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U.S. DEPARTMENT OF HOMELAND SECURITY

BEFORE THE

COMMITTEE ON HOMELAND SECURITY

SUBCOMMITTEE ON MANAGEMENT, INVESTIGATION, AND OVERSIGHT

U.S. HOUSE OF REPRESENTATIVES

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Mr. Chairman, Ranking member and Members of the Committee:

Thank you for the opportunity to be here today to discuss recommendations for improving the Department of Homeland Security's (DHS) conference spending practices and oversight. I would like to focus my remarks on five areas where improvements are needed:

1. Clear and consistent conference planning guidance
2. Reliable and verifiable conference data
3. Sufficient supporting documentation for conference costs
4. Compliance with applicable federal travel regulations, and
5. Departmental coordination of sponsored conferences

At your request, Chairman Thompson, we reviewed the department's conference spending practices and evaluated its policies, oversight, and reporting of conference planning and related expenditures. Specifically, we assessed the total amount spent by the department on producing or facilitating conferences, retreats, and other offsite activities for FYs 2005, 2006, and 2007. For each DHS component, we further analyzed budgets, funds spent on conferences, the number and locations of conferences, full-time equivalent staff allotments, and employee attendance at conferences. From this analysis and comparison, we selected five components and examined 11 conferences in more detail. In addition, we obtained a full listing of each conference that received funding or staffing support from the department during FY 2007.

During FYs 2005–2007, the department reportedly spent approximately \$110 million on conference-related activities—spending approximately \$60 million in direct costs and an additional \$50 million identified as salary expenses for employees attending the conferences. When compared to the annual enacted budgets of DHS, the amount spent on conferences represents less than 1% of available funds each year. However, these small ratios represent millions of dollars where management vulnerabilities can exist and an area where benefits and outcomes are generally neither evaluated nor measured. They also demonstrate a financial and programmatic area where DHS must exercise due diligence to ensure that funding conference-related activities is an appropriate means for accomplishing department-wide objectives.

DHS conducts conferences for a variety of purposes, including employee and stakeholder training, information sharing, and mission support. The department has made progress in developing department-wide conference planning policies. However, work is still needed to provide clear, consistent, and adequate guidance and instructions. For example, conference cost data did not contain sufficient supporting documentation, and were unreliable, unverifiable, and provided little assurance that all conferences and related costs were tracked and accounted for properly. In addition, the department needs coordination across its components to ensure that duplication of efforts related to sponsoring conferences is minimized.

When reviewing previous DHS congressional submissions and data, we determined there were discrepancies in conference costs and attendance counts. Although unintentional, this provides an inaccurate account of actual total costs incurred, the size of the event, and expenses per attendee, and does not provide for transparency or accountability in conference activities throughout the department.

DHS Components and Conferences Reviewed

Although we did not review all DHS components, we identified areas in which the department can leverage best practices that will allow it to generate new efficiencies, institute a coordinated program to improve efficiency and streamline decision-making, and ensure that conferences and travel are appropriately coordinated and conducted solely for mission-critical purposes.

We analyzed conference spending practices in five DHS components to obtain a perspective on individual components' conference-related activities. The five components included:

- The Federal Emergency Management Agency (FEMA)
- The Directorate for Science and Technology (S&T)
- U.S. Immigration and Customs Enforcement (ICE)
- The United States Coast Guard (USCG), and
- Departmental Operations in the Directorate for Management (DEP OPS).¹

From these five components, we examined 11 conferences, which included the most expensive within the continental United States (in-CONUS) and the most expensive non-CONUS conference for each of the five components held during FYs 2005–2007. In addition, we examined one FY 2009 conference in Hawaii, attended by 19 S&T personnel.

DHS Conferences Examined in Further Detail

Component	FY	Conference Name	Conference Location	In/Non-CONUS
FEMA	2006	National Disaster Medical System (NDMS) Conference	Reno, NV	In-CONUS
	2007	Regional Interagency Steering Committee (RISC) Meeting	Honolulu, HI	Non-CONUS
ICE	2006	Detention Management Control Program Training	Batavia, NY	In-CONUS
	2007	Regional (Asia) Attaché Conference	Orchard District, Singapore	Non-CONUS
USCG	2006	West Coast Aids to Navigation (AToN) Conference	Everett, WA	In-CONUS
	2006	District 17 Commanding Officers' Conference	Juneau, AK	Non-CONUS
S&T	2005	2005 National BioWatch Conference	Washington, DC	In-CONUS
	2007	International Underwater Tunnel Protection	London, England	Non-CONUS
	2009	2008 Asia Pacific Homeland Security Summit and Exposition	Honolulu, HI	Non-CONUS
DEP OPS	2007	FY2007 Chief Administrative Officer's (CAO) Forum	Washington, DC	In-CONUS
	2007	29th International Data Protection and Privacy Commissioner's Conference	Montreal, Canada	Non-CONUS

¹ Departmental Operations consists of the Office of the Secretary & Executive Management, Office of the Under Secretary for Management, OCFO, and Office of the Chief Information Officer.

Department Needs Clear and Consistent Conference Planning Guidance

Prior to October 2008, DHS had no formal department-wide conference planning policies, and it was unclear who was responsible for developing and communicating DHS-wide policies. Although DHS' conference planning document is intended to represent department-wide policy and reflects a progressive effort, it still defers to components with stricter directives to continue following their existing guidance. Within various departmental documents, multiple entities were cited as having responsibilities associated with conference planning. This conflicting information often caused staff to rely on inappropriate policies and irrelevant points of contact.

It is unclear to what extent these policies and guidance have been distributed or announced to DHS headquarters, component, and contractor personnel. Little knowledge or alignment of practices with policies establishing guidelines for conference planning or spending at the department level or identification of responsible policy-makers exists. As a result, significant challenges confront adherence to and monitoring of departmental guidelines and federal regulations.

DHS does not have a department-wide definition of what constitutes a conference. The distinction between a conference, training, and a routine meeting can affect the justification requirements of an event, how it is funded, as well as who can attend. Given the importance of conferences to help achieve and further the DHS mission, DHS should adopt and use one department-wide definition. The same should apply to differentiating training and meetings. Having consistent terminology and guidance would reduce confusion; provide better use of staff resources; improve record keeping, reporting, and monitoring; and facilitate the oversight of department-wide, conference-related expenditures.

Conference Data Were Unreliable and Unverifiable

DHS operates in a decentralized financial management environment, which creates difficulties in accurately tracking departmental funds spent on conferences and related travel. Information related to conferences sponsored by DHS and its components is maintained in many different offices within each component. In addition, conference planning and attendance often include planning, procurement, and travel of employees. Therefore, while conference planning data may reside in program or budget offices; documentation supporting procuring facilities and other services may be maintained in contracting offices; financial transaction data may be handled by accounting; staff expenses may be tracked in human resources; and travel costs and related documents are handled within component travel systems.

DHS officials were unable to produce precise and consistent numbers on conference spending. For example, related conference expenses in the financial management systems throughout the department are not differentiated from other costs incurred. Therefore, direct reporting from the program offices and manual review of documentation were necessary in each component. Often, information was not maintained in a manner to facilitate proper examination, tracking of actual conference costs, or identification of a sponsoring entity.

As a result, most responses we received from DHS components contained missing data and had discrepancies. For FY 2007 conferences, sponsorship information was often incomplete or inaccurate. In essence, the data received for FYs 2005–2007 were unreliable, unverifiable, and contained little assurance that components properly tracked or accounted for all conferences and related costs.

In addition, conference planners frequently did not take into consideration all of the information required to estimate potential costs or account for actual costs. In particular, the costs incurred during the planning and preparation stages and other staff-related costs such as salaries, travel, and incidentals were overestimated in some cases and underestimated in others.

Similar differences existed when reviewing the 11 conferences in detail. During FYs 2005–2007, DHS' Office of Chief Financial Officer issued data calls to components requesting information on all conferences sponsored or attended. However, the amounts reported by components to the Chief Financial Officer for the 11 conferences were different from the amounts we obtained directly from the components for the same conferences.

Discrepancies also exist in attendance counts. We reviewed data from DHS' Office of Chief Financial Officer and information directly from components with respect to the number of employees who attended the 11 conferences. Again, discrepancies existed in attendance totals and we were unable to validate the accuracy of the information. Because of an inconsistent departmental definition, numbers could include only the sponsoring program office's employees, component employees, or all DHS employees who attended. Without using consistent methodology in maintaining attendance records and a final reconciliation of conference details, DHS cannot effectively provide oversight and monitor policy compliance.

Currently, DHS components are planning and sponsoring conferences without any consistent approval or tracking processes. When combined with inconsistent conference costs and attendance numbers, DHS needs to develop better management controls to ensure that conferences are funded and attended only for mission-critical purposes and that costs are minimized to the greatest extent possible. In assessing, tracking, and monitoring conferences, DHS must use innovative tools, methods, and systems to ensure accountability and cost minimization across the department. By promoting cooperation among its components and analysis of lessons learned internally and by other federal entities, the department has the opportunity to develop a systematic, disciplined approach to managing conference-related costs.

Comprehensive cost and planning information should be collected to allow managers to make informed decisions regarding the reasonableness or necessity of proposed DHS conference expenditures. A singular, defined practice of capturing and reporting all conferences costs incurred is needed to ensure that data are reliable and verifiable. In addition, quality control procedures should be created to prevent discrepancies and variances in reported conference totals.

Conference Costs Do Not Have Sufficient Supporting Documentation

Most documentation developed to support conference planning activities is financial. Whether it is procurement for such items as securing a facility, arranging for exhibition materials, ordering food and beverage service, printing programs; or incurring expenses such as travel arrangements, lodging, shipping of materials to the site, and mailing of invitations or flyers; there is a fiscal effect on program, office, component, and department budgets. There can also be an effect on the department's ability to demonstrate that particular performance measures have been met, through conference activities, when no records of the achievement exist.

DHS had no efficient means of locating applicable documents or information systems that could be easily queried to obtain detailed financial or other supporting information about conferences. As a result, components were slow to respond and did not uniformly document or categorize expenditures. We also reviewed reported costs, cost comparisons for locations, and the use of external event planners for the 11 conferences. This information revealed that site comparisons were frequently not performed or documented, and cost-benefit factors often were not considered when choosing external event planners over internal staff to carry out conference planning and organizing.

We requested basic information on each of the 11 conferences such as the date, location, number of attendees, sponsorship, and whether the conference was held annually. Although DHS components were able to provide this information, and the descriptions of each conference appeared related to programmatic goals, responses were not timely and descriptions varied.

In addition, there was no central point within DHS or the five components we reviewed responsible for maintaining all documents or reporting on all cost elements of conference spending. As a result, components were slow to respond to our information requests, provided incomplete information, and had trouble identifying the appropriate individuals or offices within the component that would have knowledge of the requested information.

Costs were reported inconsistently as estimates, projections, awarded, budgeted, or actual expenses. Supporting documents and invoices frequently did not equate with the total reported costs spent on the conference. For instance, S&T reported that for the BioWatch conference, they spent approximately \$190,000 on conference costs, excluding travel and salary expenses. However, a task order was issued for \$426,637. We requested the related invoices from S&T, and they provided a set of cumulative invoices from one contractor, which included one invoice related to the conference indicating that it was the final invoice for the conference totaling \$288,888 cumulative to date. We have no information to confirm whether the remaining funds were spent and what they were spent on.

Further, it appears that components have underestimated and underreported conference costs. For example, invoices retrieved from the National Disaster Medical System (NDMS) contractor and subcontractor were significantly more than what FEMA reported to us, a difference of approximately \$580,000. Another underestimate of costs appears in the S&T Asia Pacific Homeland Security Summit and Exposition, where the component estimated \$62,500 in

conference expenses, excluding travel and salary, and we received copies of invoices for approximately \$85,000.

As I previously mentioned, cost comparisons were often not conducted. Conference planners are required to conduct site comparisons and are to consider both lower cost conference locations and venues at various locations.² For conferences with greater than 30 attendees, federal agencies must consider at least three conference sites and must maintain a cost record of each alternative conference site.³ With respect to comparing costs for specific venues, a planner considers such items as the availability of lodging rooms at *per diem* rates, transportation fees, the convenience of location, availability of meeting space, and equipment and supplies.⁴

We determined that two components did not provide adequate supporting documentation related to conducting cost comparisons. For example, FEMA sponsored a conference for its Region IX Regional Interagency Steering Committee (RISC) meeting, which was held at the Waikiki Beach Marriott Hotel.⁵ FEMA reported agency attendance at 32 and the total conference attendance, including local attendees, was 195. Federal agencies are required to consider at least three conference sites and keep records of these cost comparisons when planning a conference for over 30 attendees.

Even though information provided for the other conferences demonstrated that cost comparisons were done for the locations, efforts can be made to minimize expenditures for the rental of private facilities when government facilities are available. Of the conferences we reviewed, five incurred facility costs, totaling \$227,039.

In addition, consideration must be given to other cost categories to ensure a well rounded evaluation of all costs when choosing a location. For example, to eliminate unnecessary expense, ICE used its own facilities, incurring no costs, when sponsoring the conference on Detention Management Control Training. In another case, the USCG used a naval station for the West Coast AToN conference at a cost of \$200 with staff lodged on USCG ships, minimizing hotel costs.

Adequate and proper documentation provides evidence of DHS activities and ensures a decision-making trail. In addition, a comprehensive record-keeping system supports the functions required to track financial and administrative transactions, and provides detailed information significant to the management of operations. These efforts will reduce inconsistencies in reported costs, minimize costs related to the rental of nongovernment facilities, and identify cost savings related to conference planners.

² 41 CFR § 301-74.3: What must we do to determine which conference expenditures result in the greatest advantage to the Government?

³ 41 CFR § 301-74.19: What records must we maintain to document the selection of a conference site?

⁴ 41 CFR §301-74.4: What should cost comparisons include?

⁵ RISC meetings rotate from state to state in Region IX, and this meeting was held in Hawaii as its normal place in the rotation.

DHS Travel Expenditures Were Not Supported Consistently or in Compliance With Applicable Regulations

Based on the number of attendees reported to us by five DHS components, we requested 25% of the travel vouchers for examination in detail. Of the 72 vouchers we requested, DHS components were able to provide only 47, or 65%. As such, we were unable to determine or verify the costs of conference related travel and travel reimbursements accurately because of deficiencies in supporting documentation.

Although meals had been provided to the attendees during several of the conferences, we determined that some DHS employees had not deducted the corresponding meal *per diem* amounts from their official travel vouchers, as required by federal travel regulations. For example, six employees neglected to deduct the lunch portion of their meals and incidental expenses for the FEMA NDMS conference totaling \$78. In another instance, one S&T employee who attended the Asia Pacific Homeland Security Summit and Expo, did not reduce the *per diem* to reflect any of the meals provided, amounting to an overpayment of \$102.

We also reviewed a number of other travel records that were completed incorrectly and omitted relevant information. Some did not provide adequate explanation or justifications on the travel documentation to readily determine the appropriateness of the costs. For example, it appeared that FEMA reimbursed one employee \$176 for a canceled airline ticket, a second employee \$466 for duplicate lodging costs, and a third for \$145 for an extra day of lodging and *per diem*. In another example, DEP OPS provided reimbursement of a \$454 conference fee to attend an evening gala for an employee at the Privacy Conference. The cost was separate from the cost of the conference itself and typically would not be reimbursable. Again, without proper justifications noted on the supporting documentation, we cannot determine whether these reimbursed costs were appropriate.

Departmental Coordination of Sponsored Conferences Would Facilitate Efficiencies

One of the fundamental management goals for DHS leadership is to unify the diverse aspects of each component. This includes the standardization of managerial practices and systems to allow interconnectivity and cross-communication. This standardization is essential to join interrelated functions and eliminate duplicate activities and costs. However, there is a need to coordinate across DHS components to minimize duplication in facilitating conferences.

The department should undertake a review of annual conferences to determine whether other cost saving means for communicating information would be more appropriate. For example, the USCG District 17 Commanding Officers' Conference is held annually after USCG staff is rotated throughout the district offices. For the FY 2009 conference, the Commanding Officer conducted a needs assessment, determined that there had been no change in leadership since the last annual Commanding Officers' Conference, and canceled the one scheduled. Rather than holding the annual conference solely because it is sponsored every year, USCG leadership

exercised fiscal prudence and decided to use other means to communicate with the staff, potentially saving more than \$113,000.⁶

A coordinated approach to planning conferences is critical to align departmental efforts and resources adequately. In some cases, components are disconnected from each other, with little or no interaction, which creates different resource prioritization and potential duplication of efforts across the department. Without knowledge of ongoing component conference activities, headquarters elements do not have the information they need to ensure that DHS' overall strategic goals are being achieved in the most efficient manner possible.

In summary, department-wide conference planning policies can result in significant benefits such as establishing joint strategies; reducing the effect of conflicting strategies; addressing needs through leveraging combined resources; defining component roles and responsibilities to reduce duplication; and defining and implementing compatible regulations, policies, and procedures.

The department's conference planning policies need to provide clear, consistent, and adequate guidance and instructions. Conference planning should be defined and monitored at the departmental level to ensure consistency across components and the incorporation of due diligence and standards into conference planning and administration. DHS needs to be able to demonstrate its results in sponsoring and hosting conferences.

Current departmental guidance provides for widely varying policies and procedures among the components, which perpetuates confusion and inconsistency in policy interpretations. A central coordination point for policies, monitoring, and reporting of conference expenditures should be established to minimize these differences. This will provide consistency of policy and guidance application, term definition, cost consolidation and report reconciliation; sharing of common data among components; and program performance and contribution alignment to departmental strategic goals and objectives.

Mr. Chairman, that concludes my prepared statement. I would be happy to answer any questions you or the members may have.

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⁶ The FY 2006 Commanding Officers' Conference cost \$113,401.