



Office of Inspector General

October 26, 2011

MEMORANDUM

TO: Sean Carroll, Chief Operating Officer
Office of the Chief Operating Officer

David Ostermeyer, Chief Financial Officer
Office of the Chief Financial Officer

John Peevey, Director
Office of Management Services

FROM: Tim Cox, Assistant Inspector General for Audit /s/

SUBJECT: Review of USAID's Compliance With Procedures for Approving Conference Expenses (Report No. 2-000-12-001-S)

This memorandum transmits our final report on the subject review. We considered your comments on the draft in finalizing the report and have included your responses in Appendix II.

The report contains 14 recommendations to update Agency conference policy and guidance and to improve controls to prevent duplicate payments for conference expenses. Based on an evaluation of management comments, management decisions have been reached on Recommendations 1–3 and 5–14. Determination of final action on these recommendations will be made by the Audit Performance and Compliance Division upon completion of the planned corrective actions. Recommendation 4 is still pending management decision.

I appreciate the cooperation and courtesy extended to my staff during this review.

SUMMARY

Federal employees attending conferences must comply with federal regulations and agency policies on conference-related travel, meal, and other expenses. These regulations and policies include:

- The General Services Administration's Federal Travel Regulation (FTR; 41 CFR Chapters 300 to 304) governs travel by federal civilian employees and others authorized to travel at government expense. The FTR (41 CFR 300-3.1) defines a conference as "meeting, retreat, seminar, symposium or event that involves attendee travel. The term 'conference' also applies to training activities that are considered to be conferences under 5 CFR 410.404."
- Office of Personnel Management regulations under 5 CFR 410 govern federal employee training, and 5 CFR 410.404 sets forth criteria for determining whether a conference is a training activity.
- USAID Interim Update 08-07, "Approval of Conference Attendance, Updated Policy," outlines the Agency's process for approving conference attendance and costs.

USAID's process for approving conferences begins at offices or missions. Offices and missions send a list of conference proposals quarterly to their bureau, identifying the conferences that the offices and missions plan to host or send staff to. Once their bureau approves a proposed conference, further approval may be needed depending on how many staff members wish to attend. For external conferences—those not hosted by USAID—that 3 or more individuals wish to attend, or for internal conferences—those hosted by USAID—that 20 or more individuals wish to attend,¹ approval must be obtained. The process of granting approval was delegated to the Office of the Chief Operating Officer (COO) by the Deputy Administrator. The COO approved \$4.8 million in estimated conference costs in fiscal year (FY) 2010.

The Office of Inspector General (OIG) conducted this review to determine whether USAID complied with federal regulations and USAID policies and procedures in approving and incurring conference-related expenses.

In some instances, USAID did not comply with federal regulations and USAID policies for approving and incurring conference-related costs. For example, agency officials neither considered the use of government facilities nor enforced restrictions over the provision of meals, as required by FTR 41 CFR 301-74.3 and 21. These instances of noncompliance occurred because USAID offices and mission were unaware of the federal regulations since the conference guidance that they relied on did not cross-reference them. These problems resulted in excess expenditures and overpayments by the Agency.

Specifically, the review disclosed the following problems:

- Agency guidance does not cross-reference federal requirements (page 5).
- Conference cost estimates were not comprehensive (page 6).

¹ This threshold was created as a management tool to reduce costs and ensure cost-effectiveness.

- Attendance limits were applied too narrowly (page 7).
- The quarterly approval process added to registration fees (page 8).
- USAID did not consider government facilities as conference venues (page 8).
- Some travel personnel authorized an incorrect reimbursement method (page 9).
- Internal controls failed for furnished meals at conferences (page 9).

To address these matters, this report contains 14 recommendations. OIG recommends that USAID's Office of Management Services:

- Update USAID conference policy to cross-reference FTR 41 CFR 301-74 and Chapter 301, Appendixes C and E (Recommendation 1 on page 6).
- Conduct a refresher training course for travel arrangers, voucher examiners, and travelers on approved methods for calculating per diem (Recommendation 9 on page 9).
- Improve internal control procedures for travel arrangers and voucher examiners to identify and avoid double payments for furnished meals (Recommendation 13 on page 11).

OIG also recommends that USAID's Office of the Chief Operating Officer:

- Update all conference-related guidance to reflect FTR 41 CFR 301-74 and Appendix E of Chapter 301, and make certain that staff is trained accordingly (Recommendation 2 on page 6).
- Inform offices and missions that total conference cost estimates must factor in the total cost to USAID, and implement internal controls to enforce this requirement (Recommendation 3 on page 7).
- Devise and implement improved approval controls for conference-related costs that are included in awards to implementing partners (Recommendation 4 on page 7).
- Adjust reporting requirements so they are based on Agency-wide information (Recommendation 5 on page 8).
- Implement and include in the updated conference guidance a rolling conference approval process and restrictions on the use of late-registration fees (Recommendation 6 on page 8).
- Require the inclusion of a government facility option for venue selection in the conference cost estimates. Similarly, include alternatives such as teleconferencing (Recommendation 7 on page 9).
- Require written documentation justifying the selection of a commercial facility as a conference site over a government facility offered at a lower rate (Recommendation 8 on page 9).

- Require written documentation justifying the provision of meals to local employees at a conference. The justification must demonstrate that a determination has been made that provision of the meals is necessary for the employee to obtain the full benefit of the training. (Recommendation 11 on page 10).
- Require conference attendees to declare on their travel voucher all furnished meals provided at conferences (Recommendation 12 on page 11).

Finally, OIG recommends that USAID's Office of the Chief Financial Officer, which recovers all overpayments made by the Agency, do the following:

- Recover the \$90 overpayment made to staff under the all-inclusive per diem method (Recommendation 10 on page 9).
- Recover the \$4,890 in overpayments made to staff for government-furnished meals at the conferences reviewed (Recommendation 14 on page 11).

Details on review results follow. Our evaluation of management comments is on page 12. Appendix I contains a discussion of the review's scope and methodology. Management comments are presented in their entirety in Appendix II. Conferences tested and amounts overpaid are itemized in Appendix III.

REVIEW RESULTS

Agency Guidance Does Not Cross-Reference Federal Requirements

USAID Interim Update 08-07, “Approval of Conference Attendance, Updated Policy,”² articulates conference policy and procedures for the Agency. It establishes a mechanism for USAID missions and bureaus to seek Deputy Administrator approval of conference attendance: submitting quarterly reports to the COO. Further guidance to missions and bureaus is set forth in the COO’s FY 2010 Quarterly Conference Report Guidance. However, USAID’s conference policy does not cross-reference key conference-related requirements set forth in FTR 41 CFR Part 301-74, “Conference Planning,” nor does it mention the FTR’s travel and conference guidance: FTR 41 CFR 301, Appendix C, “Standard Data Elements for Federal Travel”; and FTR 41 CFR 301, Appendix E, “Suggested Guidance for Conference Planning.”

According to Agency policy officials, because USAID’s conference policy and subsequent guidance to missions and offices do not cross-reference the FTR, Agency conference planners are unaware of certain conference-related federal regulations. The following FTR regulations and suggested guidance were unfamiliar to conference planners:

- (1) Minimize all conference costs, including administrative costs, conference attendees’ travel costs, and conference attendees’ time costs; (2) maximize the use of government-owned or government-provided conference facilities; and (3) identify opportunities to reduce costs in selecting conference locations and facilities (e.g., through the availability of lower rates during the off-season at a site with seasonal rates) (FTR 41 CFR 301-74.1).
- Determine whether government facilities are available at a cheaper rate than a commercial facility and consider alternatives such as teleconferencing (FTR 41 CFR 301-74.3).
- Agencies may sponsor an employee’s attendance at a conference as a developmental assignment if (1) the announced purpose of the conference is educational or instructional, (2) it is applicable to the employee’s performance improvement, (3) more than half the time consists of planned and organized exchange of information between presenters and audience which meets the statutory definition of training, and (4) development benefits will be derived through the employee’s attendance (5 CFR 410.404 and FTR 41 CFR 301, Appendix C).
- Establish policies and procedures that limit an agency’s representation to the minimum number of attendees determined by a senior official necessary to accomplish the agency’s mission (FTR 41 CFR 301-74.18).
- Agencies may pay for or reimburse an employee for meals as necessary expenses incident to an authorized training program if a determination has been that provision of the meals is necessary for the employee to obtain the full benefit of the training. (5 CFR 410.401).

² USAID Interim Update 08-07, “Approval of Conference Attendance, Updated Policy,” supersedes Automated Directives System 522.5.16, “Conference Policy,” both of which are online.

- When meals are furnished by the Government or included in the registration fee for the conference, the appropriate deduction must be made from the employee's temporary duty travel allowances (FTR 41 CFR 301-74.21).

The omission of cross-references to federal requirements in USAID's conference policy led to deficiencies such as the inability of conference planners to consider government facilities as potential venues and the approval of full per diem for staff attending a conference at which a meal was provided. These problems resulted in overpayments by USAID. Because missions and bureaus rely on USAID's conference policy, it needs to comport with FTR regulations and guidance. Therefore, this review makes the following recommendations.

Recommendation 1. We recommend that the Office of Management Services update USAID's conference policy to cross-reference the Federal Travel Regulation, Part 301–74 and Chapter 301, Appendixes C and E.

Recommendation 2. We recommend that the Office of the Chief Operating Officer update all USAID conference-related guidance to reflect the Federal Travel Regulation, Part 301–74 and Chapter 301, Appendixes C and E, and ensure that staff members are trained accordingly.

Conference Cost Estimates Were Not Comprehensive

USAID's FY 2010 Quarterly Conference Report Guidance, issued by the COO to every bureau, office, and mission, states:

The total estimated cost for each conference must be included on the report template, including [USAID/Washington] and mission costs, OE [operating expenses] and program funds, and implementing partner costs. These costs may be broken out by type in the conference report spreadsheet or listed as one lump sum. The key requirement is that the total estimated cost reflects all estimated costs to USAID including the following: conference site, facilitators (level of effort, travel, and per diem), materials, refreshments, travel and per diem for any [USAID/Washington] employees, and any other costs in preparing for, or hosting, the event. Costs do NOT include USAID employee salaries. Include a list of staff attending each conference.

The FY 2010 quarterly conference reports submitted to the COO did not represent the total estimated costs to the Agency. Two kinds of costs were frequently left out of estimated costs:

- Mission staff costs. These costs relate to travel and per diem expenses incurred by an overseas mission to send its staff to a conference.
- Conference costs written into awards. These costs relate to venue, food, and training expenses incurred by the Agency through program funds awarded to implementing partners.

Thus, cost estimates provided to the COO for approval underrepresented the total estimated costs.

The absence of mission staff costs from conference cost estimates stems from the e-mail the COO issued each quarter. It asked offices, missions, and bureaus what upcoming conferences they wished to host or have staff attend and said: "And remember that you do not need to include expenses for mission personnel whose expenses are being funded from their own individual mission budgets." The e-mail conflicted with the COO's own guidance.

A few years ago, offices and missions began excluding from conference cost estimates expenses written into awards. At the time, many conferences were being rejected because they were too expensive. To avoid having conferences rejected, offices and missions started including in implementing partners' scopes of work a requirement that implementing partners host conferences. Offices and missions would then exclude these costs from the estimated cost of the conference, making conferences appear less costly than they actually were. Current controls over conference approval have not been adjusted to prevent this.

As a result, the COO is approving conferences based on incomplete cost estimates and risks incurring excessive conference costs. Additionally, when missions and offices write conference expenses into implementing partner awards, they are in essence bypassing COO approval.

To address these problems, this review makes the following recommendations.

Recommendation 3. *We recommend that the Office of the Chief Operating Officer notify offices and missions that total conference cost estimates must reflect the total cost to the Agency, and establish controls to enforce this requirement.*

Recommendation 4. *We recommend that the Chief Operating Officer institute controls which require his approval before conference-related costs may be included in USAID-funded awards.*

Attendance Limits Were Applied Too Narrowly

FTR 41 CFR 301-74.18 states that agencies must establish policies and procedures that limit agency representation to the minimum number of attendees that a senior official deems necessary to accomplish the agency's mission. To implement this requirement, USAID's FY 2010 Quarterly Conference Report Guidance requires bureaus to obtain COO approval before permitting 3 or more USAID staff members to attend an external conference and 20 or more staff members to attend a USAID-hosted conference.

In practice, however, the guidance does not have the intended effect. Because it applies to bureaus, it does not prevent attendance at the same conference by many USAID staff members who work in different bureaus. For example, if four offices from different bureaus each had only one staff member attending a conference, none would seek COO approval. The offices may not know what other offices are doing, and the COO has no Agency-wide reporting mechanism to indicate when attendance exceeds the minimum necessary to accomplish USAID's mission.

This mismatch between the guidance and the intent of the COO's thresholds prevents effective oversight. Without Agency-wide information, the COO is unable either to minimize conference costs or to manage which and how many employees participate.

To address this problem, this review makes the following recommendation.

Recommendation 5. *We recommend that the Office of the Chief Operating Officer adjust its conference reporting requirements to solicit Agency-wide information.*

Quarterly Approval Process Added to Registration Fees

FTR 41 CFR 301-74.1 states that agencies must “minimize all conference costs, including administrative costs, conference attendees’ travel costs, and conference attendees’ time costs.” The review found that offices in one of the bureaus were unable to minimize external conferences costs because they could not take advantage of early registration savings and, in fact, paid excessive late registration fees.

The quarterly approval process limits an office’s ability to request employee attendance at an external conference before the upcoming quarter. As a result, offices could not take advantage of reduced early registration rates. Similarly, USAID has no established cutoff dates to prevent late registrations, so it frequently incurs escalated late-registration rates.

USAID would save an average of 10–20 percent on registration costs if early registration rates could be used regularly. Likewise, if late registration rates could be avoided, USAID would save an average of 10–30 percent.

To address this problem, this review makes the following recommendation.

Recommendation 6. *We recommend that the Office of the Chief Operating Officer (1) implement a rolling conference approval process, and (2) include a limitation on late registration in the updated conference guidance.*

USAID Did Not Consider Government Facilities as Conference Venues

As part of the quarterly conference approval process, offices and missions must submit to the COO cost estimates from multiple venues where they wish to host a conference. However, the guidance does not instruct them to follow FTR requirements including the cost of using a government facility or teleconferencing in their submission. FTR 41 CFR 301-74.3 states that agencies must “Determine if a Government facility is available at a cheaper rate than a commercial facility [and] consider alternatives to a conference, e.g., teleconferencing.”

For all four USAID-hosted conferences reviewed, the planners ignored the use of a government facility when selecting a conference venue. In each case, planners appraised only commercial sites and considered no alternatives such as teleconferencing in cost estimates. For example, for a USAID-hosted conference in Washington, D.C., planners appraised five commercial hotels and selected one that cost \$15,244. Yet the General Services Administration provides conference facilities free of charge to government agencies and nonprofits.

Offices and missions are not including the availability of government facilities in their conference approval solicitations because USAID’s guidance does not require it, nor does it require consideration of alternatives such as teleconferencing, which would provide further savings.

To address these problems, this review makes the following recommendations.

Recommendation 7. *We recommend that the Office of the Chief Operating Officer include in its updated conference guidance a requirement that cost estimates include a government facility among possible venues and that planners consider alternatives such as teleconferencing.*

Recommendation 8. *We recommend that the Office of the Chief Operating Officer require written justification when a commercial facility is selected over a government facility offered at a cheaper rate.*

Some Travel Personnel Authorized an Incorrect Reimbursement Method

USAID General Notice 0497, issued April 23, 2009, states:

As of July 1, 2009, the all-inclusive method (also known as the flat rate method) of per diem reimbursement will no longer be authorized for new travel authorizations (TAs). All TAs issued after June 30, 2009 must reference the Lodging-Plus method for per diem reimbursement.

The review identified 4 out of 56 TAs issued after October 2009 approving the all-inclusive reimbursement method. Three of these travel vouchers were discovered by the voucher examiners and corrected before the travelers were paid. However, one travel voucher was approved and paid using the all-inclusive reimbursement method. In this case, the conference attendee was paid the full lodging per diem of \$158 per night for 6 nights, even though hotel receipts showed that the cost per night was actually \$143. This resulted in an overpayment of \$90, which the traveler did not report.

For the travel vouchers tested, this failure in controls appeared to be an isolated incident and not a systemic problem. However, the overpayment occurred because individuals at all levels of the travel reimbursement process made mistakes in oversight. Although in three out of four cases voucher examiners caught the mistake, in all four cases the wrong reimbursement method was approved, and this needs to stop.

To address these problems, this review makes the following recommendations.

Recommendation 9. *We recommend that the Office of Management Services hold a refresher course for travel arrangers, voucher examiners, and travelers on the current methods for calculating per diem.*

Recommendation 10. *We recommend that the Office of the Chief Financial Officer recover the \$90 overpayment made to a staff member who received reimbursement using the all-inclusive method (listed in Appendix III).*

Internal Controls Failed for Furnished Meals

The following were instances of deficiencies related to furnished meals.

Not Justifying Meals Served During Trainings. The FTR outlines the expenses that government agencies may incur at a conference determined to be a training activity under 5 CFR 410.404. Refreshments such as coffee and tea are acceptable, but according to agency officials, unless the attendee is traveling away from his or her official duty station, meals are not permitted except under certain conditions. Essentially, for meals to be served at conferences attended by local staff, the official approving the training should develop a written determination that the provision of the meal at the training is necessary for the employee to obtain the full benefit of the training.

However, at all four of the FY 2010 conferences tested, meals were provided to local staff without a determination by USAID as to whether the meals were essential to the training. For example, at one conference, lunch was provided all week without training-related justification. Furthermore, a dinner was provided one evening without any training being held.

USAID policy does not address justifications for meals provided at government expense. As a result, USAID offices hosting conferences are not justifying the costs of the meals being provided at conferences and may be incurring unnecessary costs.

To address this problem, this review makes the following recommendation.

Recommendation 11. *We recommend that the Office of the Chief Operating Officer require, as part of the approval process for a conference serving meals to local staff, that the approving official provide a written determination that provision of the meals is necessary for the employee to obtain the full benefit of the training.*

Paying Travelers Twice for Furnished Meals. Per diem allowance is a daily payment to travelers on official government business for expenses related to lodging and to meals and related incidental expenses (M&IE). When meals are furnished by the Government or are included in the registration fee, FTR 41 CFR 301-74.21 requires the appropriate deduction to be made from the attendee's M&IE rate to ensure that the government does not pay for the same meal twice. FTR 41 CFR 300-3.1 specifically defines a furnished meal as one that is

provided to an employee, either directly from the Government or as a result of the Government paying a registration fee or other cost which allows the employee to attend a conference or other event. If the Government has already paid for a meal, the employee must deduct the allocated amount when filing their travel voucher.

The allocated amounts to be deducted are calculated according to Chapter 301, Appendix B, of the FTR.

Of the travel vouchers tested, 89 percent showed that USAID staff attending conferences collected full per diem even though meals were already furnished by the government. This resulted in \$4,890 in overpayments (detailed in Appendix III). Most offices and missions were not notifying travelers that they must reduce their per diem claims when a meal is furnished at a conference. Additionally, those preparing travel vouchers did not know whether a meal was furnished at a conference unless the traveler or the conference organizer provided this information.

Federal employees are required to follow the FTR even though USAID guidance on conference attendance does not address the requirement for travelers to reduce their per diem claims when

meals are furnished during a conference. USAID is at risk of continuing to pay twice for the same meal until this problem is fixed.

To address this problem, this review makes the following recommendations.

Recommendation 12. *We recommend that the Office of the Chief Operating Officer specify in its updated conference guidance that USAID conference attendees must declare all provided meals on their travel voucher.*

Recommendation 13. *We recommend that the Office of Management Services develop controls for travel arrangers and voucher examiners to recognize and avoid duplicated payments for furnished meals for staff on travel duty.*

Recommendation 14. *We recommend that the Office of the Chief Financial Officer recover \$4,890 in overpayments for meals furnished to staff at the conferences reviewed (listed in Appendix III).*

EVALUATION OF MANAGEMENT COMMENTS

USAID's Office of the Chief Operating Officer, Office of the Chief Financial Officer, and Office of Management Services agreed to take action in response to 13 of the report's 14 recommendations. Accordingly, based on our evaluation of management's response to the draft report, management decisions have been reached on 13 of the 14 recommendations. Determination of final action for the 13 recommendations will be made by the Audit Performance and Compliance Division on completion of the planned corrective actions. Recommendation 4 is still pending management decision.

Recommendation 1. The Office of Management Services agreed with the recommendation and plans to revise conference policy and incorporate it into USAID's Automated Directives System. The target date for completion of this recommendation is December 31, 2011.

Recommendation 2. The Office of the Chief Operating Officer agreed with the recommendation and plans to train Agency employees on the revised conference policy. The target date for completion of this recommendation is December 31, 2011.

Recommendation 3. The Office of the Chief Operating Officer agreed with the recommendation and plans to (1) develop a standard format for capturing total costs of a conference and (2) implement use of the format as a standard operating procedure for both Washington and overseas operating units. The target date for completion of this recommendation is December 31, 2011.

Recommendation 4. The Office of the Chief Operating Officer plans to withhold a decision on this recommendation until management conducts further analysis to determine the recommendation's impact on operations. The target date for providing management decision is December 31, 2011.

Recommendation 5. The Office of the Chief Operating Officer agreed with the recommendation and is in the process of developing an electronic system to capture data on conference requests from bureaus, offices, and overseas missions. The target date for completion of this recommendation is March 1, 2012.

Recommendation 6. The Office of the Chief Operating Officer agreed with the recommendation and will include in the electronic system discussed above a rolling conference approval process. The revised Agency conference policy (discussed above under Recommendation 1) will establish guidelines for early registration. The target date for completion of this recommendation is March 1, 2012.

Recommendation 7. The Office of the Chief Operating Officer agreed with the recommendation and plans to include in the revised guidance a cost estimate form that will incorporate the requirement to consider government facilities as well as alternatives. The target date for completion of this recommendation is December 31, 2011.

Recommendation 8. The Office of the Chief Operating Officer agreed with the recommendation

and plans to include in the revised conference policy the requirement to justify the use of a commercial facility over a government facility offered at a cheaper rate. The target date for completion of this recommendation is December 31, 2011.

Recommendation 9. The Office of Management Services agreed with the recommendation and plans to organize a refresher training course on the current methods for calculating per diem. The target date for completion of this recommendation is December 31, 2011.

Recommendation 10. The Office of the Chief Financial Officer agreed with the recommendation and plans to collect the \$90 overpayment identified by the OIG. The target date for collection is October 15, 2011.

Recommendation 11. The Office of the Chief Operating Officer agreed with the recommendation and plans to include in the revised conference policy guidance the necessary provision to comply with the FTR. The target date for completion of this recommendation is December 31, 2011.

Recommendation 12. The Office of the Chief Operating Officer agreed with the recommendation and plans to include in the conference guidance a requirement that employees must declare furnished meals and or meals covered by a registration fee in their travel authorizations to avoid double payments for meals. The target date for completion of this recommendation is December 31, 2011.

Recommendation 13. The Office of Management Services agreed with the recommendation and plans to develop and implement controls to recognize and avoid duplicate payments for meals furnished to staff on travel duty. The target date for completion of this recommendation is December 31, 2011.

Recommendation 14. The Office of the Chief Financial Officer agreed with the recommendation and plans to collect the \$4,890 in overpayments identified by OIG. The target date for collection is December 31, 2011.

Management comments are presented in their entirety in Appendix II.

SCOPE AND METHODOLOGY

Scope

OIG's Inspections and Evaluations Division conducted this review in accordance with the general standards in Chapter 3 as well as with the evidence and documentation standards in Paragraph 7.55 and Paragraphs 7.72 through 7.79 of Government Auditing Standards, July 2007 Revision (GAO-07-731G). Those standards require that we plan and perform the review to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions. We believe that the evidence obtained provides that reasonable basis.

The review was designed to determine whether USAID complied with federal regulations (5 CFR Chapter I—Office of Personnel Management, Part 410—Training, and the General Services Administration's FTR) and with USAID policies and procedures (USAID Interim Update 08-07, *Approval of Conference Attendance, Updated Policy*) in approving conference-related expenses. This review was conducted at USAID/Washington from March 30 through May 23, 2011. To understand the approval process, we interviewed USAID staff from the COO and from the bureaus of Global Health; Economic Growth, Agriculture and Trade; Latin America and the Caribbean; and Europe and Eurasia. We reviewed conference documentation from these bureaus, including training materials, receipts, and travel vouchers.

Methodology

To gain an understanding of government-sponsored conference activities and expenses, we first studied the aforementioned federal and agency criteria. To answer the review's twofold objective, we first determined the sufficiency of USAID's conference policies compared with federal requirements, then examined the Agency's conference approval process for compliance with Agency policy.

To determine compliance, we conducted testing of four approved FY 2010 conferences from four different bureaus. Because there are five geographical and five functional bureaus in USAID, we decided that testing two of each type of bureau would provide sufficient coverage and would avoid our drawing conclusions based on organizationally specific practices. Using auditor judgment, we randomly selected one approved conference from each of the four selected bureaus.

To conduct the testing, we analyzed the documentation that the bureaus submitted, and the COO approved, and we interviewed COO and bureau employees involved in the process. We examined training materials, receipts, and other applicable conference documentation. Because meals were provided at Agency expense at the four conferences, we reviewed travel vouchers for all attendees to ensure compliance with the FTR.

MANAGEMENT COMMENTS



September 30, 2011

MEMORANDUM

TO: IG/A/I&E, Joy Kadnar

FROM: A/AID/COO, Sean Carroll

SUBJECT: Management Response to Review of USAID's Compliance with
Procedures for Approving Conference Expenses
(Report No. 2-000-11-00X-S)

I am pleased to provide the response to the Office of Inspector General from the Office of the Chief of Operations (A/AID/COO), United States Agency for International Development (USAID) to the report, "Review of USAID's Compliance With Procedures for Approving Conference Expenses" (Report No. 2-000-11-00X-S)," dated August 2, 2011.

The report contains fourteen recommendations. Nine recommendations are for A/AID/COO action. Five recommendations are for the Bureau for Management action, three of which relate to the Office of Management Services and two for the Office of the Chief Financial Officer. This letter contains an enclosure that addresses each of the recommendations.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Sean Carroll, COO
USAID

Tab 1: Management Response to OIG Report No. 2-000-11-00X-S

TAB 1- Management Response to OIG Report No. 2-000-11-00X-S

Recommendation 1. *M/MS update USAID's conference policy to cross-reference the Federal Travel Regulation, Part 301-74 and Chapter 301, Appendixes C and E.*

Recommendation 2. *A/AID//COO update all conference-related guidance to reflect the Federal Travel Regulation, Part 301-74 and Chapter 301, Appendixes E of Chapter 301, and ensure that staff members are trained accordingly.*

Management Decision: M/MS and A/AID/ COO concur with Recommendations 1 and 2. Once Agency policy is updated, the revised conference policy will be issued as a Policy Notice and subsequently incorporated into USAID's Automated Directive System. The content of this policy and related procedures will be incorporated into training for Agency employees. This action will be completed by December 31, 2011.

Recommendation 3. *A/AID/COO notify offices and missions that total conference cost estimates must reflect the total cost to the Agency, and establish controls to enforce this requirement.*

Management Decision: A/AID/ COO concurs with Recommendation 3. A standard format to capture the total costs of conferences will be developed and implemented as a standard operating procedure as a part of the revision and update of the Agency's conference policy. Operating units, in Washington and overseas, will be required to provide conference cost estimates in the prescribed format. This action will be completed by December 31, 2011.

Recommendation 4. *A/AID/COO institute controls, which require his approval before conference-related costs may be included in USAID-funded awards.*

Management Decision: Implementation of this recommendation requires further examination and analysis to determine the impact to operations and to identify what policies and procedures would be required to achieve the intent of the recommendation. Consequently, USAID will provide a management decision by December 31, 2011.

Recommendation 5. *A/AID/COO adjust its reporting requirements to solicit Agency-wide information.*

Management Decision: A/AID/COO concurs with Recommendation 5. The COO, in conjunction with M/CIO, is developing a conference reporting system to capture data across Bureaus and Offices as well as overseas missions. . This action will be complete by March 1, 2012.

Recommendation 6. *A/AID/COO 1) Implement a rolling conference approval process and 2) include a limitation on late registration in the updated conference guidance.*

Management Decision: A/AID/COO concurs with Recommendation 6. A/AID/COO, in conjunction with M/CIO, is developing a conference reporting system, which will support a rolling conference approval process. The revised conference policy will establish guidelines for early registration. This action will be completed by March 1, 2012.

Recommendation 7. *A/AID/COO include in its updated conference guidance a requirement that cost estimates include a government facility among possible venues and that planners consider alternatives such as teleconferencing.*

Management Decision: A/AID/COO concurs with Recommendation 7. The revised guidance and new cost estimate form will incorporate the requirement to consider government facilities when planning conferences as well as other alternatives. This action will be completed by December 31, 2011.

Recommendation 8. *A/AID/COO require written justification when a commercial facility is selected over a government facility offered at a cheaper rate.*

Management Decision: A/AID/COO concurs with Recommendation 8. The revised conference policy will include the requirement that a justification be provided when a commercial facility is selected over a government facility offered at a cheaper rate. This action will be completed by December 31, 2011.

Recommendation 9. *M/MS hold a refresher course for travel arrangers, voucher examiners, and travelers on the current methods for calculating per diem.*

Management Decision: M/MS concurs with Recommendation 9 and will organize a refresher training on the current methods for calculating per diem. This action will be completed by December 31, 2011.

Recommendation 10. *We recommend that the Office of the Chief Financial Officer recover the \$90 overpayment to a staff member who received reimbursement using the all-inclusive method (See Appendix III).*

M/CFO concurs with Recommendation 10. M/CFO will work in collaboration with the Bureau and/or Mission to collect the \$90 overpayment made to the claimant whose travel claim submission utilized the inclusive methodology for lodging. This transaction will be completed by October 15, 2011.

Recommendation 11. *A/AID/COO require, as part of the approval process for a conference determined to be a training activity under 5 CFR 410.404, that the requester demonstrate essential training will occur during any Agency-provided meal where local staff attends.*

Management Decision: A/AID/COO concurs with Recommendation 11. The revised conference policy guidance will incorporate necessary provisions to comply with the Federal Travel Regulations. This action will be completed by December 31, 2011.

Recommendation 12. *A/AID/COO specify in its updated conference guidance that USAID conference attendees must declare all provided meals in their travel voucher.*

Management Decision: A/AID/COO concurs with Recommendation 12. The COO will include requirements in its conference guidance that employees must declare furnished meals and/or meals covered by conference registration fees in their Travel Authorizations to avoid double paying for meals. This action will be completed by December 31, 2011.

Recommendation 13. *M/MS develop controls for travel arrangers and voucher examiners to recognize and avoid duplicated payments for furnished meals for staff on travel duty.*

Management Decision: M/MS concurs with Recommendation 13. M/MS will develop and implement controls to recognize and avoid duplicated payments for furnished meals for staff on travel duty. This action will be completed by December 31, 2011.

Recommendation 14. *We recommend that the Office of the Chief Financial Officer recover \$4,890 in overpayments for furnished meals to staff for the conferences reviewed (see Appendix III).*

Management Decision: M/CFO concurs with Recommendation 14. M/CFO will work in collaboration with the Bureau and Mission (E&E, LAC, GH, and EGAT) to recover overpayments made to conference attendees as identified by the OIG for furnished meals that were claimed on their individual travel claim submission. These collection transactions will be completed by December 31, 2011.

TESTING RESULTS

The table below summarizes overpayments for four FY 2010 conferences reviewed. The names of travelers have been provided to the Office of the Chief Financial Officer; a summary of overpayments is provided to protect the privacy of the individuals.

Per Diem Overpayments by Bureau, FY 2010

Bureau	Conference Name and Location	Amount Overpaid (\$)
Europe and Eurasia	Europe and Eurasia 2010 Social Transition Workshop – Washington, D.C.	144
Latin America and Caribbean	2010 Economic Growth Conference – Panama City, Panama	4,010*
Global Health Bureau	2010 Antiretroviral Conference – Santo Domingo, Dominican Republic	364
Economic Growth and Trade	2010 Treasure, Turf and Turmoil – Bogotá, Colombia	462
Total		4,980

* \$90 of this is for the all-inclusive reimbursement method overpayment.