

OCTOBER 29, 2008

AUDIT REPORT

OFFICE OF AUDITS

NASA'S CONFERENCE PLANNING PROCESS NEEDS IMPROVEMENT

OFFICE OF INSPECTOR GENERAL



National Aeronautics and
Space Administration

Final report released by:

signed
Evelyn R. Klemstine
Assistant Inspector General for Auditing

Acronyms

CFO	Chief Financial Officer
FAP	Fundamental Aeronautics Program
FMR	NASA Financial Management Requirements
FTR	Federal Travel Regulation
FY	Fiscal Year
GSA	General Services Administration
M&IE	Meals and Incidental Expense
NSSC	NASA Shared Services Center
OCFO	Office of the Chief Financial Officer
OIG	Office of Inspector General

OVERVIEW

NASA'S CONFERENCE PLANNING PROCESS NEEDS IMPROVEMENT

The Issue

The Consolidated Appropriations Act, 2008 (Public Law 110-161), requires NASA to submit quarterly reports to the Office of the Inspector General (OIG) on costs and contracting procedures used to provide NASA-sponsored fiscal year (FY) 2008 conferences or meetings with costs exceeding \$20,000. The Act requires OIG to analyze these quarterly reports and provide an analytical report, with recommendations as necessary, to the House and Senate Appropriations Committees no later than September 30, 2008.

As of October 16, 2008, NASA had provided data on conferences with costs exceeding \$20,000 for the first and second quarters of FY 2008 (October 2007–March 2008). NASA provided preliminary data for the first quarter of FY 2008 in a draft document dated May 15, 2008. However, NASA did not provide final first quarter data until July 7, 2008, and did not provide second quarter data until July 25, 2008. The timing of NASA's submissions precluded OIG from providing a sufficiently thorough analysis to satisfy the reporting requirements for Public Law 110-161 and resulted in a scope limitation. Our review was limited to the three conferences identified by NASA in its May 2008 draft report. As NASA has recently revised its criteria for what is includable as a reportable conference, we identified an additional scope limitation on this review. We reviewed cost documentation for these conferences to determine if NASA followed Federal contracting procedures and Federal Travel Regulation (FTR). Rather than focus on assessing the completeness and accuracy of NASA's report, we focused on reviewing the supporting information and data for the three conferences reported to us in May 2008. Details of the audit's scope and methodology are in Appendix A.

Results

For the three conferences we reviewed, NASA conference planners did not incorporate all information required to accurately estimate conference costs. NASA requires conference planners to collect comprehensive cost information for two reasons: to allow managers to make informed business judgments about whether proposed expenditures are reasonable and necessary and to ensure that costs, when incurred, meet the Government's expectations in terms of what it is getting and at what price. Failing to use the cost-estimating internal control for conferences prevents the Agency from exercising business

judgment in decision making and makes the Agency vulnerable to excessive charges for meals, incidentals, and associated charges. Conference planners were unaware of the information required by NASA's Financial Management Requirements (FMR) for conference cost estimation and location selection. As a result, conference planners significantly underestimated conference costs (at least in terms of required documentation) for the three conferences we reviewed by a total, for all three, of approximately \$604,000, thus, costs averaged 263 percent more than estimated. For example, NASA spent approximately \$147,000 on light refreshments for the three conferences we reviewed, which involved add-on costs not subject to review pursuant to the internal control system designed to cause such review. In addition, conference planners did not make informed, cost-effective decisions when selecting locations to meet the Government's needs or comply with the Administration's direction as regards avoiding conferences at resorts. By underestimating conference costs, conference planners increased the risk that program budgets could be negatively impacted by conference cost overruns.

In addition, some conference attendees claimed, and NASA reimbursed them for, unallowable meal costs. Specifically, we identified instances of travelers not adjusting M&IE rates to reflect when NASA provided meals. In addition, some travelers received full M&IE rates on days when they were in transit to or from the location, which is not in compliance with NASA policy. This occurred because NASA travelers and travel voucher preparers did not adjust M&IE rates appropriately and approvers did not identify inappropriate M&IE rates during review. As a result, NASA inappropriately spent approximately \$768 for Government-provided meals and an additional \$531 for the non-reduced M&IE.

Management Action

We recommended that the NASA Chief Financial Officer (CFO) revise NASA's FMR (August 2008), Appendix A, to include instructions for completing the NASA Sponsored Conference – Approval to Conduct form, clarify the form number, and ensure that NASA conference planners are aware of Federal and Agency conference planning policies and procedures to include the policies put forth in the NASA Administrator's November 16, 2005, memorandum. We also recommended that the NASA CFO issue an Agency-wide reminder to travelers, as well as travel voucher preparers and approvers, of the FTR requirement to reduce M&IE rates provided during temporary duty travel when the Government furnishes meals. Finally, we recommended that the NASA CFO require conference planners to notify conference attendees when M&IE rates should be adjusted due to the Government providing meals at NASA-sponsored conferences.

The Deputy CFO concurred with our recommendation to revise the NASA FMR and also concurred with our recommendation to remind travelers, travel voucher preparers, and approvers of requirements to reduce M&IE rates when the Government provides meals and stated that OCFO will issue appropriate instructions to address both

recommendations by December 31, 2008. The Deputy CFO partially concurred with our recommendation to require conference planners to notify conference attendees when meals will be provided by the Government, noting that conference planners might not always be the appropriate or most effective person(s) to provide attendees with a reminder about the FTR's requirements regarding reducing allowable M&IE rates. In addition, the Deputy CFO stated that OCFO will issue appropriate guidance on complying with the FTR's requirements and NASA's FMR by December 31, 2008. Management's comments are responsive; however, all three recommendations will remain open until we have verified that the new instructions and guidance issued meets the intent of the recommendations. (See Appendix D for the full text of management's comments.)

CONTENTS

INTRODUCTION

Background _____	1
Objectives and Scope Limitation _____	2
Other Matters of Interest _____	2

RESULTS

Finding A: Conference Planning Activities Need Improvement ____	4
Finding B: Incorrect Meal Allowances Paid to NASA Conference Attendees _____	14

APPENDIX A

Scope and Methodology _____	19
Review of Internal Controls _____	21
Prior Coverage _____	22

APPENDIX B

Conference Approval Form _____	23
--------------------------------	----

APPENDIX C

NASA Administrator's Memorandum _____	25
---------------------------------------	----

APPENDIX D

Management Comments _____	28
---------------------------	----

APPENDIX E

Report Distribution _____	32
---------------------------	----

INTRODUCTION

Background

The Consolidated Appropriations Act, 2008 (Public Law 110-161), December 26, 2007, requires NASA to submit quarterly reports to the Office of the Inspector General (OIG) identifying costs and contracting procedures for NASA-sponsored fiscal year (FY) 2008 conferences or meetings (called conferences throughout) with costs exceeding \$20,000. For each such conference, NASA should specify the purpose of the conference, number of conference attendees, a detailed statement of the conference costs, and a description of the contracting procedures used to carry out the event. The description of contracting procedures should note whether NASA awarded contracts on a competitive basis and discuss any cost comparisons conducted. The Act contains an accompanying statement that the OIG shall analyze NASA's reports, make recommendations, if necessary, and provide an analytical report citing each conference identified and any recommendations to the House and Senate Appropriations Committees no later than September 30, 2008.

Our review was limited to the three conferences NASA initially identified in its May 15, 2008, draft report on conferences with costs exceeding \$20,000 and held during the first quarter of FY 2008. In attendance were NASA employees, contractor employees, and other agency representatives.

- Procurement Training Conference held in Orlando, Florida, October 16–18, 2007, for 144 attendees, costing approximately \$248,000.
- Fundamental Aeronautics Program (FAP) Annual Conference held in New Orleans, Louisiana, October 30–November 1, 2007, for 418 attendees, costing approximately \$367,000.¹
- Aviation Safety Technical Conference held in St. Louis, Missouri, October 9–12, 2007, for 281 attendees, costing approximately \$219,000.

For these three conferences, NASA relied on contracted event planners to perform conference planning services such as finding a hotel that met the sponsoring organization's requirements, arranging and negotiating snack and meal costs, maintaining a Web site for registration, conducting on-site registration, and providing hand-out materials. To have a contractor provide conference-planning services, the contracted event planner and the responsible NASA conference-planning official agree on a cost proposal, which identifies services to be provided and total cost. The conference planner

¹ The approximate total cost and number of attendees as reported in the final "First Quarter FY 2008 Report on NASA Sponsored Conference," dated July 7, 2008.

then completes the NASA Sponsored Conference – Approval to Conduct form (Appendix B). The instructions note that this form must be approved by a NASA “Officials in Charge of Headquarters Offices,” Center Directors, or their designee.

Objectives and Scope Limitation

The overall audit objective was to determine whether NASA complied with the requirements of Public Law 110-161; submitted complete, accurate, and reliable information to the OIG; and followed Federal contracting procedures and Federal Travel Regulation (FTR) to minimize conference costs. We recognize that this is a new reporting requirement for NASA that has resulted in an intensive manual effort to achieve compliance because the Agency’s information systems are not currently configured to collect and report this information in a fully automated manner. Therefore, rather than focus on assessing the completeness and accuracy of NASA’s report, we focused on reviewing the supporting information and data for the three conferences reported to us in May 2008. We also reviewed internal controls as they related to the overall objective.

As of September 9, 2008, NASA had provided data for the first and second quarters of FY 2008. However, NASA did not provide final first quarter data until July 7, 2008, and did not provide second quarter data until July 25, 2008. The timing of NASA’s submissions precluded OIG from providing a sufficiently thorough analysis to satisfy the reporting requirements for Public Law 110-161. Therefore, we limited our review to the original three conferences reported to the OIG on May 15, 2008, in the First Quarter FY 2008 Report on NASA Sponsored Conferences (Draft).

The scope of our audit was also limited due to a disagreement between NASA and OIG on the interpretation of the reporting requirement. Specifically, reports for the first and second quarter on conferences with costs exceeding \$20,000 may have excluded training conferences and excluded conferences that were attended only by NASA employees and NASA contractors because NASA was considering contractors to be employees. NASA has since agreed with the OIG to include conferences at which NASA provides training to attendees off-site (i.e., not at a NASA facility) and conferences attended by NASA and NASA contractors. This resulted in a scope limitation because these two categories were excluded from the first quarter report we reviewed. See Appendix A for details of the audit’s scope and methodology, more detail regarding the scope limitation, our review of internal controls, and a list of prior coverage.

Other Matters of Interest

On July 25, 2008, NASA provided the OIG with the Second Quarter FY 2008 Report on NASA Sponsored Conferences. NASA reported four conferences with costs exceeding \$20,000. While the OIG is required to review cost documentation for these conferences, to do so at this time would preclude our meeting the statutory deadline of September 30,

2008, for reporting our findings based on a substantive analysis of the data. However, a summary of the data NASA reported for the four conferences is provided in Table 1.

Table 1. Second Quarter FY 2008 Conference Locations, Attendees, and Total Cost			
Conference Title	Location	Number of Attendees	Total Costs
Pr-Service Institute - Workshop	Anchorage, AK	24	\$86,410.00
Third NASA/JAXA International TRMM Science Conference	Las Vegas, NV	202	\$195,550.11
NASA PM Challenge 2008 Conference	Daytona Beach, FL	714	\$848,172.54
Airspace Systems Technical Interchange Meeting	Austin, TX	216	\$155,258.93

Since this reporting requirement will continue in FY 2009, we plan to review these conferences in conjunction with our FY 2009 audit.

FINDING A: CONFERENCE PLANNING ACTIVITIES NEED IMPROVEMENT

For the three conferences we reviewed, NASA conference planners did not incorporate all information required to accurately estimate conference costs. In addition, one conference planner chose a resort hotel as a conference location despite a memorandum from the Administrator noting that selecting resort locations could create the appearance that the event is wasting Government resources. These issues arose because conference planners were unaware of the information required by NASA's FMR for conference cost estimation and location selection. As a result, conference planners significantly underestimated conference costs for the three conferences we reviewed by a total, for all three, of approximately \$604,000; thus costs averaged 263 percent more than estimated. In addition, conference planners did not make informed, cost-effective decisions when selecting locations to meet the Government's needs. Further, by underestimating conference costs, conference planners increased the risk that program budgets could be negatively impacted by conference cost overruns.

Conference Planning Guidance

NASA is required to follow applicable Agency and Federal requirements for planning and holding an Agency-sponsored conference. Conference planning guidance is contained in the General Services Administration's (GSA), FTR, NASA's FMR, and a November 2005 memorandum from the NASA Administrator to Officials-in-Charge of Headquarters Offices and Center Directors concerning planning Agency-sponsored events. NASA uses an internal form, NASA Sponsored Conference – Approval to Conduct, that staff are required to use to plan Agency-sponsored conferences and estimate total conference costs.

Federal Conference Planning Guidance. FTR, Chapter 301, "Temporary Duty Travel Regulations," Part 301-74 and Appendix E, provide conference-planning guidance for Federal agencies. The guidance states that when planning a conference, agencies must minimize all conference costs, including administrative costs and conference attendees' travel costs. In addition, agencies must maximize the use of Government-owned or Government-provided conference facilities as much as possible. Lastly, agencies must develop and establish internal policies to ensure these standards are met. The guidance also states that agencies should consider all direct and indirect conference costs paid by the Government, whether paid directly by agencies or reimbursed by agencies to travelers or others associated with the conference.

To determine which conference expenditures result in the greatest advantage to the Government, the FTR states that agencies must assure there is appropriate management oversight of the planning process. In addition, agencies must always do cost comparisons of the size, scope, and location of the proposed conference. Moreover, for each conference an agency sponsors or funds, in whole or in part, for 30 or more attendees, the agency must consider at least three sites and maintain a record of the costs of each alternative site considered. The FTR further states that these records must be made available for inspection to the agency's OIG or other interested parties.

NASA's Conference Planning Guidance. NASA FMR, Volume 12, Part 301-74, April 2005, clarifies conference guidance provided in the FTR and requires the preparation of the NASA Sponsored Conference – Approval to Conduct form, which is referenced and shown in Appendix A of the FMR (without a designated form number). The instructions for completing the form are not found within the FMR; however, they are on-line at NASA Electronic Forms Web site with a form identified as GRC-634, NASA Sponsored Conference – Approval to Conduct. (See Appendix B for the Approval form.) The GRC-634 instructions direct conference planners to determine estimated travel costs for all NASA conference attendees by including travel and per diem expenses, lodging rates, and ground transportation costs. Planners are also directed by the instructions to estimate conference services costs and provide examples of such costs, which should include, but not be limited to, meeting room costs, audiovisual equipment, light refreshments, and printing.

With regard to selecting a conference location, the NASA Administrator issued a memorandum on November 16, 2005 (Appendix C), that provides guidance on conference planning. The memorandum states, in part, that

... Government-owned facilities, including NASA Centers, should be considered as event locations if suitable facilities are available. Sites within 25 miles of a NASA Center are preferable, since not all attendees would then require hotel accommodations.

Aside from cost considerations, employees must be conscious of appearance concerns when selecting an event location. Selecting sites in exotic or resort destinations may create the appearance that the event is wasting Government resources in order to facilitate personal vacations or entertainment for employees. Employees should take care to select event locations that are cost justified, appropriate to the purpose of the event, and which minimize, to the greatest extent possible, any appearance of impropriety. . . .

Information Provided on Conference Approval Forms Was Inaccurate and Incomplete

NASA officials responsible for signing the approval forms for the three conferences we reviewed did not ensure that the information on the forms was accurate and complete. The form should provide an estimate of all direct and indirect conference costs.

Comparing the estimates with actual totals reported to the OIG on July 7, 2008, we identified significant underestimates of costs. See Table 2 for the estimated cost as indicated on the approval forms and the actual cost as reported by NASA, and the difference between the two amounts.

Conference Title	Dates	Number of Attendees	Estimated Cost	Actual Cost	Cost in Excess of Estimate
Procurement Training Conference	October 16–18, 2007	144	\$94,863.00	\$248,123.11	\$153,260.11
Fundamental Aeronautics Program Annual Conference ^a	October 30–November 1, 2007	418	\$75,000.00	\$366,517.50	\$291,517.50
Aviation Safety Technical Conference	October 9–12, 2007	281	\$60,000.00	\$218,813.67	\$158,813.67

^a The approximate cost and number of attendees (NASA employees, contractor employees, and other agency representatives) as reported in the final “First Quarter FY 2008 Report on NASA Sponsored Conferences,” dated July 7, 2008.

Procurement Training Conference. The NASA conference planner completed GRC-634 but underestimated conference costs by approximately \$150,000, or 162 percent. This occurred because the planner did not estimate costs for all the items needed to hold the conference. Further, the NASA conference planner chose a resort hotel more than 25 miles from a NASA Center as the conference location. Finally, we also identified costs related to light refreshments and hotel reservations that were relatively high when compared to Government allowances for the area but not inappropriate based on existing conference guidance.

Incomplete Data Provided. The NASA conference planner estimated a flat airfare rate for each attendee of \$300. We reviewed the airfare paid by 37 conference attendees and determined the average fare paid was approximately \$423.² This difference of \$123 significantly increased the overall conference costs. In addition, the planner did not estimate lodging or ground transportation costs as required and noted in the instructions for completing GRC-634. Therefore, the airfare information the planner recorded was of limited use in determining total travel costs for NASA attendees.

² We were unable to review the vouchers for all conference attendees to determine the actual average of airfare because NASA was unable to provide an accurate listing of NASA employees who attended the conference.

In addition, according to the GRC-634 instructions, the planner is to estimate conference services costs and provide examples of such costs as meeting room audiovisual equipment, light refreshments, and printing. However, the approval form for this conference did not list any specific items and costs for audiovisual equipment or food and beverages; it only states “No minimums required, rates are negotiable – meets minimum requirements.” NASA reported that the actual amount spent on audio visual and food and beverage costs was approximately \$21,375 with an additional \$59,840 spent on contractor support, facilities, and other miscellaneous items/services.

M&IE Issues. The light refreshment costs for this conference totaled about \$19,500. Items provided included non-alcoholic beverages, fruit, bagels, and cookies. The cost for these items for the 3 days of the conference equaled about \$47 per day per person, which by itself is 96 percent of the \$49 daily meals and incidental expense (M&IE) rate.³ The conference planner did not include any information regarding light refreshments in the records of costs for any of the three alternative locations considered; therefore, we were unable to determine if the actual costs were reasonable. While these costs were not inappropriate, based on existing conference guidance, they do represent 96 percent of the total daily M&IE for the conference.

Hotel Booking Fees. NASA also paid an \$11,137 fee to a contractor for reserving 125 hotel rooms. The contractor’s firm fixed price contract included a 20 percent fee for all direct costs.⁴ The contractor reserved a block of hotel rooms for \$55,685 for conference attendees, which made the cost of hotel rooms a direct cost and, therefore, subject to the 20 percent fee. NASA would have saved \$11,137 if conference attendees had paid for their hotel rooms with their Government-issued travel cards. Further, because of the firm fixed price contract, NASA paid the contractor \$55,685 for the 125 rooms even though the contractor only paid the hotel \$51,012.04. With this \$4,672.96 overpayment, in total, NASA spent \$15,809.96 more than what would have been paid if conference attendees had paid for their hotel rooms with their Government-issued travel cards. NASA is unable to recoup the \$4,672.96 overpayment because this was a firm fixed priced contract, which places the burden of performance on the contractor and is not subject to any adjustment based on actual cost.

Inappropriate Site Selected. The conference planner decided to conduct the procurement conference at the Orlando World Center Marriott Resort and Convention Center, which the conference planner stated was not a resort location. The site amenities include a spa, five restaurants, four swimming pools, a jogging/fitness trail and a fitness center, sauna, scuba diving, miniature golf, and a golf course. Approval of this resort

³ The M&IE rate is established by GSA for travel and is meant to reimburse employees on official travel for expenses incurred.

⁴ The normal fee is 10 percent of direct costs; however, due to the unforeseen bankruptcy of the original contractor for this conference, NASA had to issue an emergency contract, as allowed under Federal Acquisition Regulations, to the subcontractor originally performing the work. Therefore, the contractor was able to charge a 20 percent fee for this conference. Although NASA was unable to prevent the 10 percent increase, the normal fee would have still resulted in an expense of approximately \$6,000.

location conflicts with the NASA Administrator's November 2005 memorandum that states employees should take care to select event locations that minimize to the greatest extent possible any appearance of impropriety and that are within 25 miles of a NASA Center, which would decrease associated travel costs.

Fundamental Aeronautics Program Annual Conference. For the FAP Annual Conference, NASA used a contractor as the event planner. The contractor, rather than the NASA conference planner, completed the required approval form and underestimated costs by approximately \$290,000, or 389 percent. The underestimation resulted because the contractor did not include information that would have provided a more accurate overall estimate. Specifically, the form did not include an estimated number of NASA attendees, travel costs, or conference service costs. Further, we identified costs related to light refreshments and Government-provided meals that were relatively high when compared to Government allowances for the area but not inappropriate based on existing conference guidance. Finally, we found that the conference location selected was more than 25 miles from a NASA Center.

Incomplete Data Provided. Although the contracted event planner did estimate the daily M&IE rate and lodging rate for three alternative locations considered, the planner did not estimate airfare or ground transportation costs for any conference attendees. The collective airfares of attendees traveling from the various NASA Centers to the conference should have been an important consideration in estimating total travel costs, especially since the three locations considered were in different cities, which would have a significant impact on airfare costs.

M&IE Issues. NASA stated that approximately \$107,600 was spent on food and beverages for this conference. That amount comprised a single Government-provided meal and daily light refreshments. The cost breakdown was about \$18,500 for lunch and about \$89,100 for light refreshments. Thus, the cost to NASA for the one lunch provided was approximately \$49 per person, while the M&IE amount allowable for one lunch in New Orleans is \$16. Further, the cost per person per day to NASA for the light refreshments provided was about \$59 and is equivalent to the entire M&IE daily rate for New Orleans. While the contracted event planner did record estimated food and beverage costs (\$60,000) and audiovisual costs (\$15,000), the amount spent was approximately \$107,600 for food and beverages and approximately \$32,520 for audio visual. Based on the information we examined, we could not determine why the actual costs were significantly higher than the estimated costs.

Inappropriate Site Selected. None of the three locations considered was within 25 miles of a NASA Center. The lodging and M&IE rates were equivalent in all three locations and, therefore, would not have had a significant impact on cost. However, had the planner sought a hotel within 25 miles of a NASA Center, NASA could have saved on hotel accommodations.

Aviation Safety Technical Conference. The Aviation Safety Technical Conference was also arranged by a contracted event planner; and, for this conference also, the contractor completed NASA's required approval form instead of the NASA conference planner. The cost estimates were underestimated by approximately \$159,000, or 265 percent. This occurred because the contracted event planner did not provide an estimate for all the items needed to adequately estimate travel and conference service costs. Specifically, the form did not include an estimated number of NASA attendees, travel costs, or conference service costs. Finally, we identified costs related to light refreshments and Government provided meals that were relatively high when compared to Government allowances for the area but not inappropriate based on existing conference guidance. Further, we found that the conference location selected was more than 25 miles from a NASA Center.

Incomplete Data Provided. Although the contracted event planner did record the daily M&IE rate and lodging rate for the three hotels considered, the planner did not estimate airfare or ground transportation costs for any conference attendees. Also, the contracted event planner, as required, recorded estimated food and beverage costs and audiovisual costs for the hotel selected but provided no estimated food and beverage costs for the other two locations considered, which does not allow for a cost comparison to determine the most cost-efficient location.

M&IE Issues. NASA stated that approximately \$61,000 was spent on food and beverages for this conference. The amount comprised two Government-provided meals and daily light refreshments. The cost breakdown was about \$23,000 for lunches and \$38,000 for light refreshments. The cost to NASA for each lunch was approximately \$43 per person, while the M&IE amount allowable for one lunch in St. Louis is \$16. Further the cost per person per day to NASA for the light refreshments provided was about \$39 per day or 66 percent of the daily \$59 M&IE rate.

Inappropriate Site Selected. St. Louis is not within 25 miles of any NASA Center. Had the planner sought a hotel within 25 miles of a NASA Center, it is likely that NASA could have saved on hotel accommodations.

Improved Guidance Needed

Incomplete estimates of conference costs for the three conferences we reviewed occurred primarily because the NASA officials responsible for planning and/or approving the conference estimates were unaware of the information required by NASA's FMR for estimating conference costs. Conference planners and approvers stated they were not aware that the forms were incomplete. Specifically, they were not aware that they were required to list on the form all the costs associated with travel and conference services. The officials responsible for approving the cost estimates for all three conferences all believed that the only estimated costs that required documentation and approval were the common expenses incurred by the contractor such as refreshments and audiovisual services. Conference expenses incurred directly by the attendees, but ultimately paid by

NASA, such as airfares and hotel charges were excluded from the initial conference estimates. Although the instructions for preparation of GRC-634, are clear—that all costs should be included when preparing the form—these instructions are not included in the FMR. Further, the FMR does not identify a form number or reference that instructions can be found in connection with GRC-634. Incomplete forms are of limited value to officials responsible for financial approval of total conference costs and are ineffective in ensuring that the requirements of the FTR are met.

Although the approval form was provided in the FMR, we did find that the instructions for the form were not. We did find them through the NASA Electronic Forms Web site. The need to seek out the instructions could explain why the NASA officials responsible for planning and/or approving the conference estimates were unaware of the information required and why they did not address that some costs were not included on the form. FTR guidance, however, clearly states that agencies must minimize all conference costs, including administrative costs and conference attendees' travel costs, and to minimize travel costs, conference planners would need to identify conference expenses incurred directly by the attendees such as airfare and hotel charges. Further, the NASA Administrator's November 2005 memorandum provides guidance regarding the choice of conference sites, specifically recommending sites within 25 miles of a NASA Center to reduce hotel charges, and notes problems of selecting resort hotels—i.e., creating the appearance that the event is wasting Government resources in order to facilitate personal vacations or entertainment for employees.

Conclusion

Due to inadequate conference planning and an incorrect understanding of NASA's cost estimation requirements, NASA conference planners significantly underestimated conference costs for three conferences reviewed—the Procurement Training Conference by approximately \$153,260, or 162 percent; the FAP Annual Conference by \$291,517.50, or 389 percent; and the Aviation Safety Technical Conference by \$158,814, or 265 percent. Further NASA spent approximately \$147,000 on light refreshments for the three conferences we reviewed, which were relatively high when compared to Government allowances for the area but not inappropriate based on existing conference guidance. The cost of light refreshments represented 96 percent of the M&IE for the Procurement Training Conference, 100 percent of the M&IE for the FAP Annual Conference, and 66 percent of the M&IE for the Aviation Safety Technical Conference. Incomplete forms are misleading and prevent conference planners from complying with FTR requirements. In addition, NASA officials are unable to make sound and informed decisions when selecting the most cost-effective conference site because the data they are using is incomplete. Underestimated costs also increase NASA's risk that sponsoring organizations may not have funds available to pay all conference costs.

Management's Comments on the Finding and Evaluation of Management's Comments

Management's Comments on the Findings. In response to a draft of this report, the Deputy CFO provided comments on various issues discussed in this finding. (See Appendix D for the full text of management's comments.)

To summarize, the Deputy CFO noted that the Consolidation Appropriations Act of 2008, passed late in the first quarter of FY 2008, led to challenges for NASA in developing the required reports, including the limitations in NASA's current systems. The Deputy CFO also stated that the OIG's comparison of the total light refreshment costs to the number conference attendees was not appropriate—i.e., “the OIG is comparing apples to oranges”—because less than half the attendees at the two Aeronautics conferences discussed were NASA employees.

The Deputy CFO also faults our comparisons between estimated conference costs and actual conference costs. He states that the comparisons appear to be based “on an incomplete appreciation of the process by which a final approved cost estimate was reached, and an interpretation about the required use of the Approval to Conduct forms,” which “is currently optional, an approved means to satisfy the requirement of FTR 301-74.” As an example, the Deputy CFO cites the Procurement Training Conference and states that the Office of Procurement reported targeting a cost estimate of \$216,000 for the conference, but the support service contractor's bankruptcy 2 weeks before the conference led to a price increase from \$116,856 to \$136,900. The Deputy CFO states that OIG distorted the percentage difference between the conference cost estimate and the actual cost partially because we used the estimated total cost of \$94,863 and excluded the contractor's price increase and that the difference between the estimated and the actual cost is less than 6 percent.

Finally, the Deputy CFO comments that the audit report is partially inaccurate with regard to our reporting that the audit scope was also limited due to a disagreement between NASA and the OIG on the interpretation of the reporting requirement. The Deputy CFO states that by the time NASA prepared its annual report for all conferences, the OIG had reconsidered its initial position and subsequently adopted NASA's interpretation with respect to routine training being outside the Act's scope.

Evaluation of Management's Comments. In response to the NASA Deputy CFO's comments, we have addressed each of his concerns.

With regard to when the Consolidated Appropriations Act was signed into law by the President of the United States, December 26, 2007, we have added this date to the background of the report to provide additional context.

With regard to the total spent per day per conference attendee on light refreshments, the OIG divided the total spent on refreshments by the total number of conference attendees,

as provided by NASA to include non-NASA attendees. The total per person per day equated to 96 percent of the M&IE rate for the Procurement Training Conference, 100 percent of the M&IE rate for the FAP Conference, and 66 percent of the M&IE rate for the Aviation Safety Conference. Since we made a direct analysis of total light refreshment costs to total number of attendees—i.e., apples to apples—the comparison is appropriate.

The Deputy CFO suggests that our findings related to differences between estimated costs and actual costs result from an incomplete understanding of the approval process for a final cost estimate and misinterpretation of NASA policy requirements. We note that the NASA FMR, Volume 12, Appendix A, Part 301-740 - Conference Planning, Section 301-74.19, states that “The recording requirements of FTR 301-74.19 will be fulfilled by completion and retention of the NASA Sponsored Conference – Approval to Conduct form . . .” Thus, use of the NASA Sponsored Conference – Approval to Conduct form is mandatory. FTR 301-74.19 states that for each conference, Agencies must maintain a record of the cost of each alternative conference site considered. Costs to be included, according to FTR 301-74.2, are all direct and indirect costs paid by the Government. Therefore, the estimated total cost of the conference as recorded on the NASA Sponsored Conference – Approval to Conduct form should include an estimate of all direct and indirect costs. Using the Deputy CFO’s example of the Procurement Training Conference, the NASA Sponsored Conference – Approval to Conduct form for that Conference states the estimated total cost was \$94,863. Adding the increase of \$20,044 due to the emergency procurement contract, as calculated by NASA, the total estimated conference cost would only be \$114,907. This would still result in an underestimate of \$133,216.11 or approximately 116 percent.

Finally, concerning our audit scope limitation based on whether to include training conferences, on February 20, 2008, NASA issued guidance on the Act’s reporting requirements. Specifically, NASA issued the Conference Costs Reporting Requirements Frequently Asked Questions guidance, which stated that training was not reportable. On May 7, 2008, the OIG met with officials from NASA’s Office of the General Counsel and OCFO to discuss NASA’s guidance with regard to meeting the Act’s requirements. The OIG stated that formal training by an official training institute might not be reportable under the Act; but NASA-sponsored, off-site training provided to NASA and non-NASA employees with costs exceeding \$20,000 is reportable. NASA and OIG are now in agreement that such conferences should be reported; however, NASA may have excluded them from the data provided for the first quarter of FY 2008.

Recommendation, Management’s Response, and Evaluation of Management’s Response

Recommendation 1. The NASA Chief Financial Officer should include instructions for completing NASA Sponsored Conference – Approval to Conduct form, within the FMR, clarify the form number, and ensure that all conference planners are aware of Federal and

Agency conference planning policies and procedures, to include the policies put forth in the NASA Administrator's November 16, 2005, memorandum.

Management's Response. The Deputy Chief Financial Officer concurred and stated that OCFO will issue appropriate instructions by December 31, 2008.

Evaluation of Management's Response. Management's comments are responsive; however, the recommendation will remain open until we evaluate the new instructions. At that time, we will determine whether the instructions provide sufficient guidance for completing the NASA Sponsored Conference – Approval to Conduct form and whether the form and instructions are contained in the FMR; whether the form number is clearly identifiable; and whether OCFO has provided a means to ensure that all conference planners are aware of Federal and Agency conference planning policies and procedures, to include the policies put forth in the NASA Administrator's November 16, 2005, memorandum.

FINDING B: INCORRECT MEAL ALLOWANCES PAID TO NASA CONFERENCE ATTENDEES

Cost documentation we reviewed for the three NASA-sponsored conferences showed that NASA incorrectly reimbursed employees attending the conferences for unallowable meals that were expensed on the employee's travel voucher. Specifically, we found instances where M&IE was not adjusted when meals were furnished by the Government, M&IE rates were not calculated correctly on the first or last day of travel, and M&IE amounts were paid twice. These incorrect meal allowances occurred because NASA travelers and travel voucher preparers did not adjust M&IE rates appropriately, and approvers did not identify inappropriate M&IE rates during review. As a result, we identified a 41 percent error rate related to M&IE payments for the vouchers reviewed. In addition, for the three conferences combined, NASA paid inappropriate conference expenditures relating to M&IE of at least \$1,299. While the total amount is immaterial, the high percentage of errors on the vouchers reviewed is an indication of a potential internal control weakness.

M&IE Rate Adjustments

FTR Section 301-11.18 states that the M&IE rate must be adjusted for meals furnished to the traveler by the Government. GSA sets the M&IE rate for various localities as well as the individual rate that the M&IE must be reduced when breakfast, lunch, or dinner is provided by the Government. GSA's FY 2008 M&IE rate for both the Aviation Safety Technical Conference and FAP Annual Conference localities was \$59 per day, of which \$16 must be reduced for furnished lunches. Further, FTR Section 301-11.101 states that travelers should be reimbursed for three-quarters of the M&IE rate on days the employees are traveling to and from their temporary duty location.

NASA travelers create travel vouchers that are then approved by the Travel Manager System's Reviewing and Approving Official. The NASA Shared Services Center (NSSC) is then responsible for processing all travel vouchers. The NSSC's policy is to not collect overpayments of less than \$50 because of the cost associated with the collection process.

Incorrect M&IE Paid to Conference Attendees

For the three conferences we reviewed, we used a statistical sample to select NASA civil service personnel who attended each conference and then reviewed the employee's travel voucher for accuracy (see Appendix A for further details on the sampling process). We

were unable to project the results of our statistical sample because NASA was unable to provide us an accurate listing of conference attendees for any of the three conferences reviewed. Without an accurate list of attendees, we could not determine the percentage of travel vouchers that were inaccurate. However, we identified a 41 percent error rate related to M&IE errors for the vouchers reviewed (Table 3).

Table 3. Travel Voucher M&IE Errors				
Conference Title	Number of Vouchers Reviewed	Number of Errors	Percentage of Errors	Total Dollar Value of Errors
Procurement Training Conference	37	4	11	\$306
Fundamental Aeronautics Program Annual Conference	29	16	55	\$299
Aviation Safety Technical Conference	35	21	60	\$694
Total	101	41	41	\$1,299

Specifically, some travelers did not adjust M&IE rates for meals provided by NASA during the conference, M&IE was not calculated correctly on the first or last day of travel, and M&IE amounts were paid twice. Although the monetary amount of the individual and collective errors is immaterial, the percentage of errors on the vouchers reviewed is material and is an indication of a potential internal control weakness.

M&IE Not Adjusted for Meals Provided. For two of the three conferences reviewed, NASA provided meals as part of the conference; therefore, the NASA employee needed to reduce the daily M&IE for the meal(s) provided based on FTR requirements. However, vouchers reviewed for 33 of 64 conference attendees, or 52 percent, did not adjust the M&IE rates on their travel vouchers for meals paid for by NASA, totaling \$768.

- During the Aviation Safety Technical Conference, NASA provided two lunches; therefore, NASA employees should have reduced their daily \$59 M&IE rate by \$16 per day. We found that 18 of the 35 NASA employees (51.4 percent) did not reduce their M&IE for one or both lunches, for a total overpayment of \$528.
- During the FAP Annual Conference, NASA funded one lunch, thereby reducing the employee's \$59 daily M&IE by \$16 per day. We found that 15 of the 29

NASA employees (52 percent) did not reduce their M&IE for the lunch provided by NASA, for a total overpayment of \$240.

Incorrect M&IE Calculation. Eight employees received a total of \$531 in travel reimbursements for incorrectly calculated M&IE. Specifically, seven employees received a combined total reimbursement of \$311 for a full-day M&IE rate on the first or last day of travel instead of the 3/4-rate required by the FTR.

- For the Procurement Training Conference, three employees were incorrectly reimbursed a total of \$86.
- For the Aviation Safety Technical Conference, three employees were incorrectly reimbursed a total of \$166.
- For the FAP Annual Conference, one employee was incorrectly reimbursed \$59.

In addition, one employee was reimbursed twice for 5 days of M&IE for a total overpayment of \$220.⁵

Conclusion

Employees were incorrectly reimbursed for M&IE at three conferences because NASA travelers and travel voucher preparers did not adjust M&IE appropriately. Further, approvers did not identify inappropriate M&IE rates during review. As a result of the lack of thorough reviews of the travel vouchers, NASA paid for duplicate lunches for the employees. Specifically, NASA inappropriately spent approximately \$768 for Government-provided meals and an additional \$531 for the non-reduced M&IE. Although the monetary amount of the individual and collective errors/overpayments is immaterial, the percentage of errors on the vouchers reviewed is material and indicates a potential internal control weakness on the part of preparers and approvers. Since most of the overpayments to travelers were less than \$50 and it is NSSC's policy not to collect amounts under \$50, we are not making a recommendation to collect those overpayments. However, we will provide to NASA a list of travelers who received overpayments exceeding \$50 to ensure that NSSC collects those overpayments.

⁵ The duplicative payment resulted from the traveler completing two travel vouchers because two funding sources were used to fund the travel. The traveler realized the error after electronically signing the voucher and immediately notified the applicable administrative staff (who entered the data), the manager, and the NASA Shared Service Center to initiate the collection process. However, the NSSC did not generate a bill of collection until August 14, 2008, after we inquired about the overpayment.

Recommendations, Management's Response, and Evaluation of Management's Response

Recommendation 2. The NASA Chief Financial Officer should remind travelers, travel voucher preparers, and approvers of the Federal Travel Regulation requirement to reduce rates for Meals and Incidental Expense provided by the Government during temporary duty travel.

Management's Response. The Deputy CFO concurred and stated that OCFO will issue appropriate instructions by December 31, 2008.

Evaluation of Management's Response. Management's comments are responsive; however, the recommendation will remain open until we evaluate the new instructions. At that time, we will determine whether the instructions issued remind travelers, travel voucher preparers, and approvers of the Federal Travel Regulation requirement to reduce rates for the Meals and Incidental Expense provided by the Government during temporary duty travel.

Recommendation 3. The NASA Chief Financial Officer should require NASA conference planners to notify attendees when Meals and Incidental Expense should be adjusted because meals have been provided by the Government at a NASA-sponsored conference.

Management's Response. The Deputy CFO partially concurred but noted that conference planners might not always be the appropriate or most effective person(s) to provide attendees with a reminder about the Federal Travel Regulation's requirements regarding reducing allowable Meal and Incidental Expense. The Deputy CFO further stated that the OCFO will issue appropriate guidance on complying with the Federal Travel Regulation's requirements and NASA's FMR by December 31, 2008.

Evaluation of Management's Response. Management's comments are responsive; however, the recommendation will remain open until we evaluate the new guidance. At that time, we will determine whether the instructions issued meet the intent of the recommendation that attendees are notified directly when meals are being provided by the Government.

Scope and Methodology

We performed this audit from April 2008 through October 2008 in accordance with 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 on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. We performed our review at the Glenn Research Center, the Goddard Space Flight Center, NASA Headquarters, and Stennis Space Center.

Scope Limitation. The scope of our audit was limited due to NASA providing the conference data for the first quarter on July 7, 2008, and for the second quarter on July 25, 2008, which precluded a thorough analysis. The Consolidated Appropriations Act, 2008 (Public Law 110-161), requires NASA to provide quarterly and annual reports concerning FY 2008 and future conference attendance and expenses to the OIG. The Office of the Chief Financial Officer (OCFO) determined that the reporting requirement applied to NASA Headquarters, NASA Centers, and Mission Directorates. The OCFO directed those entities to provide to OCFO by February 10, 2008, an initial submission to include separate conference reports for FY 2007, the first quarter of FY 2008, and a projection of total costs for conferences in FY 2008. However, the OCFO did not submit its initial first quarter FY 2008 draft report to the OIG until May 15, 2008, and failed to submit the final first quarter report until July 7, 2008.

Public Law 110-161 requires the OIG to analyze the conference reports, make recommendations if necessary, and provide a report citing each occurrence and recommendation to the House and Senate Appropriation Committees no later than September 30, 2008. However, the required audit scope, the untimely data submission, and the time needed for report preparation, all compounded by the impending September 30, 2008, deadline, limited our audit scope to reporting on the three conferences identified in the draft first quarter FY 2008 report. In the final version, dated July 7, 2008, NASA reported a fourth conference to the OIG that took place during the first quarter of FY 2008. But the time constraints precluded our reviewing this conference as part of this audit. The fourth conference was the Exploration Systems Mission Directorate Technology Exchange Conference held in Galveston, Texas, from November 11–15, 2007. This conference had 319 attendees and cost NASA approximately \$186,000.

The scope of our audit was limited to a disagreement between NASA and OIG on the interpretation of the reporting requirement. Specifically, reports for the first and second quarter on conferences with costs exceeding \$20,000 may have excluded training

conferences and excluded conferences that were attended only by NASA employees and NASA contractors because NASA was considering contractors to be employees. NASA has since agreed with the OIG to include conferences at which NASA provides training to attendees off-site (i.e., not at a NASA facility) and conferences attended by NASA and NASA contractors. This resulted in a scope limitation because these two categories were excluded from the first quarter report we reviewed.

Regulations, Policies, and Procedures. To determine whether NASA conducted the reported conferences in accordance with Federal regulations and NASA policies and procedures, we reviewed the following laws, regulations, policies, and procedures:

- Consolidated Appropriations Act, 2008, December 19, 2007;
- Administrator Memorandum, “Planning Agency-Sponsored Events,” November 16, 2005;
- Federal Travel Regulation, Chapter 301, “Temporary Duty (TDY) Travel Allowances,” January 2004;
- NASA Financial Management Requirements, Part 301-11, Per Diem Expenses, and Part 301-74, Conference Planning, December 2007;
- NASA Federal Travel Regulation Supplement, Volume 12, Appendix A; and
- NASA Memorandum to Senator Coburn, March 5, 2008.

For the three conferences reviewed, we met with senior-level Headquarters officials responsible for planning the conferences and approving the conference location decisions. In addition, for each conference we met with conference planners, contracting officers, contracting officer’s technical representatives, and technical representatives for the conference tasks. We also reviewed travel vouchers for conference attendees, using statistical sampling techniques, and reviewed the statistical sampling plan for the NSSC.

Sampling Methodology. We selected a statistical sample of conference attendees for each conference to review their travel authorizations and vouchers. We determined sample size, critical error rate, and the maximum risk to bear for each conference. To determine sample size, we used the Defense Contract Audit Agency sampling software, “EZ Quant Attribute Discovery Sample Size Procedure,” for attribute discovery samples. An attribute discovery sample is a special case of attribute sampling in which the occurrence of a single error constitutes a failure of the universe. A critical error rate is the maximum universe error rate considered acceptable, and the Government risk is the complement of confidence level (probability).

- For the Procurement Training Conference, EZ Quant produced a sample size of 38 attendees based on NASA's universe of 119 attendees, a critical error rate of 5 percent, and a maximum Government risk rate of 10 percent.
- For the FAP Annual Conference, EZ Quant produced a sample size of 39 not 37 attendees based on NASA's universe of 211 attendees, a critical error rate of 5.2 percent, and a maximum Government risk rate of 10 percent.
- For the Aviation Safety Technical Conference, EZ Quant produced a sample size of 37 not 39 attendees based on NASA's universe of 133 attendees, a critical error rate of 5.3 percent, and a maximum Government risk rate of 10 percent.

However, after we selected our statistical samples, we determined that the universes provided to us by NASA included names of NASA employees who did not attend the conferences or submit vouchers. Therefore, we reviewed 37 vouchers for the Procurement Training Conference, 29 for the FAP Annual Conference, and 35 for the Aviation Safety Technical Conference. Since NASA was unable to provide us an accurate listing of conference attendees, we are unable to project the results of our analysis to the conferences as a whole.

Use of Computer-Processed Data. During the audit fieldwork, we relied on computer-processed data provided to us by NASA personnel for our review and analysis. The data sources include data in Excel spreadsheets and PDF files that NASA OCFO generated out of the following systems and provided to us for our review:

- Travel Manager
- SAP [Systems, Applications, and Products]/Business Warehouse
- SATERN [System for Administration, Training, and Educational Resources for NASA]

During the audit fieldwork, nothing specific from the provided data came to our attention to cause us to question the validity of the data generated and provided to us out of the above systems for the conferences reviewed. However, we also realize that NASA conceded that errors could exist due to a highly labor intensive effort in gathering and reporting the conference data.

Review of Internal Controls

We reviewed and evaluated internal controls associated with planning the conferences to ensure that NASA obtained adequate competition and that management selected the conference site in accordance with Agency guidance. We also reviewed internal controls associated with the accuracy and reliability of travel vouchers. We identified a control

weakness in the preparation and approval of travel vouchers that resulted in NASA incorrectly reimbursing employees.

Prior Coverage

We identified two reports from external agencies that are of particular reference to the subject of this report.

Department of Justice OIG

“Department of Justice Conference Expenditures” (Audit Report 07-42, September 2007). The audit team found that three types of costs associated with conferences—external event planning, food and beverages, and audio-visual—represented more than 70 percent of the cost of planning and hosting conferences. In addition, the audit team identified some incurred expenses that, while allowable, appeared to be extravagant. Specifically, DOJ questioned costs for food and beverages exceeding established M&IE rates for the conference locations and attendees’ failure to reduce the M&IE claimed on related travel vouchers as required by the FTR.

Transportation Security Administration OIG

“Assessment of Expenditures Related to the First Annual Transportation Security Administration Awards Program and Executive Performance Awards” (OIG-04-46, September 2004). The assessment found that although TSA obtained competitive bids for some of the services needed for the award program, it did not solicit competitive bids when selecting a site nor did it compare the total costs associated with different site selections or ceremony configurations. In addition, the assessment determined some of the awards associated with the awards program to be excessive.

CONFERENCE APPROVAL FORM

NASA Sponsored Conference - Approval to Conduct

Function Title: _____

Function Purpose: _____

Sponsor: _____

Host: _____

Dates: _____

Attendees:

NASA: _____

NASA Project and Support Service Contractors: _____

Other Government: _____

Other: _____

	Location 1	Location 2	Location 3
Site:			
Travel Costs:	\$0.00	\$0.00	\$0.00
Conference Services Costs:	\$0.00	\$0.00	\$0.00
Total Conference Costs:	\$0.00	\$0.00	\$0.00
Total Salary¹:	\$0.00	\$0.00	\$0.00

¹ Estimate based on \$240/day/person

Site recommendation and supporting rationale:

Submitted by:

Signature: _____ Date: _____

Title: _____

Action: Approved Disapproved

Signature: _____ Date: _____

Title: _____

Comments:

Reference: NASA Financial Management Requirements, Volume 12, Appendix A, Page A-48, April 2005

GRC 634 (DEC 05)

Instructions

Background When planning conferences, NASA requires employees to be prudent stewards of taxpayer resources and to comply with Federal conference planning guidance, which is contained in the Federal Travel Regulation (FTR). Under NASA policy, the term "conferences" includes symposia, meetings, retreats, seminars, award ceremonies, and off-site training activities.

FTR, Chapter 301, Section 74 and Appendix E, provides conference planning guidance for Federal agencies. It is recommended that you review this information, which can be found at <http://www.gsa.gov>. In general this guidance requires agencies to "minimize all conference costs, including administrative costs, conference attendees' travel costs, and conference attendees' time costs" and "maximize the use of Government-owned facilities as much as possible." Conference planners should consider all direct and indirect conference costs paid by the Government, whether paid directly by agencies or reimbursed by agencies to travelers or others associated with the conference when selecting a conference site. The goal is to select the most cost effective site that meets the Government's needs.

According to the FTR, for each conference the Agency sponsors or funds, in whole or in part for 30 or more attendees, the Agency must maintain a record of the cost for each alternative conference site considered. The Agency must also consider at least three sites and make the records available for inspection by the Agency's Office of the Inspector General or other interested parties. The NASA Financial Management Requirements, Volume 12, specifies that the conference planning documentation requirements of the FTR will be fulfilled by completion and retention of the NASA Sponsored Conference - Approval to Conduct form.

Guidance on Completing Form Items The following explains the information that should be included in each item on the form.

Function Title: Record the title of the conference being planned, for example, "NASA Weather Accident Prevention Project Review 2005."

Function Purpose: Explain the rationale for holding the conference and what the conference planners expect to result from the event.

Sponsor: Enter the name of the program, project, or organization that is sponsoring the conference, for example, Aviation Safety and Security Division, Aeronautics Research Mission Directorate, NASA Headquarters.

Host: Enter the name of the Headquarters or Center organization hosting the conference, for example, "Airspace Systems Project Office, NASA Glenn Research Center." Note: The conference Sponsor and Host can be the same.

Dates: Record the dates the conference will take place.

Attendees: Identify the estimated number of attendees broken out by NASA, NASA Project and Support Service Contractors, Other Government, and Other attendees.

Site: List the three sites or locations that were considered and evaluated. The sites or locations can be hotels, conference centers, or NASA or Government facilities.

Travel Costs: Estimate the travel costs for all NASA attendees. Such costs should include travel and per diem expenses, lodging rates, and ground transportation costs.

Conference Services Cost: Estimate all the other costs associated with the conference. Such costs should include but not be limited to meeting room costs, audio visual and other equipment rental expenses, computer and telephone access fees, light refreshments, and printing.

Total Conference Cost: For each site or location the Total Conference Cost is the sum of the Travel Costs and Conference Services Cost.

Total Salary Cost: Estimate the salary cost for NASA employees' time at the conference and on en route travel. Use \$240 per day per person to estimate these costs.

Site Recommendation and Supporting Rationale: Based on the cost comparison, identify the site selected for the conference and explain why it is the best value for NASA. The term "site" refers to both the geographical location and the specific facility(ies) selected. In determining the best site in the interest of the Government, conference planners should exercise strict fiscal responsibility to minimize costs.

Submitted by: The NASA official, responsible for planning the conference, should sign this section of the form. The official's title and the date signed should also be provided. The form should then be submitted to the Sponsoring organization's action official for approval.

Action: Officials in Charge (OIC) of Headquarters Offices and Center Directors have authority to approve NASA sponsored conferences. This authority may be delegated to not more than one immediate subordinate official. The OIC or Center Director or their designee should complete this section of the form and provide a copy to the conference planner to inform them of the decision.

GRC 634 (DEC 05)

NASA ADMINISTRATOR'S MEMORANDUM

National Aeronautics and
Space Administration
Office of the Administrator
Washington, DC 20546-0001



November 16, 2005

TO: Officials-in-Charge of Headquarters Offices
Directors, NASA Centers

FROM: Administrator

SUBJECT: Planning Agency-Sponsored Events

Each year, NASA plans and hosts numerous events including conferences, retreats, award ceremonies, and off-site training, all of which are important to furthering the Agency's mission. As a Federal agency, however, NASA is subject to rules that do not similarly restrict private entities with regard to planning and paying for such events. Equally important, all of us at NASA are responsible and accountable for the prudent stewardship of taxpayer resources. This memorandum provides guidance on accounting for the fiscal, travel, ethics, and appearance issues which must be considered when planning Agency-sponsored events.

Funding

When planning an event, NASA employees should determine that appropriated funds are available and should ensure that the total cost of the event does not exceed that amount. The Federal Travel Regulations (FTR) set out agency responsibilities for planning conferences, including required cost comparisons and cost considerations when selecting a site, attendees, and lodging (http://www.access.gpo.gov/nara/cfr/waisidx_05/41cfr301-74_05.html). The NASA supplement to those regulations gives additional guidance and can be viewed at (<http://www.hq.nasa.gov/fmm/9700/9700.pdf>). Consult the Office of the Center Chief Financial Officer (Center CFO) regarding the permissibility of event expenses before they are incurred. This same analysis should be undertaken for other similar events, such as retreats and certain types of training.

The appropriated funding should not be supplemented with conference fees, exhibitor fees, attendance fees, or sponsorship fees from other persons or entities. In addition, NASA contractors or other non-NASA entities may not be solicited to contribute to NASA events. Depending on the specific factual scenarios, the Agency may have some avenues for sharing the financial burden of an event. NASA employees, however, should not enter into partnership agreements or structure any event to allow for acceptance of fees or services, prior to seeking advice from their Center CFO and Chief Counsel's offices.

Further, NASA contractors may not be used to accomplish what the Agency itself may not undertake. Accordingly, conference planners may not collect fees as a method of offsetting

the amount the Agency must pay to host a conference. Prior to retaining a professional conference planner, the Agency should also ensure that enough appropriated funds are available to pay the contractor's costs.

Selecting a Location

When planning an event, employees should select sites that are cost effective. The FTR sets out a cost analysis that an agency must perform when selecting a conference location. The regulations require that agencies evaluate three potential conference sites and maintain a record of the site cost comparison. The NASA supplement also contains a required form which serves both as a record of approval to conduct the conference and a record of the site cost comparison required by the FTR.

When planning a conference, all direct and indirect costs to the Government should be considered. Examples of such costs include travel and per diem expenses, lodging rates, and ground transportation. In addition, Government-owned facilities, including NASA Centers, should be considered as event locations if suitable facilities are available. Sites within 25 miles of a NASA Center are preferable, since not all attendees would then require hotel accommodations.

Aside from cost considerations, employees must be conscious of appearance concerns when selecting an event location. Selecting sites in exotic or resort destinations may create the appearance that the event is wasting Government resources in order to facilitate personal vacations or entertainment for employees. Employees should take care to select event locations that are cost justified, appropriate to the purpose of the event, and which minimize, to the greatest extent possible, any appearance of impropriety.

Food, Refreshments, and Entertainment

NASA may use appropriated funds for meals or entertainment only in certain limited circumstances. In the case of a formal, NASA-hosted conference, meals and refreshments may be served when:

1. The meals and refreshments are incidental to the conference.
2. Attendance at the meals and during the refreshments is important for NASA to ensure the full participation of attendees in essential discussions, lectures, or speeches concerning the purpose of the conference.
3. Substantial conference functions also are occurring separately from when food is served.

A "formal" conference is one that includes: topical matters of interest; the participation of multiple agencies and/or nongovernmental participants; a published substantive agenda; registration; and scheduled speakers or discussion panels. Meetings that discuss business matters internal to NASA or other topics having little relevance outside the Agency do not constitute formal conferences and, in most cases, meals and refreshments may not be provided for these types of events using appropriated funds. In all cases, employees should consult their Center CFO and Chief Counsel's office to determine if appropriated funds may be used.

Sponsorship by Outside Entities

NASA employees should not enter into sponsorship arrangements with outside entities or persons for meals, refreshments, or entertainment for Agency events without prior consultation with their Center CFO and Chief Counsel's offices. Outside sponsorship does not become allowable simply because appropriated funds are not available for those purposes for a particular event. Corporate sponsorship often raises appearance or gift issues that must be fully reviewed. In addition, NASA contractors or other non-NASA entities may not be solicited to contribute to these aspects of NASA events.

Employees planning Agency events should also be cognizant of the appearance concerns inherent in some forms of collateral entertainment, such as golf tournaments, hospitality suites, and on-site gambling facilities. These events may contribute to a public perception that Federal funds are being used inappropriately. Care should be taken to schedule such events during off-duty hours and to clarify that attendees must cover their own costs for these activities.

Attendees and Speakers

Appropriated funds may be used to purchase items for attendees that are necessary for the proper functioning of a conference, such as nametags, notepads, and pens. As a general rule, appropriated funds may not be used to purchase tokens, gifts, or souvenirs for distribution at a NASA event. This rule applies equally to Federal employees and invited speakers or other outside persons. Official representation funds may be used for presentation items to non-NASA speakers if the requirements of NPD and NPR 9050.1A are met. NASA has relied on its statutory authority to disseminate information as a basis to purchase and distribute items of nominal value such as bookmarks and posters that provide information about science, NASA programs, or NASA missions. These types of inexpensive, informational items may be distributed at a NASA event if appropriate for the particular audience.

Advertising

NASA employees will necessarily use various methods to publicize an event. In doing so, Agency employees should avoid steps that give the appearance that the Agency is endorsing an outside entity, such as posting corporate logos on a NASA website. In addition, the NASA insignia ("the NASA Meatball") may be used only in accordance with Federal regulations and with the approval of the NASA Public Affairs Office. Outside entities are not allowed to use the NASA Meatball without first obtaining permission from NASA Headquarters to do so.

In addition to the above guidelines, I ask all NASA managers to use sound judgment when considering holding a conference or event in the current resource-strained environment. Always ask yourself if the benefits of holding an event outweigh the commitment of resources such an event will entail. Our responsibilities, as stewards of the taxpayers' dollars, require that we do nothing less.


Michael D. Griffin

MANAGEMENT COMMENTS

National Aeronautics and Space Administration
Headquarters
Washington, DC 20546-0001



October 3, 2008

Reply to Attn of: Office of the Chief Financial Officer

TO: Thomas Howard
FROM: Deputy Chief Financial Officer
SUBJECT: Response to Draft Audit Report A-08-014-00, "NASA's Conference Planning Process Needs Improvement"

Thank you for the opportunity to comment on the draft audit report entitled "NASA's Conference Planning Process Needs Improvement." We hope our enclosed comments will assist your office in the effort in preparing its final report.

If you have any question or need additional information, please contact Kevin Buford at (202) 358-0405.

A handwritten signature in black ink that reads "Terry Bowie". The signature is written in a cursive style with a large, stylized "T" and "B".

Terry Bowie

Enclosure

Comments to the OIG Draft Audit Report A-08-014-00, “NASA’s Conference Planning Process Needs Improvement” (the “Audit Report”)

1. General Comments:

To begin, a few additional background remarks would help to provide context to this Report. The Consolidated Appropriations Act of 2008, P.L. 110-161 (the “Act”), added a new reporting requirement for NASA with respect to events meeting the five-prong test for a “conference” in the Act. The Act was passed late in the first quarter of FY2008, and its requirement for tracking and reporting costs on a “per conference” basis is new in FY2008, leading to a number of challenges for NASA in developing its reports. Not the least of these was the limitations in NASA’s current systems, as none of these systems are configured to automatically or efficiently capture and track information on a “per conference” basis. In many cases, the only way to identify this information has been a record-by-record search of travel and training requests, examining a space-constrained description field for similarly named events. Additionally, the definition of “conference” in P.L. 110-161, as “an event held for consultation, education, awareness, or discussion,” and the broad variety of meetings and events attended by NASA employees that cost under \$20,000, has led to significant effort in meeting the requirements of the Act. Even the guidance on what is covered has had to be refined by both NASA and the Office of Inspector General (OIG) as FY2008 progressed.¹

Several specific matters also need highlighting. First, we believe the Audit Report’s Overview needs clarification to avoid potentially misleading external audiences. OIG reports that the light refreshment costs represented “100 percent of the daily M&IE for the Fundamental Aeronautics Program Annual Conference,” and makes similar comparisons for the other two conferences covered. As shown by the attendance lists provided OIG, less than half of the attendees at the two Aeronautics conferences discussed were NASA employees. A comparison of the total light refreshment cost, covering refreshments for all attendees, to the M&IE rate for just NASA attendees, is an apples-to-oranges comparison.

Second, the Audit Report contained criticisms about the difference between cost estimates found on initial approvals and the actual costs for the conferences. However, these seem to be based in part on an incomplete appreciation of the process by which a final approved cost estimate was reached, and an interpretation about the required use of the Approval to Conduct forms not currently set forth in NASA’s Financial Management Regulations (FMR). For example, in the case of the Procurement Training Conference, the Office of Procurement reports that the estimates reviewed were for the support services contract (including lodging), not for the overall conference costs (such as travel

¹ While OIG indicates that NASA’s first report was “untimely,” the above circumstances should be kept in mind, and their impact on both NASA and OIG. It is also worth noting that the U.S. Department of Justice, which had a similar reporting requirement added in P.L. 110-161, did not issue its data call until May 8, 2008, with its first quarter reports due for internal submission on June 13, 2008. See U.S. Department of Justice Memorandum, DOJ Procurement Guidance Document (PGD) 08-07, dated May 8, 2007. The task for NASA was more complicated in that NASA had to collect data for all “conferences,” not just sponsored conferences with costs over \$20,000.

We added, in the first sentence on page 1, the date Pub. Law 110-161 was enacted.

from around the country). OIG correctly notes that there are no current instructions either in NASA's Financial Management Regulations (FMR) or GSA's Federal Travel Regulations (FTR) mandating a particular use of such forms. However, it should also be recognized that the Approval to Conduct form² is not mandatory for sponsored conferences; it is currently optional, an approved means to satisfy the requirements of FTR 301-74.19. Additionally, the Office of Procurement reported targeting an estimated \$216,000 for the conference. Unfortunately, the disruption created by the bankruptcy of the support services contractor two weeks before the conference led to a price increase, from \$116,856 as the bankrupt vendor's last quote on September 10, 2007, to \$136,900 for the Task Order of October 10, 2007, under the emergency procurement contract. When this unusual increase is factored out, the remaining difference between Procurement's overall target and its final cost is less than 6%. In view of this, Table 2 of the Audit Report is potentially misleading by suggesting there was only one estimated cost, and a 162% increase in the final cost over this estimated cost. All this said, we do agree that further guidance is warranted with respect to conference approval, and in particular on the use of the Approval to Conduct form, and NASA will issue revised guidance this quarter.

Finally, the audit report is partially inaccurate in stating that the audit scope "was also limited due to a disagreement between NASA and OIG on the interpretation of the reporting requirement." It is true that OIG and NASA initially disagreed about whether training was included in the requirements of P.L. 110-161. However, by the time the annual report of all conferences in NASA was prepared, which included OIG's report of its conferences, OIG had reconsidered its initial position and substantially adopted NASA's interpretation with respect to routine training being outside the scope of the Act. This comment is not meant in any way as a criticism of OIG. Rather, we believe it is illustrative of the difficulty in applying the five-prong definition of "conference" in the Act to the wide variety of meetings and events attended by NASA employees.

2. Comments on Finding A, "Conference Planning Activities Need Improvement":

Recommendation 1: The NASA Chief Financial Officer should include instructions for completing NASA Sponsored Conference – Approval to Conduct, within the Financial Management Requirements, clarify the form number, and ensure that all conference planners are aware of Federal and Agency conference planning policies and procedures, to include the policies put forth in the NASA Administrator's November 16, 2005, memorandum.

Response: Concur; the Office of the Chief Financial Officer (OCFO) will issue appropriate instructions by December 31, 2008.

3. Comments on Finding B, "Incorrect Meal Allowances Paid to NASA Conference

² As a minor note, the Appendix B "Approval to Conduct" Form is an adaptation by Glenn Research Center from the form in NASA's FMR Volume 12, with instructions that are not currently part of the NASA FMR.

We noted, on page 5 that the instructions were not included in the FMR.

Attendees”:

Recommendation 1: The NASA Chief Financial Officer should remind travelers, travel voucher preparers, and approvers of the Federal Travel Regulation requirement to reduce rates for Meals and Incidental Expense provided by the Government or during temporary duty travel.

Response: Concur; the Office of the Chief Financial Officer (OCFO) will issue appropriate instructions by December 31, 2008.

Recommendation 2: The NASA Chief Financial Officer should require NASA conference planners to notify attendees when Meals and Incidental Expense should be adjusted because meals have been provided by the Government at a NASA-sponsored conference.

Response: Concur in part. OCFO will issue appropriate guidance on complying with the requirements of the FTR and NASA’s FMR by December 31, 2008. However, the conference planners may not always be the appropriate or most effective person(s) to provide attendees with a reminder about the FTR’s requirements regarding reduction of allowable M&IE, and guidance will be prepared with this in mind.

REPORT DISTRIBUTION

National Aeronautics and Space Administration

Administrator
Deputy Administrator
Chief of Staff
Chief Financial Officer

Non-NASA Organizations and Individuals

Office of Management and Budget
Deputy Associate Director, Energy and Science Division
Branch Chief, Science and Space Programs Branch
Government Accountability Office
Director, Defense, State, and NASA Financial Management, Office of Financial
Management and Assurance
Director, NASA Issues, Office of Acquisition and Sourcing Management

Congressional Committees and Subcommittees, Chairman and Ranking Member

Senate Committee on Appropriations
Subcommittee on Commerce, Justice, Science, and Related Agencies
Senate Committee on Commerce, Science, and Transportation
Subcommittee on Space, Aeronautics, and Related Sciences
Senate Committee on Homeland Security and Governmental Affairs
House Committee on Appropriations
Subcommittee on Commerce, Justice, Science, and Related Agencies
House Committee on Oversight and Government Reform
Subcommittee on Government Management, Organization, and Procurement
House Committee on Science and Technology
Subcommittee on Investigations and Oversight
Subcommittee on Space and Aeronautics

Major Contributors to the Report:

Dan Devlin, Director, Human Capital and Institutional Management Directorate

Nicole Ellis, Project Manager

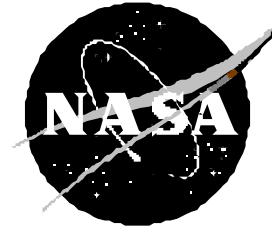
Daniel Birnbaum, Auditor

Lynette Westfall, Auditor

Mike Bruns, Auditor

Bruce Schmidt, Management Analyst

Janet Overton, Editor



OFFICE OF AUDITS

OFFICE OF INSPECTOR GENERAL

ADDITIONAL COPIES

Visit <http://oig.nasa.gov/audits/reports/FY09> to obtain additional copies of this report, or contact the Assistant Inspector General for Auditing at 202-358-1232.

COMMENTS ON THIS REPORT

In order to help us improve the quality of our products, if you wish to comment on the quality or usefulness of this report, please send your comments to Ms. Jacqueline White, Director of Special Projects and Quality Assurance, at Jacqueline.White@nasa.gov or call 202-358-0203.

SUGGESTIONS FOR FUTURE AUDITS

To suggest ideas for or to request future audits, contact the Assistant Inspector General for Auditing. Ideas and requests can also be mailed to:

Assistant Inspector General for Auditing
NASA Headquarters
Washington, DC 20546-0001

NASA HOTLINE

To report fraud, waste, abuse, or mismanagement, contact the NASA OIG Hotline at 800-424-9183 or 800-535-8134 (TDD). You may also write to the NASA Inspector General, P.O. Box 23089, L'Enfant Plaza Station, Washington, DC 20026, or use <http://oig.nasa.gov/hotline.html#form>. The identity of each writer and caller can be kept confidential, upon request, to the extent permitted by law.