



U.S. ENVIRONMENTAL PROTECTION AGENCY

OFFICE OF INSPECTOR GENERAL

## *Spending Taxpayer Dollars*

# EPA's Tracking and Reporting of Its Conference Costs Need Improvement

Report No. 16-P-0081

January 7, 2016



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## Abbreviations

CDW	Compass Data Warehouse
EPA	U.S. Environmental Protection Agency
FY	Fiscal Year
NARPM	National Association of Remedial Project Managers
OCFO	Office of the Chief Financial Officer
OIG	Office of Inspector General
PL	Public Law
PRD	Peer Review Division
WEFTEC	Water Environment Federation Annual Technical Exhibition and Conference

**Cover photo:** EPA booth at Water Environment Federation Annual Technical Exhibition and Conference 2012. (EPA photo)

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# At a Glance

## Why We Did This Audit

On May 11, 2012, the Office of Management and Budget issued Memorandum M-12-12, *Promoting Efficient Spending to Support Agency Operations*. It calls for agencies to ensure that conference expenses are appropriate, necessary and managed in a manner that minimizes expenses to taxpayers. M-12-12 and Public Law 113-76, *Consolidated Appropriations Act, 2014*, set forth oversight and reporting requirements for agencies with conferences that cost over \$100,000.

In light of this scrutiny over conference spending, the U.S. Environmental Protection Agency (EPA), Office of Inspector General (OIG), sought to determine whether the EPA's internal controls and conference oversight ensure that conference expenses are appropriate and reported accurately.

### This report addresses the following EPA goal or cross-agency strategy:

- *Embracing EPA as a high-performing organization.*

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Listing of [OIG reports](#).

## EPA's Tracking and Reporting of Its Conference Costs Need Improvement

### What We Found

The EPA established internal controls to report conferences both publicly and to the OIG as required by M-12-12 and Public Law 113-76. However, we found improvements are needed to address the following:

**Accurate data on conference costs will provide the EPA with the information it needs to be more efficient in how funds are spent.**

- We found \$6,916 of inappropriate expenses attributed to two conferences out of the \$985,851 of expenses reviewed for eight conferences.
- The EPA required the use of conference project codes to track and monitor conference spending, but this did not always occur.
- Conference costs were underreported.
- Two conferences totaling \$350,782 were in the EPA conference spending tool but were not reported publicly as required.
- Sixty-four percent of the 227 fiscal year 2014 conferences were reported late or not reported to the OIG as required. Two of the eight conferences sampled were not reported to the OIG at all.

Addressing these issues will result in more accurate reporting on types of costs for conferences and allow the EPA to better analyze costs and identify efficiencies.

### Recommendations and Planned Corrective Actions

We recommend that the Office of the Chief Financial Officer (OCFO) provide additional guidance or training on how to identify unallowable conference costs, use correct conference project codes, identify all conference costs in the financial system, report all conference costs paid with EPA funds, and classify conferences properly. We also recommend that OCFO work with program offices to identify EPA Form 5170A cost reporting issues and revise the form as needed. The OCFO agreed with all recommendations and provided planned corrective actions with milestone dates. When implemented, the corrective actions should address the recommendations. The recommendations are considered open with agreed-to-corrective actions pending.

### Noteworthy Achievements

The OCFO has proactively taken steps to improve the conference spending tool for conference reporting. In addition, refresher training sessions were held to address recent changes to the conference spending tool as well as concerns raised by the OIG during this audit.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
WASHINGTON, D.C. 20460

THE INSPECTOR GENERAL

January 7, 2016

**MEMORANDUM**

**SUBJECT:** EPA's Tracking and Reporting of Its Conference Costs Need Improvement  
Report No. 16-P-0081

**FROM:** Arthur A. Elkins Jr.

A handwritten signature in black ink, appearing to read "Arthur A. Elkins Jr.", is written over the printed name.

**TO:** David Bloom, Deputy Chief Financial Officer  
Office of the Chief Financial Officer

This is our report on the subject audit conducted by the Office of Inspector General (OIG) of the U.S. Environmental Protection Agency (EPA). This report contains findings that describe the problems the OIG has identified and corrective actions the OIG recommends. This report represents the opinion of the OIG and does not necessarily represent the final EPA position.

**Action Required**

You are not required to provide a written response to this final report because you provided agreed-to corrective actions and planned completion dates for the report recommendations. The agency should track corrective actions not implemented in the Management Audit Tracking System. Should you choose to provide a final response, we will post your response on the OIG's public website, along with our memorandum commenting on your response. Your response should be provided as an Adobe PDF file that complies with the accessibility requirements of Section 508 of the Rehabilitation Act of 1973, as amended. The final response should not contain data that you do not want to be released to the public; if your response contains such data, you should identify the data for redaction or removal along with corresponding justification.

We will post this report to our website at [www.epa.gov/oig](http://www.epa.gov/oig).

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# Chapter 1

## Introduction

### Purpose

The Office of Inspector General (OIG) of the U.S. Environmental Protection Agency (EPA) conducted this audit to determine whether the EPA's internal controls and oversight of conferences ensure that expenses are appropriate and reported accurately.

### Background

According to the EPA, conferences are important in government operations and an efficient and cost-effective means for achieving the EPA's mission. A conference includes a meeting, retreat, seminar, symposium or event. The EPA hosts conferences for a variety of reasons, such as program reviews, presentations of scientific findings, and oversight boards or advisory groups to achieve its mission. According to the EPA, it spent \$11,315,047 on 227 hosted or sponsored conferences that had costs exceeding \$20,000 during fiscal year (FY) 2014.

The President signed Executive Order 13589, "Promoting Efficient Spending," on November 9, 2011. The order focused on reducing agencies' travel, information technology, printing, fleet costs and conferences. On May 11, 2012, the Office of Management and Budget issued Memorandum M-12-12, *Promoting Efficient Spending to Support Agency Operations*. The memorandum states:

The Federal Government has a responsibility to act as a careful steward of taxpayer dollars, ensuring that Federal funds are used for purposes that are appropriate, cost effective, and important to the core mission of executive departments and agencies (agencies).

Further, regarding conferences, M-12-12 advises:

Federal agencies and employees must exercise discretion and judgment in ensuring that conference expenses are appropriate, necessary, and managed in a manner that minimizes expense to taxpayers.

M-12-12 set forth oversight requirements for conferences. It requires public reporting of sponsored conferences in excess of \$100,000. These requirements include the total costs, location, date, a brief explanation of how the conference advanced the mission of the agency, and the number of individuals whose travel expenses or other conference expenses were paid by the agency.

Public Law (PL) 113-76, *Consolidated Appropriations Act, 2014*, requires compliance with M-12-12 and has additional reporting requirements for conferences. PL 113-76 requires annual reporting to the OIG for conferences held by the agency with costs exceeding \$100,000 on the purpose, number of participants, contracting procedures, cost detail for food or beverage and audio visual services, and the cost of employee and contractor travel to and from the conference. The law requires agencies holding conferences with costs over \$20,000 to notify the OIG within 15 days of the date, location and number of employees attending the conference. These requirements to notify the OIG continued with PL 113-235, *Consolidated and Further Continuing Appropriations Act, 2015*, for FY 2015.

The EPA implemented M-12-12 and PL 113-76 through various guidance, memoranda and interim policy notices. On June 27, 2014, the Office of the Chief Financial Officer (OCFO) issued the *Conference Spending Guide*, condensing EPA requirements into a single document.

The OCFO developed the conference spending tool to fulfill the requirements of M-12-12. It is used for obtaining approval of conferences hosted or sponsored by the EPA with net expenses of \$20,000 or more. These conferences must be approved by the relevant official prior to obligation of conference related expenses. The EPA's Form 5170 is the designated form for obtaining conference approvals from EPA senior officials and documents the estimated conference costs. The primary EPA organization hosting or sponsoring the conference must submit EPA Form 5170A within 91 calendar days of the conclusion of the conference. This form updates the estimated conference information with the actual expenses.

The EPA also established conference project codes for the purpose of tracking conference expenses and to provide management with insight and timely data analytics. Conference codes are required on all conference-related funding documents to track and monitor conference spending.

## **Responsible Office**

The Office of Financial Management within the EPA's OCFO manages and implements conference policies and procedures on behalf of the Deputy Administrator. Specifically, the Office of Financial Management:

- Maintains a conference website with current policies and procedures.
- Collects conference approvals.
- Ensures conference packages have sufficient detail.
- Assigns conference project codes.
- Notifies EPA organizations of the requirement to report to the OIG within 15 calendar days of the conference.

- Collects actual conference data via EPA Form 5170A and follows up for required approvals as appropriate.
- Prepares an annual report for the Office of Management and Budget and the public.

## **Noteworthy Achievements**

The EPA has strengthened internal controls, and reported that costs for conferences exceeding \$100,000 have been reduced over the past 3 years from FYs 2012 through 2014.

## **Scope and Methodology**

We conducted this audit from October 2014 to October 2015 in accordance with generally accepted government auditing standards, issued by the Comptroller General of the United States. The 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

To obtain an understanding of conference spending requirements, we reviewed Office of Management and Budget Memorandum M-11-35, *Memorandum to the Heads of Executive Departments and Agencies*, issued on September 21, 2011; as well as Executive Order 13589, Public Law 113-76, M-12-12, Federal Travel Regulations, and Federal Acquisition Regulations. Further, we reviewed EPA policies, guidance and memoranda. We also reviewed conference audit reports issued by other OIG offices and the U.S. Government Accountability Office.

To determine whether the EPA's internal controls and oversight of conferences ensured expenses were appropriate and reported accurately, we selected a stratified random sample of eight conferences held during the third and fourth quarters of FY 2014. The sampled conferences each had reported costs over \$20,000 and totaled \$985,851 of the \$11,315,047 of the EPA's reported conference costs (9 percent), as shown in Table 1.



**Table 1: Stratified random sample**

Sampled conferences	Abbreviated conference name	Reported actual costs (EPA Form 5170A)
National Association of Remedial Project Managers Annual Training Program	NARPM	\$407,229
National Forum on Contaminants in Fish	Fish Forum	330,703
2014 US-Chin GHG MRV Technical Capacity Building Workshop	US-China	65,796
Peer Review Division (PRD) - Peer Review Panel Meeting (GRO Undergraduate Fellowship 2014)	PRD Meeting	59,326
2014 River Rally	2014 River Rally	35,823
US EPA Water Technology Innovation Cluster Leaders Meeting – September 28, 2014	Water Technology	35,779
AgSTAR Workshop in conjunction with BioCycle REFOR14	AgSTAR	29,591
Office of Policy Strategic Management Meeting	OP Strategic Meeting	21,604
<b>Total</b>		<b>\$985,851</b>

Source: OIG random sample from universe supplied by OCFO.

We interviewed OCFO and program staff for each of the sampled conferences. We determined whether conference costs were appropriate, accurate and reported as required by analyzing data provided by the EPA and data we obtained from the EPA's Compass Data Warehouse (CDW) and the conference spending tool.

## Chapter 2

### Improvements Needed in EPA's Conference Oversight

The EPA's internal controls over conference spending resulted in only two of eight reviewed conferences with inappropriate costs totaling \$6,916, or less than 1 percent of reviewed costs. Also, for three of eight conferences, the costs were not categorized correctly on EPA Form 5170A. The cost categories on the form do not closely align with how the contractor reports information on their invoices, resulting in EPA staff estimating some cost categories. Addressing these issues will result in more accurate tracking of the types of costs for conferences and allow the EPA to better analyze and manage costs.

#### Federal Regulations and EPA Policy Establish Guidance

Federal agencies and employees must exercise discretion and judgment in ensuring that conference expenses are appropriate, necessary and managed in a manner that minimizes expenses. Federal regulations and EPA policies provide details on the authority for various types of costs. For example, Federal Travel Regulations detail what types of costs are allowable for travel. Federal Acquisition Regulations provide uniform policies and procedures for government acquisitions and may be applicable when the EPA uses contractors to assist with a conference. To assist agencies in analyzing the fiscal, procurement and ethics issues that often arise when planning or participating in a conference, the U.S. Office of Government Ethics issued *A Collection of Federal Resources Relating to Conferences* in September 2012.

#### Minor Improvements Needed

For two of the eight sampled conferences reviewed, we identified inappropriate costs totaling \$6,916. These inappropriate costs equate to 0.7 percent of the \$985,851 of costs reported for the eight sampled conferences, as shown in Table 2.

**Table 2: Conferences with inappropriate costs for eight sampled conferences**

Conference	Reported actual costs (EPA Form 5170A)	Inappropriate cost	Percent of conference costs
NARPM	407,229	0	0
Fish Forum	\$330,703	\$4,114	1
US-China	65,796	0	0
PRD Meeting	59,326	2,802	5
2014 River Rally	35,823	0	0
Water Technology	35,779	0	0
AgSTAR	29,591	0	0
OP Strategic Meeting	21,604	0	0
<b>Total</b>	<b>\$985,851</b>	<b>\$6,916</b>	<b>0.7</b>

Source: OIG analysis of conference documentation and CDW data.

We defined inappropriate costs as costs that were either improper or noncompliant with regulations. The inappropriate costs are attributed to incorrect billing and unallowable travel costs. Specifically:

- The OIG notified the EPA that it was not clear how Fish Forum conference costs were aggregated and reported on EPA Form 5170A from submitted documentation. In response, EPA program management performed a review of conference data and determined that five contractor invoices should be revised. The EPA identified \$4,134 of overpayments and \$20 of under payments (\$4,114 net improper payment), and corrected these improper payments.
- For the PRD Meeting, the EPA paid unallowable travel costs totaling \$2,802 for non-federal employees serving as peer reviewers. Specifically, \$603 relates to 17 of the 21 travelers that were reimbursed 100 percent of the applicable meals and incidental expense rates for the first and last days of travel. Per Federal Travel Regulation §301-11.101(a), travelers are only allowed to be paid 75 percent of the applicable meals and incidental expense rates on the first and last days of travel. In addition, the EPA did not provide reasonable justification as to why one traveler was reimbursed \$2,199 for traveling by privately owned vehicle for a 3,926-mile round trip when airfare would cost less. The EPA concurred that it had an opportunity to save on travel costs and estimated that this traveler would have had about \$750 in costs for air fare, local travel to and from both airports and airport parking. While we agree that some travel expenses would have been incurred and paid, there is no way of knowing how much would have been incurred if this traveler’s privately owned vehicle travel was handled differently.



Government travel card. (GSA image)

## Categorization of Reported Costs Cannot Be Verified

For three of eight conferences, the EPA provided support for the reported conference costs in total, but we were unable to verify the breakout of \$141,865 (14 percent) of the costs among cost categories on EPA Form 5170A. While reporting of some categorical costs is required by PL 113-76 (food and beverages, audio visual and travel costs), the EPA requires additional cost categorization on the form. Cost categories on the form also include: facility, conference planning and facilitation/note taking. For some conferences, the EPA used contractors, and their invoices did not always break out costs in the same categories as EPA Form 5170A. In those cases, the program offices did their best to divide contractor costs among the different cost categories, but these costs were not always categorized accurately. The breakout by conference of costs not properly categorized is shown in Table 3.

**Table 3: Expense categorization issues**

Conference	Reported actual costs (EPA Form 5170A)	Cost not properly categorized
Fish Forum	\$330,703	\$102,033
PRD Meeting	59,326	14,532
AgSTAR	29,591	25,000
<b>Total</b>		<b>\$141,565</b>

Source: OIG analysis of conference documentation and CDW data.

## EPA Needs to Improve Oversight of Incurred Conference Costs

Although the EPA has provided conference spending guidance, the OCFO does not ensure the accuracy of costs reported for the categories on EPA Form 5170A, and relies on program offices for year-end certifications. As a result:

- The program offices reported conference costs that were not accurate for the cost categories on EPA Form 5170A. In two cases, program offices did not always perform thorough reviews to ensure that costs are appropriate to prevent waste and promote efficient spending of tax payer dollars.
- The EPA constructed cost categories on EPA Form 5170A that do not closely align with categories listed on contractor invoices. Because of this, program offices had difficulty reporting information accurately. Program office management stated that reconciling conference expenses when there are differences in categories between the invoices and the form would be a waste of resources. A program manager suggested the invoices and categories on EPA Form 5170A should be standardized for ease of reporting.

While we identified \$6,916 in inappropriate costs, addressing issues relating to the classification of types of costs, such as planning or audio visual, will provide

more accurate reporting. The EPA can then analyze the information to identify areas for future efficiencies in conference spending.



(Left): Audio visual equipment and staff at Water Technology 2011. (Right): Audience at Water Technology 2011. (EPA Photos)

## Recommendations

We recommend that the Chief Financial Officer:

1. Provide additional guidance or training on how to identify instances when conference costs are unallowable.
2. Work with program offices to identify EPA Form 5170A cost reporting issues and revise the form to allow for easier user reporting.

## Agency Response and OIG Evaluation

The EPA agreed with the recommendations and provided planned corrective actions with milestone dates. In response to Recommendation 1, the OCFO will provide training and update conference guidance. In response to Recommendation 2, the OCFO will update the conference spending request form. When implemented, the corrective actions should address Recommendations 1 and 2.

# Chapter 3

## EPA Needs to Improve Tracking of Conference Expenses in Its Financial System

The EPA underreported \$20,470 (2 percent) of conference costs in the conference spending tool for the eight reviewed conferences. The EPA requires the use of conference project codes to track and monitor conference spending. However, because of a lack of guidance, EPA staff did not always know how to ensure the use of the conference code or identify all conference costs. The EPA cannot rely on its financial system to identify all conference costs or on the conference spending tool for reported costs.

### Conference Expense Tracking Is Required

In accordance with M-11-35, agencies, as responsible stewards of taxpayer dollars, must seize every opportunity to improve government performance and management to save money and deliver a higher quality of service to the American people. To meet the M-12-12 requirements, the EPA's Deputy Administrator required conference expenses to be tracked. In October of 2013, projects codes were established to track conference expenses to implement the Deputy Administrator's requirement.

### Conference Project Codes Are Not Always Used

The EPA did not always use its system of assigning conference project codes to track and identify conference costs. According to OCFO staff, using the conference code for all costs should allow the EPA to obtain all costs from the financial system. Of the eight conferences sampled, one conference was approved prior to implementation of the conference spending tool and was not assigned a specific conference code. The remaining seven were assigned conference codes, but these conference codes were not always used to track travel, procurement and training-related costs. As a result, the assigned conference code could not be relied upon to track all conference-related costs in the financial system.

Five of the seven conferences with assigned conference codes had EPA travelers. However, the applicable conference code was not always used. Of the five conferences with EPA travelers, the conference with the most travelers (over 200) had only 1 percent of travelers that did not use the conference code. However, for the remaining four conferences, which had less than 20 travelers, 25 to 100 percent of their travelers did not use the code. For one conference, no travelers used the appropriate conference code. Because they attended more than one conference during the period of travel, they did not include all applicable

conference codes. Table 4 identifies the lack of compliance with the requirement to use the conference code for all EPA travel.

**Table 4: Non-use of conference codes for EPA travel**

Conference	Number of EPA travelers	Travelers who did not use conference code	Percent
NARPM	239	2	1
Fish Forum	7	4	57
2014 River Rally	14	5	36
Water Technology	6	6	100
AgSTAR	4	1	25
<b>Total</b>	<b>270</b>	<b>18</b>	<b>7</b>

Source: OIG analysis of conference documentation and CDW.

Three of the seven conferences used the assigned conference code to identify some but not all of the procurement and training-related costs. The remaining four conferences did not use the conference code to identify any such costs. Table 5 describes the extent of these costs that were not identified and tracked using the conference code.

**Table 5: Non-use of conference codes for procurement and training-related costs**

Conference	Total procurement and training-related costs	Identified using the conference code	Percent without codes
NARPM	\$88,966	\$40,000	55
Fish Forum	319,157	0	100
PRD Meeting	59,326	44,794	24
2014 River Rally	24,190	8,165	66
Water Technology	29,599	0	100
AgSTAR	25,000	0	100
OP Strategic Meeting	23,839	0	100
<b>Total</b>	<b>\$570,077</b>	<b>\$92,959</b>	<b>84</b>

Source: OIG analysis of conference documentation and CDW.

## Additional Guidance Needed to Identify Conference Costs

The OCFO did not provide clear-cut guidance for ensuring all conference travel, contract and training-related costs are identified and coded properly in its financial system. Because of this lack of guidance, program staff did not always understand the requirement to include all travel costs and included just the travel costs of the program office that hosted the conference. EPA travelers need to be reminded to include correct conference project codes on travel documents so that travel costs associated with conferences can be identified through the financial system. EPA guidance can also be improved in regard to how program offices can use the conference codes to identify procurement and training-related costs associated with specific conferences. OCFO needs to provide program staff with tools and training to assist in identifying conference costs when the conference code is not used.



## Unidentified Costs Resulted in Underreported Conference Cost Data

The lack of clear guidance to ensure use of the conference code and inclusion of all conference costs resulted in underreporting the cost of four of eight conferences reviewed by \$20,470, as shown in Table 6.

**Table 6: Conferences with underreported costs**

Conference	Total costs reported (Table 1)	Underreported costs	Percentage underreported
2014 River Rally	\$35,823	\$16,050	45
Water Technology	35,779	358	1
AgSTAR	29,591	1,827	6
OP Strategic Meeting	21,604	2,235	10
<b>Total for eight conferences</b>	<b>\$985,851</b>	<b>\$20,470</b>	<b>2</b>

Source: OIG analysis of conference documentation and CDW data.

## Recent Agency Actions Prompted by OIG Work

On May 27, 2015, OCFO's Office of Financial Management hosted two training sessions on conferences. The purpose of the sessions was to provide refresher training for the agency's conference community; clarify policy, guidance, and current statutes; and provide a demonstration of the conference spending tool's enhancements. The training session also addressed issues raised by the OIG during this audit.

## Recommendation

We recommend that the Chief Financial Officer:

3. Provide additional guidance or training to EPA staff on how to:
  - a. Include conference project codes on procurement and training-related costs entered into the financial system.
  - b. Code conference travel authorizations with the correct conference project code.
  - c. Identify all costs associated with a conference in the financial system.
  - d. Report all conference costs paid with EPA funds, not just those paid by the reporting office.

## Agency Response and OIG Evaluation

The EPA agreed with the recommendation and provided planned corrective actions with milestone dates. In response to Recommendation 3, the EPA included four corrective actions. These corrective actions include:



- Implementing a process/policy to ensure that procurements will utilize conference project codes.
- Working with the Funds Control Officer community to ensure travelers use the correct conference code on vouchers.
- Emphasizing the need to identify all costs in the financial system.
- Implementing enhancements to facilitate the reporting of all conference costs. (Completed May 2015)

When all of these corrective actions are implemented, they should address Recommendation 3.

# Chapter 4

## EPA's Conference Reporting Needs Improvement

The EPA did not comply with some reporting requirements for FY 2014 conferences. Two conferences with reported costs totaling \$350,782 were not reported publicly. Also, 64 percent of the EPA's conferences were either reported late or not reported to the OIG. M-12-12 and PL 113-76 require agencies to report conference-related expenses. The EPA was not in compliance because OCFO was not conducting oversight activities to ensure (1) program offices fully understand the distinction between different types of conferences and (2) compliance with the 15 day reporting requirement. The EPA's noncompliance with conference reporting requirements results in a lack of transparency. The EPA has since instituted corrective actions to reduce the risk of late and missing reports.

### EPA Required to Report on Conference Spending

Federal policy and public law require agencies to report on conference spending:

- M-12-12 requires agencies to publicly report agency-sponsored conferences with costs in excess of \$100,000.
- PL 113-76 requires the head of any executive branch department, agency, board, commission or office funded by the applicable public law for FY 2014 to submit reports to the OIG on conferences held by the agency. It requires:
  - On an annual basis, report cost details (food and beverages, audio visual services, and employee and contractor travel) and contracting procedures related to each conference when costs to the government exceed \$100,000.
  - For conferences with government costs of more than \$20,000, reports are to be submitted to the OIG within 15 days of the date of the conference with the date, location and number of attending employees.

The EPA provides guidance on the different classifications of conferences in its *Conference Spending Guide*. It states that the EPA is the host if the agency was the primary convener of the event and provider of funding. The EPA is the sponsor of a conference if the agency provided funding, tangible support (i.e., financial assistance, material goods or services); or appeared as a sponsor on any event materials. The EPA is a co-sponsor if the agency shares in decisions, including agenda planning, speaker selection and logistics. The *Conference*

*Spending Guide* does not define instances when the EPA would be considered an attendee of a conference.

## EPA Did Not Always Comply With Reporting Requirements

The EPA did not always comply with reporting requirements. The EPA did not publicly report two conferences with \$350,782 in conference costs as required. The EPA erroneously classified the conferences as attended instead of sponsored. Conferences classified as attended are not reported publicly or to the OIG. Based upon the EPA's *Conference Spending Guide* and further clarifying information from the OCFO, these conferences should have been classified as sponsored in the conference spending tool and reported publicly.

- The EPA had direct involvement in the development of 11 sessions at the Water Environment Federation Annual Technical Exhibition and Conference (WEFTEC), funded on site contractor support, and provided technical expertise. The development of the sessions and use of the EPA's technical contractor were done in conjunction with the Water Environment Federation's co-sponsorship agreement. The EPA also used its technical contractor to provide support in the form of note taking and shared those notes with the Water Environment Federation. The EPA incurred \$253,846 in conference expenses for the WEFTEC meeting.
- The EPA incurred \$114,936 in conference expenses for the 9<sup>th</sup> National Water Monitoring Conference. The EPA entered into a contract for conference planning services including support for agenda development and logistics.

We found that 145 of the 227 FY 2014 conferences (64 percent) that should have been reported to the OIG were reported late or not reported. Of the 227 conferences, 96 (42 percent) were reported after the 15-day deadline and 49 (22 percent) were not reported to the OIG. Of the eight conferences in our sample, three were reported timely, three were reported late, and two were not reported, as shown in Table 7.

**Table 7: Conference reporting to OIG**

Conference	Conference dates	Date reported to OIG	Timely?
NARPM	06/16 - 06/20/2014	06/25/2014	Yes
Fish Forum	09/22 - 09/24/2014	03/31/2015	No
US-China	07/22 - 07/23/2014	11/05/2014	No
PRD Meeting	07/29 - 07/31/2014	05/01/2014	Yes <sup>a</sup>
2014 River Rally	05/30 - 06/02/2014	Not reported	No
Water Technology	09/28/2014	Not reported	No
AgSTAR	04/07 - 04/10/2014	5/13/2014	No
OP Strategic Meeting	09/16 - 09/17/2014	09/25/2014	Yes

Source: OIG analysis of conference documentation.

<sup>a</sup> This conference was reported early.

## **Additional Oversight and Guidance Needed to Improve Reporting**

Lack of EPA oversight resulted in noncompliance with conference reporting requirements. OCFO is the responsible office for conference reporting. OCFO's quality assurance process depends on the program offices to report timely and accurately. OCFO relies on the program offices for year-end certifications of conference expenses. This reliance results in noncompliance with reporting requirements. Program office errors included:

- Program offices misinterpreting the definition of hosted, sponsored and attended conferences. This led to the inaccurate classification for two conferences with expenses in excess of \$100,000 that should have been reported publicly.
- Program offices not ensuring that all conferences with stated expenses in excess of \$20,000 were reported to the OIG within 15 days of the conference because OCFO time and resources to send out manual reminders was cost prohibitive. Initially OCFO sent out reminders to the program offices regarding specific conferences, but later discontinued this practice.

## **Noncompliance Leads to Lack of Transparency**

The EPA's noncompliance with M-12-12 and PL 113-76 resulted in a lack of transparency regarding conference spending. The public and the OIG are not fully informed of conferences and the appropriated funds expended on those conferences. Public knowledge of conference spending increases scrutiny and helps to ensure taxpayer funds are spent efficiently, effectively and appropriately.

## **Recent Agency Actions Prompted by OIG Work**

In March 2015, the OCFO instituted a function within the conference spending tool to help reduce the occurrences of late or missing reports. Notices are to be automatically sent to the program offices regarding the requirement to report hosted or sponsored conferences over \$20,000 to the OIG 10 days after the conference end date and daily thereafter until a report is submitted within the conference spending tool. The program offices generate the 15-day notification report from within the conference spending tool certifying that the information reported to the OIG is accurate. On May 13, 2015, the OCFO team indicated that the reporting application was fully operational.

## **Recommendation**

We recommend that the Chief Financial Officer:

4. Provide additional guidance or training on how to classify conferences based upon definitions in the EPA's *Conference Spending Guide*.

## Agency Response and OIG Evaluation

The EPA agreed with the recommendation and provided a planned corrective action with a milestone date. The EPA has agreed to revise the sponsor definition in the EPA's *Conference Spending Guide* to provide more specificity and clarity. When implemented, the corrective actions should address Recommendation 4.

The EPA did not agree with the OIG's interpretation that the agency was a sponsor for WEFTEC in 2014. The EPA stated that it was not a sponsor of the WEFTEC conference because the EPA did not provide funding and was not shown in the sponsor section of WEFTEC materials. The OIG stands by its interpretation that EPA was a sponsor based on OCFO's conference spending guide definition. The definition states that the EPA is a sponsor of an event if the agency provided funding or tangible support to a conference or appeared as a sponsor on any event materials, and tangible support is the provision of financial assistance, material goods or services. The EPA participated in WEFTEC's 11 Technology Innovation Blueprint sessions and the program noted that "EPA and WEF are convening working sessions throughout WEFTEC." We note that the EPA had direct involvement in the development of those sessions and provided technical expertise. Therefore, the EPA was a sponsor by its own definition.

## **Status of Recommendations and Potential Monetary Benefits**

RECOMMENDATIONS						POTENTIAL MONETARY BENEFITS (in \$000s)	
Rec. No.	Page No.	Subject	Status <sup>1</sup>	Action Official	Planned Completion Date	Claimed Amount	Agreed-To Amount
1	8	Provide additional guidance or training on how to identify instances when conference costs are unallowable.	O	Chief Financial Officer	2/29/16	\$6.9	\$6.2
2	8	Work with program offices to identify EPA Form 5170A cost reporting issues and revise the form to allow for easier user reporting.	O	Chief Financial Officer	3/31/16		
3	11	Provide additional guidance or training to EPA staff on how to: <ul style="list-style-type: none"> <li>a. Include conference project codes on procurement and training-related costs entered into the financial system.</li> <li>b. Code conference travel authorizations with the correct conference project code.</li> <li>c. Identify all costs associated with a conference in the financial system.</li> <li>d. Report all conference costs paid with EPA funds, not just those paid by the reporting office.</li> </ul>	O	Chief Financial Officer	6/30/16		
4	15	Provide additional guidance or training on how to classify conferences based upon definitions in the EPA's <i>Conference Spending Guide</i> .	O	Chief Financial Officer	2/29/16		

<sup>1</sup> O = Recommendation is open with agreed-to corrective actions pending.  
 C = Recommendation is closed with all agreed-to actions completed.  
 U = Recommendation is unresolved with resolution efforts in progress.

## ***Agency Response to Draft Report***

November 13, 2015

### **MEMORANDUM**

**SUBJECT:** Response to Office of Inspector General Draft Audit Report No. OA-FY14-0381, “EPA’s Tracking and Reporting of Its Conference Costs Need Improvement” dated October 13, 2015

**FROM:** David A. Bloom */Signed/*  
Deputy Chief Financial Officer

**TO:** Michael Petscavage, Director  
Contract and Assistance Agreement Audits

Thank you for the opportunity to respond to the issues and recommendations in the subject draft audit report. Following is a summary of the agency’s overall position, along with its position on each of the report recommendations. We have provided high-level intended corrective actions and estimated completion dates. We have also attached technical comments which explains the agency’s position on Chapter 4, “EPA’s Conference Reporting Needs Improvement.”

### **AGENCY’S OVERALL POSITION**

The agency concurs with all of the draft report recommendations.

### **Agreements**

<b>No.</b>	<b>Recommendation</b>	<b>High-Level Intended Corrective Action(s)</b>	<b>Estimated Completion by Quarter and FY</b>
1	Provide additional guidance or training on how to identify instances when conference costs are unallowable.	OCFO will continue to offer as needed ad-hoc training and annual refresher training. OCFO is currently updating the Conference Guidance.	February 29, 2016
2	Work with program offices to identify EPA Form 5170A cost reporting issues and revise the form to allow for easier user reporting.	OCFO is currently working with OTS to implement updates to the Conference Spending Request Form. These updates should enhance cost accounting efforts and make the form more user friendly.	March 31, 2016
3	Provide additional guidance or training to EPA staff on how to:		

	<p>a. Include conference project codes on procurement and training related costs entered into the financial system.</p> <p>b. Code conference travel authorizations with the correct conference project code.</p> <p>c. Identify all costs associated with a conference in the financial system.</p> <p>d. Report all conference costs paid with EPA funds, not just those paid by the reporting office.</p>	<p>a. OCFO will collaborate with the Office Administration and Resources Management to implement a process/policy for users to ensure procurements will utilize the conference project codes.</p> <p>b. OCFO will continue to work with the Funds Control Officer community to ensure travelers use the correct conference code on vouchers.</p> <p>c. OCFO will continue to emphasize the need to identify all costs associated with a conference in the financial system.</p> <p>d. OCFO has implemented enhancements to facilitate the reporting of all conference costs paid with EPA funds.</p>	<p>a. June 30, 2016</p> <p>b. Complete. Provided agency wide and FCO training (May 2015; November 2015). Will continue to provide as needed.</p> <p>c. Complete. Provided agency wide and FCO training (May 2015; November 2015). Will continue to provide as needed.</p> <p>d. Completed May 2015</p>
4	Provide additional guidance or training on how to classify conferences based upon definitions in the EPA's <i>Conference Spending Guide</i> .	OCFO will provide additional guidance on how to classify conferences in future ad-hoc/annual training and in revised Conference Guidance.	February 29, 2016

CONTACT INFORMATION

If you have any questions regarding this response, please contact Stefan Silzer at (202) 564-4905.

Attachment

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Attachment

**Response to Office of Inspector General Draft Audit Report No. OA-FY14-0381, “EPA’s Tracking and Reporting of Its Conference Costs Need Improvement” dated October 13, 2015**

OIG Finding/Issue – Chapter 4 “EPA’s Conference Reporting Needs Improvement,” page 13 section titled, “EPA Did Not Always Comply with Reporting Requirements”

**OIG Statement:** *“The EPA had direct involvement in the development of 11 sessions at the Water Environment Federation Annual Technical Exhibition and Conference (WEFTEC), funded on site contractor support, and provided technical expertise. The development of the sessions and use of the EPA’s technical contractor were done in conjunction with the Water Environment Federation’s co-sponsorship agreement. The EPA also used its technical contractor to provide support in the form of note taking and shared those notes with the Water Environment Federation. The EPA incurred \$253,846 in conference expenses for the WEFTEC meeting.”*

**Agency Position:** The EPA has agreed to revise the sponsor definition in the Conference Spending Guide to provide more specificity and clarity; however, we disagree with the OIG’s interpretation that the agency was a sponsor for the Water Environment Federation Annual Technical Exhibition and Conference in 2014. WEFTEC is an annual conference centered on water quality and is trademarked as “the water quality event.” The Water Environment Federation has hosted this conference for more than 80 years and the WEFTEC 2014 included 31 day-long workshops, more than 1,000 presentations, 70 poster sessions, hundreds of committee meetings and other forums, an “Operations Challenge” with 42 competing teams, and an exhibition with 1,027 exhibitors covering over 300,000 square feet of exhibit space. More than 20,000 people attended WEFTEC 2014.

- The WEFTEC Program explicitly identifies the sponsors at a variety of levels: President Club, Corporate Sponsors, Diamond, Platinum, Gold, Partner, and Supporting. These are shown on pages 35, 50, and 51 of the WEFTEC Program. The EPA is not a sponsor and is not shown as a sponsor in the WEFTEC program, materials and displays.
- The EPA provided no funding to WEF in support of a sponsorship of WEFTEC.
- The EPA did not pay WEF or WEFTEC for any line items reported, excluding training. All line items, such as the audio visual equipment, facility costs, and supplies, were paid to the facility (in 2014, the New Orleans Memorial Convention Center) and its contractors to support EPA’s exhibition booth. Training costs reported were WEFTEC 2014 registration costs for EPA attendees.

Page 26 of the 208 page WEFTEC Program describes a series of eleven 30-90 minute long working sessions to discuss the EPA’s Technology Innovation Blueprint (issued by Administrator Gina McCarthy in April 2014) and ways the entire water community can foster technology, innovation, and sustainability. These eleven sessions were a new venue for WEF to exemplify its commitment to innovation outlined in WEF’s strategic direction. All Blueprint sessions were open to all WEFTEC attendees. Given EPA’s ownership of the

Technology Innovation Blueprint, WEF wanted EPA's participation in the planning of these sessions and to use the EPA logo in the program promoting these sessions. The Office of Water consulted with EPA's Office of General Counsel on whether and how this collaboration should be coordinated and documented. OGC agreed that the relative roles of WEF and EPA should be framed and memorialized. OGC confirmed that a "co-sponsorship agreement," consistent with EPA Ethics Advisory 96-15 (August 17, 1996), was the ideal means of accomplishing this partnership for these discussions. The fact that a "co-sponsorship agreement" was used as the means to lay out roles for this extremely small venue at WEFTEC does not constitute a sponsorship of WEFTEC. The agreement was simply the best means to enunciate the terms of coordination between WEF and EPA and to satisfy an ethics responsibility. Again, this cooperation does not constitute sponsorship of WEFTEC 2014. The EPA utilized two contract vehicles in support of EPA's attendance at WEFTEC 2014.

- The conference planning contract was used solely to support EPA's outreach to the attendees of WEFTEC through the EPA booth space in the exhibit hall of the conference. Contract support for the EPA booth involved, but was not limited to, coordinating shipment of the booth and materials from the EPA Warehouse to the exhibition facility, arranging assembly and break down of the physical booth with the onsite labor company, placing orders for CPU and floral rentals with the facility, scheduling preshow vacuuming with the facility, and coordinating connections for electricity and internet. All items paid for by EPA through the conference planning contract were for the use of the EPA exhibition space only. All exhibitors at WEFTEC operate in the same manner. Payments were made to the facility itself (in 2014, the New Orleans Memorial Convention Center) and the facility's contractors, not to WEF or WEFTEC.
- The Office of Water also used one of its technical support contractors through an existing contract work assignment to support EPA's design, planning, and execution of the "EPA Water Technology Innovation Blueprint Series." The costs associated with this contractor support were reported under "Facilitation and Note Taking Contracts." While the contractor did not provide any facilitation, the contractor did serve as "note taker" for the sessions, per the "co-sponsorship agreement." The EPA contractor also assisted the EPA staff in collecting information from WEFTEC attendees about the EPA's Blueprint including information and dialogues at the eleven discussion sessions. The contractor's summary of the discussions will greatly benefit the EPA as it moves forward with implementation of the EPA Blueprint and the commitment to promoting technology innovation. As part of the partnership with WEF, the EPA made the contractor's summary available to WEF to better guide the EPA's future collaboration with WEF with regards to promoting technology innovation in the water sector, consistent with the EPA-WEF agreement supported and approved by the EPA's Office of General Counsel.

## ***Distribution***

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