government and taxpayers.

Reporting Requirements

Underreporting of Hosted Conferences Greater Than \$100,000

DHS did not always report conferences greater than \$100,000, as required. The Department reported to OIG that it held six conferences in FY 2014 and four in FY 2015 with expenses exceeding \$100,000 each. However, the Department should have reported 20 additional conferences to OIG, 6 conferences held in FY 2014 and 14 held in FY 2015. The Department also failed to report these conferences on the public website as required by OMB Memorandum 12-12, *Promoting Efficient Spending to Support Agency Operations*, and was not transparent regarding the reporting or use of public funds for conferences.

During our review of the CAT data, we identified 34 conferences held during FYs 2014 and 2015 that had actual total costs exceeding \$100,000 that were not reported to OIG. For these 34 conferences, we held discussions with the OCFO to determine the reason for not reporting them to OIG and on the external website. We noted that the Department should have reported 18 of these 34 conferences to OIG because they were training conferences. The OCFO also mistakenly did report one non-training conference (see table 2). The remaining 15 conferences were not reportable because they were either attended events and were not hosted conferences; mission-related meetings



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and exempt from the reporting requirement; or DHS collected conference fees, which reduced the final actual cost to less than \$100,000. Finally, we noted one unreported conference where actual costs exceeded \$100,000.

Table 2 - Summary of Underreported Conferences

Cause of Underreporting	Number Not Reported	
	FY 2014	FY 2015
OCFO did not report training conferences as required by Federal regulations.	6	12
OCFO mistakenly did not report a non-training conference.		1
One component did not accurately report all actual costs into CAT. Final conference costs were greater than \$100,000, resulting in the conference being reportable.		1
Total Conferences Not Reported Greater than \$100,000	6	14
FY 2014 and FY 2015 Total Conferences Not Reported Greater than \$100,000: 20		

Source: OIG's analysis of data obtained from DHS OCFO.

OCFO officials said that they did not report the 6 conferences held in FY 2014 and 12 held in FY 2015 because the conferences were considered training conferences and, therefore, should be excluded from the reporting requirement. OCFO incorrectly interpreted the General Services Administration's (GSA) Bulletin FTR 14-02, *Clarification of Agency Reporting Requirements for Conferences*, resulting in their excluding training conferences from the reporting. However, GSA Bulletin FTR 14-02 specifically notes that "employees attending training activities at a conference should report the trip as a [conference], as required by OMB M-12-12.

Additionally, OCFO acknowledged that it should have reported an additional non-training event greater than \$100,000 held in FY 2015 at a cost of \$120,592. For another conference with actual costs of \$98,665 recorded in CAT, our review of documentation related to actual costs for that conference totaled \$100,368. The conference met the criteria of a reportable event and should have been reported to OIG and on the public website. This occurred because the component failed to report an additional \$1,703 of conference cost in CAT.



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Public law requires DHS to report annually to OIG any conference held with a cost more than \$100,000.⁴ According to GSA FTR 14-02, the term “conference” may also apply to training activities considered to be conferences under 5 CFR § 410.404.

Accurate reporting of conference costs is important to ensure transparency. Inaccurate conference cost reporting negatively affects the integrity of the conference cost reporting process enacted throughout the Department.

15-Day Reporting Requirement Lacks Consistency

DHS components did not always report conferences as required under the *Consolidated Appropriations Act, 2014*, and the *Consolidated and Further Continuing Appropriations Act, 2015*, within 15 days of hosting a conference with costs exceeding \$20,000. DHS must report to OIG the date and location of the conference, and the number of employees who attended.

On August 10, 2015, we reported that in FY 2014 and the first quarter of FY 2015, DHS components did not report all conferences.⁵ For example, we noted DHS components reported just 13 percent of conferences in FY 2014 and 30 percent in the first quarter of FY 2015. Because of process changes made in FY 2015 to correct the audit recommendations, we tested DHS’ compliance with the 15-day reporting requirement for the first and second quarters of FY 2016.

We judgmentally selected 20 out of 96 hosted conferences with costs greater than \$20,000 to test DHS’ compliance with the 15-day reporting requirement for the first two quarters of FY 2016. Table 3 shows the results of the 20 sampled conferences.

Table 3 – 15-Day Reporting Requirement Testing Results

15-Day Reporting Requirement (sample 20)		
Reported on Time	Reported Late (2–62 days)	Not Reported
12	5	3

Source: DHS OIG analysis of DHS’ data.

⁴ P. L. 113-76, the *Consolidated Appropriations Act, 2014* and P. L. 113-235, the *Consolidated and Further Continuing Appropriations Act, 2015*

⁵ OIG-15-121-MA, *Management Advisory on Department of Homeland Security Components’ Reporting of Conference Spending*, August 10, 2015.



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Although DHS components have shown much improvement in adhering to the 15-day reporting requirement since August 2015, more consistency is needed. For example, in addition to 40 percent (8 out of 20) of our sampled conferences reported late or not reported at all, there was a lack of consistency concerning where to send the reported information and whether to upload the email to OIG into the CAT system. OCFO officials noted that in addition to providing the 15-day notices to OIG, components also need to update CAT to verify they have complied with the 15-day requirement. Untimely conference reporting could diminish the transparency of DHS reporting processes enacted throughout the Department.

Actual Costs for Conferences Not Always Reported Timely or Accurately

As previously stated, DHS reported nine conferences in excess of \$100,000 for FYs 2014 and 2015; yet, components did not report accurate conference costs to OCFO within 45 days after the end of these conferences. An OCFO official said that components have 45 days from the end of a conference to update the CAT system with actual cost data. Although DHS does not have formal written guidance, CAT provides an automated notice 45 days after the conference concludes informing the components of the requirement. As a result, DHS does not have timely or accurate conference cost data, which may negatively impact its ability to comply with Federal reporting requirements.

To test components' compliance with the 45-day reporting requirement, we reviewed conference data uploaded to the CAT system as well as the components' own internal conference documentation for these nine conferences. Of the nine conferences, none met the 45-day requirement.

Furthermore, for FY 2015, we also identified 153 conferences out of total of 478 conferences reported (32 percent) that did not have an amount entered in the actual conference cost field within 45 days after the end of the conference.

Although DHS' CAT requires components to report actual costs within 45 days of the end of a conference, the DHS *Financial Management Policy Manual* does not include this requirement. In addition, components cited that the 45-day requirement is unreasonable due to difficulty in obtaining final costs from invitational travel and vendors. However, OCFO officials consider the 45-day requirement to be reasonable and plan to update the *Financial Management Policy Manual* with the 45-day requirement.

In addition, for these nine conferences, we noted two conferences with actual cost \$6,290 higher and four with actual cost \$70,750 lower than reported in CAT. The inconsistent reporting resulted from delays receiving final costs from invitational travelers and one component mistakenly applying a contractor's



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cost within CAT. The OCFO acknowledged a lack of follow-up processes with the components on the reporting of their actual costs.

Inadequate Supporting Documentation for Conference Expenses

For the nine conferences we tested, eight met the requirements for controlling costs and providing supporting documentation (such as travel vouchers and receipts). However, one component was unable to provide supporting documentation totaling \$79,471 for some expenses because of a change in travel systems. Without adequate documentation, DHS cannot be assured that all conference spending is appropriate or in the best interest of the Government and taxpayers.

Conference approval packets include documents such as a conference approval form; estimated costs for the conference; justification for the conference and site selection; evidence of using the least-costly location; and a copy of the conference agenda. For the nine conferences we reviewed, each approval package included a clearly stated purpose for the conference. Additionally, for eight of those nine conferences, the agendas did not indicate any inappropriate activities; and there were no expenses for social or entertainment activities. One conference approval packet did not include a copy of the agenda, so we could not determine whether funds were expended for social or entertainment activities. The actual costs for eight of the nine conferences were less than the estimated, approved costs; and for the one conference that exceeded the estimate, the difference was less than 10 percent. For each of the conferences we reviewed, the components chose the least-costly location (see appendix E for summary).

Although DHS was not able to provide supporting documentation for \$79,471, we did not question the validity of those expenses. Therefore, based upon the results of the nine conferences tested, DHS conference expenses for FYs 2014 and 2015 appeared appropriate, reasonable, and necessary.

Reportable Events Not Submitted within the Conference Approval Tool

To determine the reliability of DHS' CAT data, we compared it to internal component data to identify any inconsistencies. Our comparison included internal source data from 73 conferences from the five components that had reportable conferences during FYs 2014 and 2015. We noted one component did not submit data to CAT for approval or report the cost of a conference it held in FY 2014 with a final cost of \$20,253. A component official said they were aware of the reporting requirements; however, they mistakenly failed to report the conference. Lack of conference cost reporting negatively affects the integrity of the conference cost reporting process enacted throughout the Department.



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Annual Reporting to Congress

The FY 2014 and FY 2015 Senate and House Reports⁶ require the Inspector General to report to the Appropriations Committee 30 days after the end of each fiscal year 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.

DHS officials in OCFO have indicated that CAT did not have the capability to capture the required appropriation and subaccount data, as they were not aware of the requirements placed on the Inspector General in the House and Senate reports. Furthermore, the *Senate and House Appropriations Acts* do not require DHS to provide quarterly data to OIG.

However, during our audit, OCFO implemented changes to CAT to allow components to enter the required data. Additionally, OCFO obtained the required data from components and provided OIG with detailed conference spending data for the nine conferences we reviewed (see appendix F). As such, we did not provide recommendations to OCFO.

Recommendations

Recommendation 1: We recommend that the DHS Chief Financial Officer implement controls that provide reasonable assurance that components report all applicable conferences, including training conferences, greater than \$100,000.

Recommendation 2: We recommend that the DHS Chief Financial Officer (a) provide the components information regarding the appropriate channel to report to OIG conference expenditures exceeding \$20,000 within 15 days; and (b) obtain reasonable assurance that components understand they need to upload the actual email notice sent to OIG into the Conference Approval Tool.

Recommendation 3: We recommend that the DHS Chief Financial Officer update the *Financial Management Policy Manual* with specific language regarding the 45-day reporting requirement that components submit their

⁶ Senate Report 113-77, accompanying the *Department of Homeland Security Appropriations Bill, 2014*
House Report 113-91, accompanying the *Department of Homeland Security Appropriations Bill, 2014*
Senate Report 113-198, accompanying the *Department of Homeland Security Appropriations Bill, 2015*
House Report 113-481, accompanying the *Department of Homeland Security Appropriations Bill, 2015*



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actual cost data for conferences timely and accurately within the Conference Approval Tool.

Recommendation 4: We recommend that the DHS Chief Financial Officer continue to work with component senior financial management officials to define record-keeping requirements that adequate support exists for incurred conference costs.

Recommendation 5: We recommend that the DHS Chief Financial Officer continue to work with component senior financial officials to reiterate the requirements that conferences are appropriately submitted and approved through the Conference Approval Tool.

Management Comments and OIG Analysis

DHS concurs with all of the recommendations. A copy of DHS' response in its entirety is included in appendix B. DHS also provided technical comments and suggested revisions to our report in a separate document. We reviewed the technical comments and made changes to the report when appropriate. A summary of our analysis follows.

DHS' Comments to Recommendation #1: Concur. The DHS Office of the Chief Financial Officer (OCFO) revised its conference policy in November 2016 to clearly define what conferences, including training conferences, must be approved through the conference process. OCFO will report all of these conferences to the OIG, consistent with the policy. Additionally, any event, mission, training, etc., that is required to go through the conference policy and has expenses greater than \$100,000 will be reported to OIG and Office of Management and Budget (OMB). The updated policy has been provided to the OIG under separate cover. We request that the OIG consider this recommendation resolved and closed.

OIG Analysis of DHS' Comments: OCFO updated its policy/guidance on conferences in November 2016. Among other changes, the policy now requires Components' senior officials to certify to DHS CFO the completeness of total conference expenditures for conferences hosted and attended. DHS' actions satisfy the intent of the recommendation; and we consider the recommendation resolved and closed.

DHS' Comments to Recommendation #2: Concur. DHS' conference policy, revised on November 17, 2016, clearly identifies the OIG 15-day reporting requirement as well as the manner of report submission to the OIG Executive Secretariat, the OIG Special Assistant, and the OCFO. The policy also requires CAT input for all events subject to the policy. In addition to providing guidance to all DHS Components on the revised policy, the OCFO has recently



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implemented a new internal Standard Operating Procedure (SOP), beginning with the first quarter of FY 2017, to monitor reporting compliance on a recurring basis. The revised policy and the SOP were provided to OIG under separate cover. We request that the OIG consider this recommendation resolved and closed.

OIG Analysis of DHS' Comments: DHS' actions satisfy the intent of the recommendation. OCFO implemented additional guidance regarding the appropriate channel to report to OIG conference expenditures exceeding \$20,000 within 15 days and the required support within CAT. As a result, we consider the recommendation resolved and closed.

DHS' Comments to Recommendation #3: Concur. OCFO's updated policy clearly reinforces that Components' need to report actual conference costs in the CAT within 45 days following the conclusion of each conference. Additionally, per the new SOP, OCFO will monitor compliance of Components reporting of actual costs. This recurring monitoring will begin during the third quarter of FY 2017. We request that the OIG consider this recommendation resolved and closed.

OIG Analysis of DHS' Comments: DHS' actions satisfy the intent of the recommendation. OCFO updated its Financial Management Policy Manual with specific language regarding the 45-day reporting requirement. As a result, we consider the recommendation resolved and closed.

DHS' Comments to Recommendation #4: Concur. OCFO's revised policy clearly reinforces that Components need to maintain adequate documentation such as invoices, travel reports, contract files, and conference agendas in a manner that facilitates timely audit or review. We request that the OIG consider this recommendation resolved and closed.

OIG Analysis of DHS' Comments: OCFO's corrective action satisfies the intent of the recommendation. OCFO updated its Financial Management Policy Manual with specific language defining record-keeping requirements for Components to adequately support conference costs. As a result, we consider this recommendation resolved and closed.

DHS' Comments to Recommendation #5: Concur. OCFO's revised policy provides data tables showing what types of events need to be entered into the CAT. The policy identifies what events are exempted from entering into the CAT and clarifies reporting thresholds. As compared to the most recent OMB guidance, current DHS policy thresholds are more restrictive than is required of federal agencies. Also, per the revised policy, OCFO requires each Component Senior Financial Official to annually certify their review of CAT data



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for accuracy and completeness of conference activity. We request that the OIG consider this recommendation resolved and closed.

OIG Analysis of DHS' Comments: DHS' actions satisfy the intent of the recommendation. OCFO implemented additional guidance that depicts what types of events need to be entered into the CAT. The policy identifies what events are exempted from entering into the CAT and clarifies reporting thresholds. As a result, we consider the recommendation resolved and closed.



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Appendix A

Objective, Scope, and Methodology

The Department of Homeland Security Office of Inspector General 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 on hosted or sponsored conferences was appropriate, reasonable, and necessary, and in compliance with Public Law 113-76, *Consolidated Appropriations Act, 2014*, and Public Law 113-235, *Consolidated and Further Continuing Appropriations Act, 2015*. To achieve our audit objective, we identified and reviewed applicable Federal laws and regulations, Office of Management and Budget's guidance, DHS policies and procedures, and other Federal agencies' best practices regarding conferences. We interviewed DHS officials within the Office of the Chief Financial Officer directly involved in the DHS conference approval, reporting, and oversight process. We interviewed officials from DHS' Risk Management and Assurance Division and reviewed oversight processes for conferences held during FYs 2014 and 2015. Based on conferences reported for FYs 2014 and 2015, we interviewed employees from the United States Customs and Border Protection, United States Immigration and Customs Enforcement, Office of Intelligence and Analysis, Science and Technology Directorate, United States Coast Guard, and the National Protection and Programs Directorate.

Our audit scope covered those DHS-hosted or sponsored conferences exceeding \$100,000 during FYs 2014 and 2015. DHS reported to OIG it hosted 10 conferences exceeding \$100,000 during FYs 2014 and 2015. However, we determined DHS mistakenly reported one conference; as a result, we reviewed nine conferences in excess of \$100,000 to determine whether conference spending was reasonable, appropriate, and necessary. DHS reported the cost of the nine conferences totaled \$1.3 million.

For these nine conferences reviewed, we analyzed both actual and estimated costs, and approval packages submitted to DHS. We reviewed contracts, invoices, procurement requisitions, travel expenditure reports, and vouchers; and other documentation such as agendas, registration 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. We also viewed documentation to determine whether components were submitting actual costs for conferences timely and accurately. To test reporting requirements, we judgmentally selected 20 of 96 conferences (21 percent) with costs greater than \$20,000 the first two quarters



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of FY 2016 that required reporting notices to OIG within 15 days of conference completion. We tested the 15-day notification for the first two quarters of FY 2016 because DHS implemented corrective actions to address recommendations in our August 2015 report (OIG-15-121-MA).

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 6 of 14 conferences ranging from \$85,000 to \$99,999 to determine the accuracy of the reporting process.

We reviewed CAT data and identified an additional 34 conferences during FYs 2014 and 2015 that had actual conference costs over \$100,000 that were not reported to OIG. For those 34 conferences, we held discussions with the OCFO to determine the reason for not reporting them to OIG and on the external website per Federal regulations.

To determine the reliability of DHS' CAT data, we compared it to internal component data to identify any inconsistencies. Our comparison included internal source data from 73 conferences from the five components that had reportable conferences during FYs 2014 and 2015. We determined that the components reported 72 of 73 conferences in CAT as required. As a result, we concluded that the conference spending data in CAT was sufficiently reliable for meeting our audit objective and supporting our audit findings.

We conducted this performance audit between March and November 2016 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
Management's Comments to the Draft Report


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



**Homeland
Security**

April 26, 2017

MEMORANDUM FOR: John V. Kelly
Deputy 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 Years 2014 and 2015 Conference Spending" (Project No. 16-055-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 work of the Office of Inspector General (OIG) in planning and conducting its review and issuing this report.

The Department is pleased to note OIG's positive recognition that DHS "conference expenses for fiscal years (FY) 2014 and 2015 appeared appropriate, reasonable, and necessary." This reflects our continued investment in ensuring the Department has strong internal controls for conference approval and reporting. DHS remains committed to evaluating proposed conference and training events to drive efficiency and effectiveness of mission delivery for the American taxpayer. The Department's objective is to ensure taxpayer dollars are spent to provide the most value at the least cost.

From FY 2012 to FY 2015, DHS reduced conference expenditures by 52 percent, from \$21.6 million to \$10.4 million. Much of this occurred as a result of the DHS Efficiency Review Program, started in 2011, which initiated a proactive approach to improving efficiency and preventing conference waste, fraud, and abuse. In addition, the DHS Chief Financial Officer (CFO) has focused on improving the DHS Conference Approval Tool (CAT), which includes monitoring and managing Component-required 15-day reporting of anticipated final conference costs to the OIG and 45-day reporting of actual final conference costs to the Department.

The draft report contained five recommendations with which the Department concurs. Attached find our detailed response to each recommendation.



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Again, thank you for the opportunity to review and comment on this draft report. Technical comments were previously provided under separate cover. 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: DHS Management Response to Recommendations
Contained in OIG Draft Report 16-055-AUD-CFO**

The OIG recommended that the DHS CFO:

Recommendation 1: Implement controls that provide reasonable assurance that Components report all applicable conferences, including training conferences, greater than \$100,000.

Response: Concur. The DHS Office of the Chief Financial Officer (OCFO) revised its conference policy in November 2016 to clearly define what conferences, including training conferences, must be approved through the conference process. OCFO will report all of these conferences to the OIG, consistent with the policy. Additionally, any event, mission, training, etc., that is required to go through the conference policy and has expenses greater than \$100,000 will be reported to OIG and Office of Management and Budget (OMB). This change was made in FY 2016 and included reporting on the DHS public facing website. The updated policy has been provided to the OIG under separate cover. We request that the OIG consider this recommendation resolved and closed.

Recommendation 2: Provide the Components information regarding the appropriate channel to report to OIG conference expenditures exceeding \$20,000 within 15 days and obtain reasonable assurance that Components understand they need to upload the actual email notice sent to OIG into the Conference Approval Tool.

Response: Concur. The conference policy, revised on November 17, 2016, clearly identifies the OIG 15-day reporting requirement as well as the manner of report submission to the OIG Executive Secretariat, the OIG Special Assistant and the OCFO. The policy also requires CAT input for all events subject to the policy.

In addition to providing guidance to all DHS Components on the revised policy, the OCFO has recently implemented a new internal Standard Operating Procedure (SOP), beginning with the Q1 FY 2017 period, to monitor reporting compliance on a recurring basis. The revised policy and the SOP were provided to OIG under separate cover. We request that the OIG consider this recommendation resolved and closed.

Recommendation 3: Update the *Financial Management Policy Manual* with specific language regarding the 45-day reporting requirement that Components submit their actual cost data for conferences timely and accurately within the Conference Approval Tool.

Response: Concur. OCFO's updated policy clearly reinforces that Components' need to report actual conference costs in the CAT within 45 days following the conclusion of each conference. Additionally, per the new SOP, OCFO will monitor compliance of Components reporting of actual costs. This recurring monitoring will begin during Q3 FY 2017. We request that the OIG consider this recommendation resolved and closed.



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Recommendation 4: Continue to work with Component senior financial management officials to define record-keeping requirements that adequate support exists for incurred conference costs.

Response: Concur. OCFO's revised policy clearly reinforces that Components need to maintain adequate documentation such as invoices, travel reports, contract files, and conference agendas in a manner that facilitates timely audit or review. We request that the OIG consider this recommendation resolved and closed.

Recommendation 5: Continue to work with Component senior financial officials that all conferences are submitted and approved through the Conference Approval Tool.

Response: Concur. OCFO's revised policy provides data tables showing what types of events need to be entered into the CAT. The policy identifies what events are exempted from entering into the CAT and clarifies reporting thresholds. As compared to the most recent OMB guidance, current DHS policy thresholds are more restrictive than is required of federal agencies.

Also, per the revised policy, OCFO requires each Component Senior Financial Official to annually certify their review of CAT data for accuracy and completeness of conference activity. We request that the OIG consider this recommendation resolved and closed.



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Appendix C

FY 2014 Conferences Greater than \$100,000 Not Reported

Component	Conference Name	Start Date	End Date	Actual Costs	Type
U.S. Customs and Border Protection	Office of Air and Marine Senior Leadership Meeting	9/15/14	9/17/2014	\$148,285	Training
U.S. Immigration and Customs Enforcement	OPLA 101 Training	9/8/14	9/12/14	\$104,815	Training
United States Secret Service	2014 Administrative Officers' Conference	7/22/14	7/24/14	\$212,622	Training
Transportation Security Administration	TSA FSD - FAMS SAC Security Summit	3/2/14	3/5/14	\$160,438	Training
Federal Emergency Management Agency	Clean Slate Project	2/6/14	2/7/14	\$116,021	Training
U.S. Customs and Border Protection	OAM Safety Training Symposium and Senior Leadership Meeting	11/5/13	11/7/13	\$120,700	Training
Total				\$862,881	

Source: OIG table based on information provided by DHS Office of Chief Financial Officer.



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**Appendix D
FY 2015 Conferences Greater than \$100,000 Not Reported**

Component	Conference Name	Start Date	End Date	Actual Costs	Type
U.S. Immigration and Customs Enforcement	OPLA 201 Experienced Attorney Training	8/31/15	9/4/15	\$194,886	Training
U.S. Immigration and Customs Enforcement	OPLA Legal Support Operational Training	8/17/15	8/21/15	\$102,586	Training
U.S. Immigration and Customs Enforcement	OPLA NSLS 301 Training	8/11/15	8/14/15	\$159,803	Training
U.S. Citizenship and Immigration Services	Locally Employed Staff Training Seminar	7/20/15	7/23/15	\$101,924	Training
U.S. Immigration and Customs Enforcement	OPLA 101 Training 2015	7/20/15	7/24/15	\$106,034	Training
U.S. Immigration and Customs Enforcement	OPLA Human Rights Law Section 301 Training	6/16/15	6/19/15	\$153,016	Training
National Protection and Programs Directorate	Infrastructure Security Compliance Division	5/19/15	5/21/15	\$175,455	Training
United States Coast Guard	USCG Sponsored Certified Financial Management Intensive Review and Testing	6/7/15	6/13/15	\$120,341	Training
Transportation Security Administration	FSD FAMS SAC Security Summit	4/14/15	4/15/15	\$126,466	Training



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Appendix D - Continued

FY 2015 Conferences Greater Than \$100,000 Not Reported

Component	Conference Name	Start Date	End Date	Actual Costs	Type
National Protection and Programs Directorate	Protective Security Advisor Annual Meeting	4/27/15	4/30/15	\$143,737	Training
Transportation Security Administration	Back to Basics	7/26/15	8/9/15	\$1,015,948	Training
Science and Technology Directorate	2014 Cyber Security Division Principal Investigators Meeting	12/16/14	12/18/14	\$120,592	Non-Training
Office of Health Affairs	BioWatch Stakeholders' Workshop	10/6/14	10/10/14	\$201,405	Training
U.S. Customs and Border Protection *	Office of Air and Marine Senior Leadership Meeting	8/24/15	8/27/15	\$100,368	Training
Total				\$2,822,561	

Source: OIG table based on information provided by DHS Office of Chief Financial Officer.

* The component reported the conference as \$98,665; however, actual costs were \$100,368, and the Department should have reported the conference.



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Appendix E
Results of Review of Supporting Documentation for Conference Expenses

Conference Name	Approval Packet Criteria				
	Clearly stated purpose	Supporting Documentation	Actual cost less than or within 10% of estimate	Least costly location	Appropriate, reasonable, and necessary
15th North Pacific Coast Guard Forum Summit Meeting	Yes	Yes	Less than estimate	Yes	Yes
National Fusion Center Security Liaison Workshop	Yes	Yes	Less than estimate	Yes	Yes
2014 First Responders Resource Group Conference	Yes	No	Less than estimate	Yes	Yes
2014 Coast Guard Auxiliary National Training Conference	Yes	Yes	Within 10%	Yes	Yes
North Pacific Coast Guard Forum Experts' Meeting	Yes	Yes	Less than estimate	Yes	Yes
Enforcement Systems Workshop	Yes	Yes	Less than estimate	Yes	Yes
NPPD 2014 Joint SAFECOM-NCSWIC Meetings	Yes	Yes	Less than estimate	Yes	Yes
NPPD 2015 Joint SAFECOM-NCSWIC Meetings	Yes	Yes	Less than estimate	Yes	Yes
2015 First Responders Resource Group Meeting	Yes	Yes	Less than estimate	Yes	Yes

Source: OIG table based on information provided by DHS Office of Chief Financial Officer.



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Appendix F
FYs 2014 and 2015 Conferences OIG Reviewed

Component	Conference Name	Total Actual Cost	Appropriation	Budget Account	Budget Sub Account
FY 2014					
United States Coast Guard	15th North Pacific Coast Guard Forum (NPCGF) Summit Meeting	\$196,308	Operating Expenses - Annual	70 14 0610	Operating funds and unit level maintenance
Intelligence and Analysis	National Fusion Center Security Liaison Workshop	\$116,492	Analysis and Operations	70 14 0115	Management and Administration
				70 13/14 0115	Support for Non-Federal Partners
				70 14/15 0115	Support for Non-Federal Partners
				7014/15 0115	Mission Integration and Support
Science and Technology Directorate	First Responders Resource Group	\$100,471	Research, Development, Acquisition and Operations	70 13/15 0800	Research Development and Innovation
United States Coast Guard	2014 Coast Guard Auxiliary National Training Conference	\$143,442	Operating Expenses - Annual	70 14 0610	Operating funds and unit level maintenance
United States Coast Guard	North Pacific Coast Guard Forum Expert's Meeting	\$103,136	Operating Expenses - Annual	70 14 0610	Operating funds and unit level maintenance
FY 2015					
U.S. Customs and Border Protection	Enforcement Systems Workshop	\$278,450	Salaries and Expenses	70 15 0530	Border Security and Control
National Protection and Programs Directorate	Joint Meeting of SAFECOM and NCSWIC	\$109,526	Infrastructure Protection and Infrastructure Security Salaries & Expenses	70 15 0565	Interoperability Support
Science and Technology Directorate	2015 First Responders Resource Group Meeting	\$130,255	Research Development, Acquisitions and Operations	70 15/17 0800	Research Development and Innovation
National Protection and Programs Directorate	Joint Meeting of SAFECOM and NCSWIC	\$130,120	Infrastructure Protection and Infrastructure Security Salaries & Expenses	70 15 0565	Interoperability Support
Totals		\$1,308,200			

Source: OIG table based on information provided by DHS Office of Chief Financial Officer



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Appendix G
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Appendix H
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