

VA Office of Inspector General

OFFICE OF AUDITS AND EVALUATIONS



Department of Veterans Affairs

*Audit of
Conference Management
for Fiscal Year 2014*

April 6, 2016
15-01227-129

ACRONYMS

CP	Conference Package
CTRO	Corporate Travel Reporting Office
FCR	Final Conference Report
FY	Fiscal Year
OALC	Office of Acquisition, Logistics, and Construction
OIG	Office of Inspector General
OMB	Office of Management and Budget
SES	Senior Executive Service
VA	Department of Veterans Affairs

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Highlights: Audit of VA's Conference Management for FY 2014

Why We Did This Audit

In September 2012, the Office of Inspector General issued *Administrative Investigation of the FY 2011 Human Resources Conferences in Orlando, Florida*, which identified inadequate controls resulting in wasteful spending. We conducted this audit of fiscal year (FY) 2014 conferences to assess the adequacy of the actions VA took to address identified control weaknesses. VA revised their conference policy and it was not finalized until March 2015. Thus conferences planned and completed under the revised policy were not available for review until early FY 2016, and therefore, were not included in our audit.

What We Found

While VA took actions to improve oversight and transparency of VA's conference planning and execution activities since 2012, we identified policy and oversight weaknesses that could undermine the cost-effectiveness of conferences and increase the risk of inappropriate spending. VA organizations did not comply with policy for 11 of 12 randomly selected FY 2014 conferences. VA organizations did not prepare Conference Packages in accordance with policy for 10 conferences with budgets totaling approximately \$11.6 million. VA organizations also did not prepare Final Conference Reports in accordance with policy for 11 of 12 conferences, with expenditures totaling approximately \$7.9 million.

Weaknesses in policy implementation occurred because VA did not issue adequate guidance, implement adequate review

procedures, or provide adequate accountability to ensure VA organizations complied with conference policies. These weaknesses contributed to VA reporting approximately \$3.9 million in conference expenditures to Congress that could not be adequately traced to source documentation to verify their accuracy and appropriateness.

What We Recommended

We recommended the Interim Assistant Secretary for Management improve controls over and ensure better compliance with VA's conference policy.

Agency Comments

The Interim Assistant Secretary concurred with the intent of four of six recommendations and provided action plans that, if implemented, should address our concerns identified in the six recommendations.

A handwritten signature in black ink that reads "Gary K. Abe".

GARY K. ABE
Acting Assistant Inspector General
for Audits and Evaluations

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INTRODUCTION

Objective

This audit was performed to assess the adequacy of VA actions taken to address control weaknesses identified during the Office of Inspector General's (OIG) investigation of two conferences held in Orlando, FL, during fiscal year (FY) 2011. Specifically, we examined planned and executed FY 2014 conferences for compliance with VA policy.

FY 2014 VA Conference Expenditures

As of October 2014, VA reported to Congress that VA had planned and conducted 596 conferences totaling approximately \$52.7 million in expenditures from October 1, 2013, through September 30, 2014.

FY 2012 Administrative Investigation

In September 2012, the OIG issued *Administrative Investigation of the FY 2011 Human Resources Conferences in Orlando, Florida* (Report No. 12-02525-291). The investigation identified inadequate administrative controls and confirmed allegations of wasteful expenditures related to the conferences.

VA Response to OIG 2012 Conferences Report

In response to the OIG conferences report, VA took administrative action against the responsible parties, and beginning in September 2012, issued a series of memorandums to strengthen controls over conference planning and execution. In December 2013, VA issued VA Directive and Handbook 0632, *Conference Planning, Execution, Reporting, and Oversight*, which consolidated the prior policy memorandums. VA Handbook 0632 defined a conference event as a meeting, retreat, seminar, symposium, or event, such as training, that involves attendee travel. The policy required VA organizations (Administrations and Staff Offices)¹ to use the Conference Package (CP) and Final Conference Report (FCR) as the primary methods to document the planning, approving, and reporting of VA conferences. The guidance also required the appointment of a Senior Executive Service (SES) official as the Responsible Conference Executive responsible for ensuring compliance with requirements for planning and executing a conference.

The CP details the purpose and budgeted expenditures for conferences costing \$20,000 or more. The Responsible Conference Executive was required to prepare and submit the CP to a Conference Certifying Official for review. The Conference Certifying Official was required to review and document CP compliance with VA policy, and then forward the package to the Approving Official. Conference approvers range from an SES official

¹VA has three Administrations: Veterans Health Administration, Veterans Benefits Administration, and National Cemetery Administration. Staff Offices, for the purposes of this audit, include the seven Assistant Secretaries and their support offices. Staff Offices also includes Staff Organizations such as the Office of Acquisition, Logistics, and Construction.

for conferences costing less than \$20,000 to the VA Secretary for a conference costing more than \$500,000.

According to VA Handbook 0632, the Responsible Conference Executive is also required to prepare and submit VA Form 10089a, *Final Conference Report*, to the Corporate Travel Reporting Office (CTRO) within 30 days of the completed conference. The FCR provides VA management with information about the conference start/end dates, number of attendees, and budgeted and actual expenditures by line item among other things. The FCR also allows VA management to assess whether the conference experienced a significant change in scope, and whether acquisition procedures for contractor support considered competition and the type of selection factors. In addition, the FCR provides VA management with the cost information necessary to prepare required quarterly congressional reports.

**VA Revision to
Conference
Policies**

In December 2014, in response to what VA officials considered burdensome planning and reporting policies, VA replaced VA Directive and Handbook 0632 with a new policy. The purpose of the new policy was to streamline conference planning and reporting procedures, which VA incorporated into VA's financial policy in March 2015.² The new policy increased the time to file a FCR from 30-days to 45-days after completion of a conference. In addition, the new policy eliminated the Conference Certifying Official and other existing controls such as:

- Allowing any General Schedule VA employee to serve as the Responsible Conference Executive instead of an SES official
- Discontinuing Corporate Travel Reporting Office review of CPs prior to submission to the Secretary or Deputy Secretary for approval
- Appendix A provides pertinent background information.
- Appendix B provides pertinent VA conference policy information.
- Appendix C provides details on our scope and methodology.
- Appendix D provides comments by the Interim Assistant Secretary for Management.

**Other
Information**

² VA *Financial Policies and Procedures*, Volume XIV, *Travel*, Chapter 10, *Conference Planning, Reporting and Oversight*, March 2015.

RESULTS AND RECOMMENDATIONS

Finding **VA Needs To Strengthen Conference Management Controls**

Since the OIG issued the September 2012 report identifying significant control weaknesses over VA conference planning and spending, VA took actions to improve oversight and transparency of VA's conference activities. VA adequately justified the bona fide need for the 12 conferences we examined. However, our audit identified weaknesses in the controls intended to ensure compliance with laws, regulations and VA policies, which if not addressed could undermine the cost-effectiveness of conferences and increase the risk of inappropriate spending.

We concluded that VA organizations did not fully comply with VA policy requirements for 11 of 12 randomly selected conferences that occurred during FY 2014. Specifically, VA organizations did not prepare 10 Conference Packages (CPs) in accordance with VA policy, which included budgets for attendee travel and contractor support totaling approximately \$11.6 million. Additionally, VA organizations did not prepare 11 Final Conference Reports (FCRs) in accordance with VA policy, which reported actual expenditures for attendee travel and contractor support totaling approximately \$7.9 million.

Weaknesses in policy implementation occurred because VA did not issue adequate guidance or implement adequate oversight procedures to ensure VA organizations submitted CPs and FCRs compliant with VA policy. In addition, VA did not provide adequate accountability to ensure that VA organizations complied with conference policies.

As a result, these weaknesses contributed to VA reporting approximately \$3.9 million in conference expenditures to Congress that could not be adequately traced to source documentation to verify their accuracy and appropriateness. While providing FCRs summarizing cost information for multiple events, VA organizations did not support their FCRs with breakouts of conference expenditures for each event held. The absence of conference expenditure breakouts for each event summarized in the FCRs prevented OIG evaluation of total reported expenditures.

Conference Packages Not Compliant With Policy

For the 12 randomly selected FY 2014 conferences, VA organizations submitted 10 Conference Packages that did not fully comply with VA policy. The 10 packages included attendee travel and contractor support budgeted for a total of approximately \$11.6 million. Of the 10 noncompliant packages, 6 packages had 2 or more instances of noncompliance with VA policy. For the remaining 2 of the 12 randomly selected conferences, one

conference did not require a CP and we did not identify issues with the other CP.

According to VA Handbook 0632, the Conference Certifying Official is required to review the CP for compliance with applicable law and policy, which is documented on VA Form 10008d, *Conference Certification Form*. Upon completing the review for compliance, the Conference Certifying Official submits the package to the Approving Official for approval to proceed with the conference.

For the 10 CPs, Conference Certifying Officials either incorrectly certified compliance with VA policy when the packages were missing required items or the package did not include the required signed certification form. For 9 of the 10 CPs, the Conference Certifying Officials signed VA Form 10008d certifying compliance and Approving Officials approved the conferences, even though the packages did not include all required forms used to document the intended purpose, anticipated costs, and request for Approving Official approval. For the remaining package, the Conference Certifying Official did not submit the required certification form and the Approving Official approved the conference without the certification and other required documentation.

Table 1 lists the 10 conferences and the types of noncompliance the Conference Certifying Officials and Approving Officials did not identify as requiring corrective action.

Table 1. Planned FY 2014 Conferences Lacking Adequate Support

VA Approved Conference Title	Conference Package Included Adequate Cost Analysis	Conference Package Was For a Single Event	Conference Package Included Required Forms
Civility, Respect and Engagement in the Workplace (CREW) Coordinator Training	No		No
Senior Resident Engineer (SRE) Training and Development Program Meeting	No		No
Advanced Coaches 201 (AC 201) Training		No	
Center of Innovation (COIN) Directors' Meeting	No		No
VA Acquisition Academy	No	No	No
VBA Challenge Session 2014-4 Training in FY 2014		No	
Executive Protection (EXPC) Training Course	No	No	No
68th Annual VA Voluntary Service (VAVS) National Advisory Committee Meeting	No		
Patient Aligned Care Team (PACT) Clinic Design Workshop-Lean Team Based Approach Conference		No	
28th National Veterans Golden Age Games	No		No

Source: OIG analysis of VA Conference Packages

Conference Packages Lack Adequate Cost Analysis

According to VA Handbook 0632 and VA's financial policy,³ VA organizations are required to document their cost comparison of at least three geographically diverse cities to ensure that the conference will be held in the most economical location. To accomplish the cost comparison, VA policy

³ VA Financial Policies and Procedures, Volume XIV, Travel, Chapter 10, Conference Planning, May 2014.

requires the analysis to consider factors such as the size, scope, location, number of VA attendees, and alternatives to a conference.

VA organizations did not perform required cost comparisons of at least three geographically diverse cities for seven CPs with a total budget of approximately \$7.5 million. Of the seven CPs, two packages were for training provided by a VA school, such as the VA Acquisition Academy in Frederick, MD. While eliminating the cost comparison requirement for use of a VA school could be appropriate, neither the handbook nor VA's financial policy provide any guidance specifically addressing the procedures that a VA school should follow. The absence of guidance addressing the procedures that a VA school should follow is a weakness that should be addressed in VA's conference policy.

The remaining five packages did not involve events provided by a VA school. For four of the five packages, VA organizations selected a specific location for the conference and did not compare the location to at least two other geographically diverse locations as required by VA policy. For one of the five packages, the VA organization documented a comparison of Washington, DC, Arlington, VA and Alexandria, VA, which does not satisfy the geographically diverse requirement in VA policy. Without performing the required cost comparison, VA was unable to demonstrate the cost effectiveness of the planned conferences.

Conference Packages Include Multiple Events

For 5 of the 12 conferences we examined, VA organizations did not prepare the CPs for each planned event. Instead, VA organizations prepared a single package for multiple events held on different days. The five packages included a total budget of approximately \$10.5 million.

This occurred because VA Handbook 0632 does not provide guidance defining if or when it would be appropriate for a CP to include multiple events held on different days, or if allowed, how to present the budget to ensure transparency for each event. In response to the lack of specific guidance regarding multiple events held on different days, VA organizations used different techniques to develop their CPs, and in some cases, submitted the CPs to different authority levels for approval. The following provides an example of how two VA organizations used different techniques to develop and then submit their CPs to dissimilar authority levels for approval.

- One VA organization prepared a memorandum in support of several hundred planned events without a cost estimate. A senior official in Office of Acquisition, Logistics, and Construction (OALC) approved the planned events. Ultimately, these events cumulatively cost approximately \$3.9 million, which should have, but did not result in a submission to the VA Secretary for approval during the planning process.
- Another VA organization prepared a single CP for multiple events held on different days with a total budget of approximately \$2 million. The

CP included separate cost comparisons for each of the 8 events planned to occur between June and August 2014. The VA organization submitted the package to the Acting Secretary who approved the CP.

Conference Packages Lack Required Forms

VA organizations must complete all requirements in VA Handbook 0632 before submitting a CP for conferences costing \$20,000 or more. As part of these requirements, the Responsible Conference Executive must prepare and include all forms identified in the appendix to the handbook. However, VA organizations did not include all required forms used to document the intended purpose and anticipated conference cost for 6 of 12 conferences with a total budget of approximately \$7.3 million.

For five of the six packages, VA organizations did not include VA Form 10008f, *Conference Package (CP) Checklist*, which ensures that a complete CP would be submitted to the Approving Official. For three of the six packages, VA organizations did not include VA Form 0907, *Strategic Communication Review*, which was used to detail the key points of the conference such as the purpose and anticipated cost. For one of the six, the Office of Security and Law Enforcement did not submit any of the other required forms and obtain approval prior to holding the Executive Protection Training Course in August 2014.

Final Conference Reports Did Not Comply With VA Policy

According to VA Handbook 0632, Conference Certifying Officials and Responsible Conference Executives are required to prepare VA Form 10089a, *Final Conference Report*, for conferences costing \$20,000 or more. The report must also be prepared for conferences costing less than \$20,000 when there are 50 or more attendees, which includes 1 or more VA employees. VA Form 10089a provides information that assists VA management with ensuring conferences support and advance the Department's mission. The form also allows VA management to assess whether a conference experienced a significant change in scope, and whether acquisition procedures for contractor support considered competition and the type of selection factors.

In addition, VA Form 10089a provides VA management with the cost information necessary to prepare required quarterly congressional reports. Therefore, the timely filing of these reports is essential for VA's compliance with this congressional requirement.

For 11 of 12 conferences, VA organizations submitted FCRs with approximately \$7.9 million in total expenditures that either:

- Did not provide all required information
- Lacked adequate cost support
- Were not submitted timely

Of the 11 FCRs, 8 FCRs had 2 or more instances of noncompliance with VA policy. Table 2 lists the 11 conferences and the types of noncompliance with VA policy.

Table 2. Noncompliant Final Conference Reports

VA Approved Conference Titles	Final Conference Report Complete	Final Conference Report Costs Supported	Final Conference Report Filed Timely
Civility, Respect and Engagement in the Workplace (CREW) Coordinator Training	No		
Senior Resident Engineer (SRE) Training and Development Program Meeting	No		No
Advanced Coaches 201 (AC 201) Training	No		No
Center of Innovation (COIN) Directors' Meeting			No
VA Acquisition Academy	No	No	No
VBA Challenge Session 2014-4 Training in FY 2014	No		
Home Based Primary Care Competency-Based Training	No		No
Executive Protection (EXPC) Training Course	No		No
68th Annual VA Voluntary Service (VAVS) National Advisory Committee Meeting	No		No
Patient Aligned Care Team (PACT) Clinic Design Workshop-Lean Team Based Approach Conference	No	No	
28th National Veterans Golden Age Games	No		No

Source: OIG analysis of VA Final Conference Reports

Incomplete Final Conference Reports

For 10 of the 11 noncompliant FCRs, VA organizations did not include complete required information. According to VA Handbook 0632, VA organizations are required to use VA Form 10089a, *Final Conference Report*, to report all required information for conferences costing \$20,000 or greater, or for conferences costing less than \$20,000 when there are 50 or more attendees, which includes 1 or more VA employees. The

10 noncompliant FCRs reported actual expenditures for attendee travel and contractor support totaling approximately \$7.8 million.

For 1 of 10 noncompliant FCRs, the VA organization did not submit the required VA Form 10089a, *Final Conference Report*, to report expenditures totaling approximately \$3.9 million. Instead of using the required form, the VA organization used a superseded, noncompliant form that did not provide required information. The missing information included, among other things, how the conference advances VA's mission or whether acquisition procedures for contractor support considered competition and the type of selection factors. For the remaining nine conferences, the following provides examples of the information that was not included in the required forms.

- For nine FCRs, VA organizations did not provide the required information regarding a substantial change in scope from the approved CP. Specifically, eight reports did not indicate that a substantial change in scope from the approved CP occurred or provide a required explanation. The remaining report indicated that a substantial change in scope from the approved CP occurred, but did not include the required explanation. VA Handbook 0632 specifically defined that a “substantial change includes any change to scope (such as lower number of attendees).”
- For two of nine FCRs, the reports did not include required information about contractor support. For one report, the Administration provided conflicting information, such as indicating the conference did not require contractor support and that the contract was awarded competitively. For the other report, another Administration indicated the conference required contractor support and the contract was awarded competitively, but did not provide the required evaluation factors used to select the contractor.

*Final
Conference
Report Includes
Unsupported
Costs*

VA organizations completed two FCRs that included approximately \$3.9 million in costs for attendee travel, contractor support, and other conference costs unsupported by adequate documentation. According to VA Handbook 0632, Conference Certifying Officials and Responsible Conference Executives are required to prepare FCRs to document conference expenditures, and the conference was executed in accordance with applicable regulations and VA policies. However, VA organizations were unable to substantiate \$3.9 million in reported expenditures included in the FCRs with adequate supporting documentation when requested as part of the OIG sample analysis.

For the two FCRs, both VA organizations provided summary-level cost information for multiple events held on different days. However, neither VA organization supported the FCR with individual reports detailing attendee travel, contractor support, and other conference costs for each of the multiple

events. While both VA organizations made source documentation available to the OIG audit team, the absence of individual reports for each of the events summarized by the two FCRs prevented an accurate accounting for and evaluation of the total reported costs. Without a breakout by event, we were unable to determine whether the total amounts for travel, contractor support and other conference costs in VA's source documents supported the summary-level costs reported in the two FCRs.

*Final
Conference
Report Not
Filed Timely*

According to VA Handbook 0632, Conference Certifying Officials and Responsible Conference Executives are required to prepare VA Form 10089a, *Final Conference Report*. This form provides VA management with the cost information necessary to prepare required quarterly congressional reports. Therefore, the timely filing of these reports is essential for VA's compliance with congressional requirements.

However, VA organizations did not submit 8 of 12 FCRs within the 30-day VA timeliness standard, which is essential for VA to meet its quarterly congressional reporting obligations. The eight reports were submitted an average of 127 days after the conference end dates. One VA organization still had not submitted the required FCR 325 days (as of February 19, 2015) after the conference end date. The eight reports included expenditures for attendee travel and contractor support totaling approximately \$7.6 million.

Extending VA's timeliness standard in VA Handbook 0632 from 30 to 45 days in the March 2015 policy would not have significantly improved compliance. Specifically, VA organizations still would not have submitted 6 of the 12 FCRs in our sample timely. Based on a 45-day timeliness standard and using the same evaluation period of February 19, 2015, these six reports would have been submitted an average of 158 days after the conference end date.

*Cause for
Noncompliance
With Law and
Policies*

We determined that noncompliance with conference policy occurred because VA did not provide adequate guidance and oversight for the planning and reporting of conference activities. In addition, VA did not provide adequate accountability to ensure that VA organizations complied with conference policies.

VA Handbook 0632 incorporated the definition of a conference found in Federal Travel Regulations, which primarily establishes that a conference is an event involving attendee travel. However, VA did not include guidance in the handbook to eliminate confusion about what constitutes a conference, or how that information should be accumulated and presented to foster a consistent and transparent approach. For example, VA did not include instructions in the handbook requiring VA organizations to prepare a CP for each event involving attendee travel for conferences budgeted for \$20,000 or more. In addition, VA did not provide specific instructions for when a single CP may be used to summarize the budgets for multiple events held on

different days and how to present budgeted costs to ensure adequate line item detail of each of the planned multiple events. Nor did VA provide instructions for preparing the associated FCR to allow an evaluation of each event's budget to actual expenditures.

The handbook required Conference Certifying Officials to review all CPs for compliance with regulations and policy. However, the policy excluded compliance verification of some planning requirements. For example, VA Form 10008d, *Conference Certification Form*, did not include determining whether a required cost comparison of potential conference sites had been completed.

In addition to the Conference Certifying Official's review, CTRO was also required to review CPs with a budget of \$100,000 or more to ensure these packages contain all applicable information and justification for the conference. However, the CTRO submitted six CPs meeting this threshold to the Approving Official for approval even though the packages did not include all required forms used to document the intended purpose or anticipated costs.

While VA policy required a review of CPs, VA Handbook 0632 did not require a similar review of FCRs. Instead, the handbook only required the Responsible Conference Executive to prepare the FCR, and the CTRO to ensure VA organizations document and archive FCRs. Despite the lack of a review requirement, the CTRO reviewed 7 of the 12 FCRs we selected for our audit. However, the CTRO did not identify instances of noncompliance similar to those included in this report, such as incomplete FCRs and unsupported costs. In addition, the handbook did not address the aspect of accountability, such as providing a procedure to report VA organizations' instances of noncompliance with conference policies to a level within VA that can ensure compliance.

According to a senior Office of Finance representative, VA organizations' noncompliance with policy occurred because VA's conference policies established procedures that were rigid and burdensome. A senior Office of Finance representative also asserted the Secretary directed the Office of Management to streamline existing conference policy to reduce the burden that existing conference policy placed on VA organizations. In addition, a senior Office of Finance official stated the policy lacked enforcement authority for instances of noncompliance, and they have no ability to force VA organizations to comply beyond appealing to them directly. This represents a weakness in the policy and increases the likelihood that VA organizations will not implement policy requirements.

*Lack of
Controls
Continues in
Revised Policy*

In December 2014, VA replaced VA Directive and Handbook 0632 with new guidance to streamline the conference planning and reporting procedures, which was incorporated into VA's financial policy in March 2015. However, some of the policy changes unnecessarily weaken or eliminate important internal controls. For example, the revised policy eliminated the segregation of duties between the Responsible Conference Executive preparer and Conference Certifying Official reviewer for all CPs, which establishes a material control weakness in the review process. The revised policy also negates an important control for conferences with budgets of \$100,000 or more by eliminating CTRO review of CPs prior to VA organizations submitting the CP for Deputy Secretary or Secretary approval. While the new policy may make conference planning and reporting procedures less burdensome to VA organizations, the changes in policy, in our opinion, have weakened controls needed to ensure conferences are cost effective and reduce the risk of inappropriate spending.

Conclusion

While VA took actions to improve oversight and transparency of VA's conference planning and execution activities since 2012, VA Handbook 0632 did not include adequate guidance for planning and reporting of conferences, or adequate accountability to ensure compliance by VA organizations. As a result of the weaknesses in policy design and accountability, we identified a high rate of noncompliance with VA policy in the 12 conferences included in our sample. In addition, these weaknesses contributed to VA reporting approximately \$3.9 million in conference expenditures to Congress that could not be adequately traced to source documentation to verify their accuracy and appropriateness. We also believe that changes to controls and procedures instituted in December 2014 and incorporated into VA's financial policy in March 2015, while potentially reducing the burden on VA organizations, increases the risk of inappropriate and unnecessary spending. Accordingly, VA should reconsider some of these changes.

Recommendations

1. We recommended the Interim Assistant Secretary for Management update existing guidance to address if and when a Conference Package may be used to summarize the budgets for multiple events and how to present the budget for each event to ensure adequate line item detail for each event.
2. We recommended the Interim Assistant Secretary for Management update existing guidance to address how to present line item detail of expenditures in the Final Conference Reports if the approved Conference Package was for multiple events to ensure traceability to source documents.

3. We recommended the Interim Assistant Secretary for Management establish review procedures that ensure Conference Packages and Final Conference Reports comply with law and VA policy and report the results to the Deputy Secretary or VA Chief of Staff.
4. We recommended the Interim Assistant Secretary for Management update existing policy to provide adequate accountability to ensure that VA organizations comply with conference policies.
5. We recommended the Interim Assistant Secretary for Management update existing policy to reinstate the Conference Certifying Official as the reviewer of the Conference Package instead of the Responsible Conference Executive.
6. We recommended the Interim Assistant Secretary for Management update existing policy to reinstate the Corporate Travel Reporting Office review of Conference Packages with a budget of \$100,000 or more before submitting the package for Deputy Secretary or Secretary approval.

**Management
Comments and
OIG Response**

The Interim Assistant Secretary for Management agreed, in general, with our findings that conference policy and procedures in place in FY 2014 needed improvement. The Interim Assistant Secretary stated that VA also recognized that the policy in place during this time required changes and took action between December 2014 and March 2015 to improve both the policy and procedures. He also stated that VA implemented the updated policy in March 2015, and therefore the OIG findings do not reflect VA's current oversight policy or procedures.

The Interim Assistant Secretary stated that our audit of FY 2014 conferences did not reflect current procedures that were fully implemented by VA financial policy in March 2015. Since the new policy was not finalized until March 2015, conferences planned and completed under the revised policy were not available until early FY 2016, and therefore, were not included in our audit.

The Interim Assistant Secretary concurred with the intent of Recommendations 1 through 4, but did not concur with Recommendations 5 and 6. However, the Interim Secretary provided action plans that, if implemented, should address our concerns identified in the six recommendations. The Interim Assistant Secretary also included a series of comments on our report, which we address below.

The Interim Assistant Secretary was responsive to concerns about VA policy for conference planning and execution, and addressed Recommendations 1 through 4 by indicating that policy will be updated by January 2017.

These recommendations could be closed when VA implements the planned actions.

For Recommendation 4, the Interim Assistant Secretary was concerned with our use of the term "enforcement authority" because it implies a legal violation or action. To address his concern, we replaced "enforcement authority" with the term "accountability" in our recommendation. In addition, providing VA organizations with the results of Office of Finance's review of their conference packages and Final Conference Report should improve accountability and compliance with VA's policy. However, to further strengthen the policy, we suggest the Interim Assistant Secretary require responsible VA organizations to report the actions taken to address identified issues to the Office of Finance. The Interim Assistant Secretary could also require the Office of Finance to report organizations deemed to be nonresponsive to the Deputy Secretary or VA Chief of Staff.

In regard to Recommendation 5, the Interim Assistant Secretary for Management's response to Recommendation 3 would require VA organizations to establish compliance review procedures for planned and executed conferences within their organization. If the VA organizations' procedures maintain the separation of duties between the individual performing the compliance review and the Responsible Conference Executive, we would consider these actions sufficient to close this recommendation.

In regard to Recommendation 6, the Interim Assistant Secretary stated the Office of Finance will perform compliance reviews of VA organizations' Conference Packages and Final Conference Reports. Once the Office of Finance fully implements the new review procedures, we would consider these actions to be sufficient to close this recommendation.

In response to our report stating that VA reported to Congress approximately \$3.9 million in conference expenditures that were not adequately supported, the Interim Assistant Secretary for Management stated that VA provided supporting documentation to our audit team. While Office of Acquisition, Logistics, and Construction (OALC) did provide documentation, it did not include complete information supporting the approximately \$3.9 million in travel and contractor support expenditures as reported in the FCR. Even after working with OALC for more than 8 months, we were unable to reconcile either the accuracy or traceability of the approximately \$3.9 million in the OALC's FCR with the provided documentation.

For example, OALC reported in their FCR that VA funded travel for 1,138 individuals to attend courses at VA's Acquisition Academy in Fredrick, MD, between January 1 and March 31, 2015. However, the documentation OALC provided in support of attendee travel indicates that only 985 individuals were reimbursed for travel expenses during the time

period, or 153 (13 percent) fewer travelers. In addition, the OALC provided documentation did not include information, such as course and work locations. In order to evaluate travel reimbursement eligibility, the Responsible Conference Executive would have needed this information to assess the eligibility of 720 individuals in a list of course attendees that were not identified in the attendee travel documentation. More importantly, the documentation provided to support attendee travel indicates that 73 individuals may have been reimbursed for travel when there is no record of these individuals attending courses at VA's Acquisition Academy between January and March 2015.

OALC also provided documentation to support contractor costs reported in the FCR as part of the approximately \$3.9 million in total reported cost. However, the OALC provided documentation did not include basic information such as invoice numbers. Our evaluation disclosed that almost 50 percent of the contractor costs could not be verified using other means, such as contract documentation in VA's Electronic Contract Management System. For example, contract documentation for some courses provided only a lump sum amount, but did not provide a listing of individual courses and the associated costs. For other courses, the contract documentation did not include the course identifying information the Responsible Conference Executive would have needed to support the contractor cost.

The large discrepancies in conference attendee travel and the inability to trace contractor costs to source documents, places in question the accuracy of \$3.9 million reported to Congress, as required by Section 517 of U.S.C Title 38. Considering that OALC did not provide support for these costs since first requested by us in March 2015, it is unlikely adequate documentation was available to the Responsible Conference Executive to validate the accuracy and completeness of costs prior to signing off on the FCR on April 9, 2014. Without such documentation, the attestation by the Responsible Conference Executive of these costs cannot be relied upon and places the integrity of the policy in question.

In response to our report identifying inadequate guidance and oversight procedures contributing to the weaknesses in policy implementation, the Interim Assistant Secretary for Management asserted the guidance established by the superseded VA policy was adequate. He also asserted the oversight and documentation instituted by this VA policy was not necessary. We do not agree with the Interim Assistant Secretary's assertions. Specifically, we identified errors in 11 (92 percent) of the 12 conferences included in our sample, which occurred because of a lack of adequate guidance and ineffective oversight.

The Interim Assistant Secretary's response did not challenge the accuracy of our audit results and the 92 percent error rate in the sample. The Interim Assistant Secretary's directing the Office of Finance to revise current

guidance would seem to be acknowledgment that the policy contained weaknesses that increased the likelihood of noncompliance with the policy. Furthermore, some of the “streamlining” instituted as early as December 2014, while intending to address what the Interim Assistant Secretary asserted was a complex and burdensome processes, weakened the controls established by VA Handbook 0632 to ensure conferences were cost-effective and reduce the risk of inappropriate spending. Until action plans enumerated in response to our recommendations are put into place, these weaknesses in conference planning and oversight will persist.

Appendix A Background

Mismanagement of VA Human Resource Conference Expenditures

In FY 2012, the OIG opened an administrative investigation after receiving allegations of wasteful expenditures related to VA Human Resource conferences held in Orlando, FL, in July and August 2011. The OIG issued *Administrative Investigation of the FY 2011 Human Resources Conferences in Orlando, Florida* (Report No. 12-02525-291) in September 2012, which confirmed allegations of wasteful expenditures. Of the approximately \$6.1 million in expenditures for the two conferences, the investigation questioned approximately \$762,000 (12 percent) as unauthorized, unnecessary, and/or wasteful expenses. The investigation also found that:

- VA employees inappropriately accepted gifts from contractors seeking to do business or already doing business with VA.
- Senior VA officials did not take the appropriate actions to ensure actual conference costs remained within the budgeted amounts.
- VA employees involved in conference planning conducted inappropriate and unnecessary pre-planning site visits.
- VA could not account for all conference-related costs more than a year after the conferences took place.
- VA did not effectively plan or manage the firm-fixed-price contract with the conference hotel to support the conferences.
- VA employees exceeded authority for conference-related purchases on numerous occasions.

The OIG final report included 49 recommendations. The first 18 recommendations related to personnel actions. The remaining 31 recommendations addressed conference oversight concerns, such as:

- Establishing the justification for and authority level to approve a conference
- Complying with contracting and purchase card use requirements
- Improving methods for monitoring interagency agreements
- Developing a system for tracking estimated and final conference costs

VA Response to OIG 2012 Conferences Report

In response to the recommendations, VA took administrative action against the responsible parties. VA also issued new policy intended to ensure compliance with applicable Federal laws, regulations and VA policies.

The following provides a partial list of the issued guidance.

- VA Chief of Staff issued, *Department of Veterans Affairs (VA) Conference Oversight*, on September 26, 2012, which updated existing conference guidance.
- VA Chief of Staff issued, *Training Support Office*, on October 11, 2012, which established a new office to facilitate conference reviews and provide guidance.
- VA Chief of Staff issued, *Quarterly Conference Planning Briefing Cycle*, on November 14, 2012, which required adherence to the conference planning briefing schedule and defined a conference.
- Secretary of VA issued, *Memorandum for Under Secretaries, Assistant Secretaries, and Other Key Officials*, on June 4, 2013, which established conference approval authorities.
- VA Chief of Staff issued *VA Conference Quarterly Approvals and Conference 'Streamlining' Initiatives*, on August 12, 2013, which was to improve conference and training event approval procedures.

On December 23, 2013, VA issued VA Directive 0632 and VA Handbook 0632, *Conference Planning, Execution, Reporting and Oversight*, consolidating the guidance in various conference memorandums issued by the VA Secretary and Chief of Staff into a single policy.

Appendix B VA Conference Policy and Reporting Requirements

VA Handbook 0632

VA Handbook 0632 defined a conference event as a meeting, retreat, seminar, symposium, or event that involves attendee travel. The handbook also incorporated training into the definition of a conference event. In addition, the handbook required VA organizations to use the CP and FCR as the primary methods to document the planning, approving, and reporting of all VA conferences. The guidance also required the appointment of an SES as a Responsible Conference Executive who is required to ensure compliance with conference planning and execution requirements.

Conference Package

During the planning of a conference, VA organizations are required to prepare a CP for all conferences expected to cost \$20,000 or more. After the Administration or Staff Office completes VA Form 10008e, *Conference Responsibility Designations*, the Responsible Conference Executive is required to complete six of the remaining seven forms and submit all seven forms to a Conference Certifying Official for review. The Conference Certifying Official is required to review the submitted forms, document compliance with law, regulation and VA policy on VA Form 10008d and then forward the complete package to the Approving Official. The following provides the Approving Official's level of authority to approve a conference.

- **Conferences Requiring VA Secretary Approval:** These conferences are each estimated to cost more than \$500,000. The Secretary's approval is also required by OMB Memorandum M12-12, *Promoting Efficient Spending to Support Agency Operations*, issued in May 2012.
- **Conferences Requiring VA Deputy Secretary Approval:** These conferences are each estimated to cost more than \$100,000 and up to \$500,000.
- **Conferences Requiring VA Under Secretary and/or Assistant Secretary Approval:** These conferences are each estimated to cost between \$20,000 and \$100,000.
- **Conferences Requiring an SES within the Particular VA Organization Approval:** These conferences are each estimated to cost less than \$20,000.

Final Conference Reports

VA Handbook 0632 requires VA organizations to prepare VA Form 10089a, *Final Conference Report*, for conferences costing \$20,000 or greater; or for conferences costing less than \$20,000, with 50 or more attendees, and one or more of whom is a VA employee. The policy also requires VA organizations to submit FCR to the Corporate Travel Reporting Office within 30 days after completing the conference. VA Form 10089a provides VA management with information about the actual conference dates, number of attendees, and conference budgeted and actual expenditures by line item. The FCR also provides VA management with a summary of whether:

- Post-Conference Certification was submitted within 15 days after the conference end date.
- Conference spending was within the conference budget and properly recorded.
- Conference experienced a substantial change in scope from the approved CP.
- Conference required contractor support, whether acquisition procedures for contractor support considered competition, and the list of cost comparison factors used to evaluate potential contractors.
- Cost variance between the conference budget and actual cost was 5 percent or more.

In addition, VA Handbook 0632 requires the Responsible Conference Executive to prepare a written justification when the conference experiences a substantial variance in approved cost or scope. The conference, together with the written justification, must be resubmitted to the appropriate approval official, who is required to reauthorize the conference if appropriate. The policy provides the following definition of a substantial variance:

- Deviations of 5 percent above the approved conference budget
- Any change to scope such as a lower than planned conference attendance
- Location change

**Corporate
Travel
Reporting
Office**

In October 2012, VA established the Training Support Office as part of the Office of the Secretary. In October 2013, the Training Support Office was transferred to the Office of Management and renamed the Corporate Travel Reporting Office. During FY 2014, VA Handbook 0632 made the Corporate Travel Reporting Office responsible for facilitating the review and approval of CPs for conferences expected to cost \$100,000 or more. The Corporate Travel Reporting Office was also required to ensure these CPs contained all applicable information and VA organizations thoroughly develop and document required justifications. In addition, the Corporate Travel Reporting Office was required to:

- Provide guidance and assistance to VA organizations
- Track conferences costing \$20,000 or more, or costing less than \$20,000 when there are 50 or more attendees, which include 1 or more VA employee(s)
- Verify VA organizations appoint a separate SES official or equivalent as a Conference Certifying Official and Responsible Conference Executive
- Prepare quarterly congressional and other required conference reports

**VA Revision to
Conference
Policies**

In December 2014, VA replaced VA Directive and Handbook 0632 with new guidance intended to streamline the conference planning and reporting procedures, which the Assistant Secretary for Management incorporated into VA's financial policy in March 2015. The new policy provided VA organizations more time to submit Final Conference Reports by increasing the date to file the report from 30-days to 45-days after completion of a conference. However, the new policy eliminated what we consider to be important controls, such as the:

- Conference Certifying Official and made the Responsible Conference Executive responsible for both preparing and certifying the CP complies with law and policy
- Requirement that an SES official serves as the Responsible Conference Executive and allows any General Schedule VA employee to serve as the Responsible Conference Executive
- Corporate Travel Reporting Office review of CPs prior to submission to the Secretary or Deputy Secretary for approval

**Public Law
112-154**

In August 2012, Congress enacted Public Law 112-154, Honoring America's Veterans and Caring for Camp Lejeune Families Act of 2012. Among other things, the Act requires VA to provide Congress with a report detailing by conference an accounting of final conference travel, contractor support, and other conference costs incurred during the quarter preceding the date of the report. The Act defines a reportable conference as a conference, meeting, or other similar forum that is sponsored or co-sponsored by VA, which costs \$20,000 or more, or costs less than \$20,000 and there are 50 or more attendees, which include 1 or more VA employee(s).

**FY 2014
Conferences**

As of October 2014, VA reported to Congress the Department planned and conducted 596 conferences during FY 2014. VA's quarterly reports included approximately \$52.7 million in expenditures for attendee travel and contractor support for 442 of the 596 conferences, which consisted of the following:

- **Conferences Requiring VA Secretary Approval:** 17 conferences each with a budget of more than \$500,000 with total reported expenditures of approximately \$28.3 million. The Secretary's approval is also required by OMB Memorandum M12-12, *Promoting Efficient Spending to Support Agency Operations*, issued in May 2012.
- **Conferences Requiring VA Deputy Secretary Approval:** 34 conferences each with a budget of more than \$100,000 and up to \$500,000 with total reported expenditures of approximately \$6.8 million.
- **Conferences Requiring an Under Secretary and/or Assistant Secretary Approval:** 376 conferences each with a budget of between

\$20,000 and \$100,000 with total reported expenditures of approximately \$17.4 million.

- **Conferences Requiring an SES within the Particular Organization Approval:** 15 conferences each with a budget less than \$20,000, but with 50 or more attendees, 1 of whom is a VA employee, with total reported expenditures of approximately \$220,000.

Appendix C Scope and Methodology

Scope

We performed audit work from January 2015 through February 2016. We selected a random sample of 10 conferences for attribute testing from VA's quarterly reports of conference expenses to Congress for FY 2014. In addition, we selected a random sample of 2 conferences for attribute testing from VA's annual report to OIG that did not appear to be included in VA's reports to Congress.

Methodology

We tested management controls to ensure VA organizations complied with Federal laws and policies when planning, approving, and reporting conferences. Our methodology included reviewing applicable laws, regulations, and OMB and VA policy. We interviewed representatives of VA Office of Finance, Corporate Travel Reporting Office, and Office of Acquisition and Logistics at VA Central Office in Washington, DC.

We used stratified random sampling to select 12 conferences as follows:

- Two conferences with reported cost of more than \$500,000 and requiring approval by the Secretary
- Two conferences with reported cost of more than \$100,000 and up to \$500,000 and requiring approval by the Deputy Secretary
- Two conferences with reported cost between \$20,000 and \$100,000 and requiring approval by an Under Secretary or Assistant Secretary
- Two conferences with reported cost less than \$20,000 and requiring approval by an SES within an organization
- Two conferences listed in the congressional report with no reported cost
- Two conferences reported to the OIG, but not in the corresponding report to Congress

To test management controls, we evaluated the CPs and FCRs associated with the 12 randomly selected conferences located on the Corporate Travel Reporting Office's SharePoint website. We evaluated the CPs for completeness and compliance with VA policy. We also evaluated the completeness of costs reported in the FCRs by tracing attendee travel, contractor support, and other conference cost to source documentation.

Table 3 lists the 12 conferences the OIG selected for examination and budgeted and actual expenditures reported to the VA Corporate Travel Reporting Office.

Table 3. Conferences OIG Selected for Examination

VA Approved Conference Titles	VA Office	Budgeted Expenditures	Actual Expenditures
Civility, Respect and Engagement in the Workplace (CREW) Coordinator Training	VHA	\$64,666	\$22,824
Senior Resident Engineer (SRE) Training and Development Program Meeting	OALC	\$28,347	\$34,870
Advanced Coaches 201 (AC 201) Training	VBA	\$1,952,689	\$1,435,989
Center of Innovation (COIN) Directors' Meeting	VHA	\$72,678	\$33,885
VA Acquisition Academy	OALC	\$6,323,264	\$3,860,246
VBA Challenge Session 2014-4 Training in FY 2014	VBA	\$2,021,168	\$1,599,982
Home Based Primary Care Competency-Based Training	VHA	\$154,845	\$100,177
Executive Protection (EXPC) Training Course	OSP	\$35,400	\$19,208
68th Annual VA Voluntary Service (VAVS) National Advisory Committee Meeting	VHA	\$171,251	\$114,953
Site Visit to VA Debt Management Center	OM	\$0	\$4,266
Patient Aligned Care Team (PACT) Clinic Design Workshop-Lean Team Based Approach Conference	VHA	\$166,144	\$140,738
28th National Veterans Golden Age Games	OPIA	\$759,740	\$491,725

Source: OIG analysis of VA Final Conference Reports

Abbreviations used in Table 3:

OALC = Office of Acquisition, Logistics, and Construction; OM = Office of Management; OPIA = Office of Public and Intergovernmental Affairs; OSP = Office of Operations, Security, and Preparedness; VBA = Veterans Benefits Administration; VHA = Veterans Health Administration

**Data
Reliability**

We used computer-generated data from the FY 2014 quarterly reports VA submitted to Congress, covering the period of October 1, 2013, through September 30, 2014. We reconciled conference information in VA's quarterly reports to Congress to conference information in VA's annual report to OIG. To test the reliability of the data, we performed basic checks, such as checking for missing information and duplicate records. We compared relevant electronic data for attendee travelers with source documentation from Fed Traveler and Concur Federal travel programs. We also compared relevant electronic data for contractor support with source documentation in VA's Electronic Contract Management System. We consider the computer-generated data to be sufficiently reliable to support our audit objective, conclusion, and recommendations.

**Government
Standards**

Our assessment of internal controls focused on those controls relating to our audit objectives. We conducted this performance audit in accordance with generally accepted government auditing standards. These 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.

Appendix D Management Comments

Department of Veterans Affairs

Memorandum

Date: February 11, 2016
From: Interim Assistant Secretary for Management and Interim Chief Financial Officer (004)
Subj: Office of Inspector General (OIG) Draft Report, Audit of Fiscal Year (FY) 2014 Conference Management
To: Assistant Inspector General for Audits and Evaluations (52)

1. Thank you for the opportunity to participate in the audit of VA's conference management. We appreciate the work your staff has conducted to help us strengthen our conference oversight policies and procedures. We have reviewed the draft report and, in general, concur with the findings. OIG concluded that the conference policy and procedures in place in FY 2014 needed improvement. VA also recognized that the policy in place during this time required changes, and took action to improve both the policy and procedure between December 2014 and March 2015. The updated policy was implemented in March 2015, and therefore the OIG findings do not reflect VA's current oversight policy and procedures. The audit, however, does identify other areas where additional improvements can be made.

2. While OIG did identify areas of noncompliance with the execution of the policy and processes that were in place, no instances of wasteful spending, abuse, or misuse of funds were identified. VA takes its planning and execution of conferences seriously, and believes that the new policy revision and subsequent procedures ensures proper spending and accountability.

3. Attached is the requested response for each recommendation. An appropriate implementation plan with a target completion date or an alternative corrective action has been included for recommendations with which we concur. Also, attached is a listing of statements of fact with additional clarifying information for your consideration.

4. If you have any questions, please call me, or have a member of your staff contact Jared Martin, Deputy Director, Financial Services Center, at (512) 460-5001.

(Original signed by:)

EDWARD J. MURRAY

Attachments

OFFICE OF MANAGEMENT

Action Plan

Draft OIG Report – Audit of Fiscal Year 2014 Conference Management

Date of Draft Report: 1/15/2016

Recommendations/ Actions	Status	Target Completion Date
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OIG Recommendations

Recommendation 1. We recommended the Interim Assistant Secretary for Management update existing guidance to address if and when a Conference Package may be used to summarize the budgets for multiple events and how to present the budget for each event to ensure adequate line item detail for each event.

OM Comments: Concur with intent

The Office of Management (OM) concurs that VA conference policy must be updated to clarify when a conference package for multiple events may be prepared. The Office of Finance (OF) will update existing guidance on what entities are allowed to bundle events and how to properly report and track expenses for bundled events at the appropriate level.

To complete this action, OF will provide the following documentation:

- 1) Updated VA Financial Policies and Procedures, Volume XIV, Travel, Chapter 10, Conference Planning, Reporting and Oversight

Status: In process

Target Completion Date: January 2017

Recommendation 2. We recommended the Interim Assistant Secretary for Management update existing guidance to address how to present line item detail of expenditures in the Final Conference Reports if the approved Conference Package was for multiple events to ensure traceability to source documents.

OM Comments: Concur with intent

OM concurs that VA conference policy must be updated to clarify when a Final Conference Report for multiple events may be prepared. OF will update existing guidance on what entities are allowed to bundle events and how to properly report and track expenses for bundled events at the appropriate level.

To complete this action, OF will provide the following documentation:

- 1) Updated VA Financial Policies and Procedures, Volume XIV, Travel, Chapter 10, Conference Planning, Reporting and Oversight

Status: In process

Target Completion Date: January 2017

Recommendation 3. We recommended the Interim Assistant Secretary for Management establish review procedures that ensure Conference Packages and Final Conference Reports comply with law and VA policy and report the results to the Deputy Secretary or VA Chief of Staff.

OM Comments: Concur with intent

The Department has streamlined VA conference policy in line with the intent of recent clarification from the Office of Management and Budget and to ensure that accountability lies within the program office responsible for the conference. OF will revise existing policy to require Administrations and Staff Offices to establish review procedures that ensure conference packages and Final Conference Reports comply with law and VA policy. In addition, OF will provide the results of the completeness and timeliness of conference packages and Final Conference Reports on a quarterly basis to the Interim Assistant Secretary for Management and the appropriate Under Secretary, Assistant Secretary or other Key Official within the Department.

To complete this action, OF will provide the following documentation:

- 1) Updated VA Financial Policies and Procedures, Volume XIV, Travel, Chapter 10, Conference Planning, Reporting and Oversight

Status: In process

Target Completion Date: January 2017

Recommendation 4. We recommended the Interim Assistant Secretary for Management update existing policy to provide adequate enforcement authority to ensure that VA organizations comply with conference policies.

OM Comments: Concur with intent

OM agrees that all VA organizations must comply with existing conference policy, but recommends that policy is updated to provide adequate "accountability" rather than "enforcement authority" which implies a legal violation or action. In order to inform Departmental leadership of their office's compliance with policy, OF will provide the results of the completeness and timeliness of conference packages and Final Conference Reports on a quarterly basis to the Interim Assistant Secretary for Management and the appropriate Under Secretary, Assistant Secretary or other Key Official within the Department.

Status: N/A

Target Completion Date: N/A

Recommendation 5. We recommended the Interim Assistant Secretary for Management update existing policy to reinstate the Conference Certifying Official as the reviewer of the Conference Package instead of the Responsible Conference Executive.

OM Comments: Non-concur

The revised conference policy, VA Financial Policies and Procedures, Volume XIV, Travel, Chapter 10, Conference Planning, Reporting and Oversight, March 2015, was streamlined to ensure accountability was placed with a single individual responsible for planning and executing conferences. The prior Conference Certifying Official review functions were similar to the Responsible Conference Executive functions and created unnecessary duplication and confusion regarding who had accountability over the conference. Instituting a single review official is a more efficient process, and increases the ability of the Department to hold a single individual accountable for conference planning and execution.

Status: N/A

Target Completion Date: N/A

Recommendation 6. We recommended the Interim Assistant Secretary for Management update existing policy to reinstate the Corporate Travel Reporting Office review of Conference Packages with a budget of \$100,000 or more before submitting the package for Deputy Secretary or Secretary approval.

OM Comments: Non-concur

The revised conference policy, VA Financial Policies and Procedures, Volume XIV, Travel, Chapter 10, Conference Planning, Reporting and Oversight, March 2015, was streamlined to ensure that accountability was placed with a single individual responsible for planning and executing conferences, and to place responsibility for the quality of the packages on the Administrations and Staff Offices. Additionally, since implementation of the new policy, we have instituted reviews of completed conference packages, and our reviews do not indicate that the prior Corporate Travel Reporting Office review process requires reinstatement at this time.

Status: N/A

Target Completion Date: N/A

OFFICE OF MANAGEMENT

Statements of Fact

Draft OIG Report – Audit of Fiscal Year 2014 Conference Management

Date of Draft Report: 1/15/2016

Statement/Response

Item/Page Number

Item 1 – Page i

Audit Statement: “As a result, VA reported to Congress approximately \$3.9 million in conference expenditures that VA organizations could not adequately support.”

Response: The first sentence should be removed because it can be misinterpreted to read that VA spent approximately \$3.9 million, but is unable to support these expenses. Funds were used to support classes conducted at our VA Acquisition Academy (VAAA). VA has provided supporting documentation totaling approximately \$3.9 million for the VAAA training in question. The contracts and travel vouchers have also been provided as supporting documentation. Additionally, individual class rosters that coordinate with the travel vouchers were provided. As for the remaining sentences, there was no, nor is there now, any requirement to report these events individually to Congress, and we see no value-add to the Government in further breaking these costs down when they can be supported.

Item 2 – Table of Contents

Audit Statement: “Appendix D - Acting Assistant Secretary for Management Comments.”

Response: “Acting Assistant Secretary for Management” should be “Interim Assistant Secretary for Management”

Item 3 – Page 3

Audit Statement: “Weaknesses in policy implementation occurred because VA did not issue adequate guidance or implement adequate oversight procedures to ensure VA organizations submitted CPs and FCRs compliant with VA policy.”

Response: The VA conference policy was more than adequate. OM has found that weaknesses in policy implementation were due to a complex and burdensome process that did not accommodate how conferences were organized or executed across VA. In addition, the layers of oversight and documentation that were instituted were not proven to be necessary. While the policy was complex and difficult to implement, it was not inadequate.

Item 4 – Page 3

Audit Statement: “As a result, VA reported approximately \$3.9 million of the \$7.9 million in expenditures to Congress that VA organizations were unable to support with adequate documentation when requested as part of our analysis. While providing FCRs summarizing cost information for multiple events, VA organizations did not support their FCRs with breakouts of conference expenditures for each event held.

The absence of conference expenditure breakouts for each event summarized in the FCRs prevented OIG evaluation of total reported expenditures.”

Response: The first sentence should be removed because it can be misinterpreted to read that VA spent approximately \$3.9 million, but is unable to support these expenses. Funds were used to support classes conducted at our VA Acquisition Academy (VAAA). VA has provided supporting documentation totaling approximately \$3.9 million for the VAAA training in question. The contracts and travel vouchers have also been provided as supporting documentation. Additionally, individual class rosters that coordinate with the travel vouchers were provided. As for the remaining sentences, there was no, nor is there now, any requirement to report these events individually to Congress, and we see no value-add to the Government in further breaking these costs down when they can be supported.

Item 5 – Page 9

Audit Statement: “However, VA organizations were unable to substantiate \$3.9 million in reported expenditures included in the FCRs with adequate supporting documentation when requested as part of the OIG sample analysis.”

Response: The first sentence should be removed because it can be misinterpreted to read that VA spent approximately \$3.9 million, but is unable to support these expenses. Funds were used to support classes conducted at our VA Acquisition Academy (VAAA). VA has provided supporting documentation totaling approximately \$3.9 million for the VAAA training in question. The contracts and travel vouchers have also been provided as supporting documentation. Additionally, individual class rosters that coordinate with the travel vouchers were provided. As for the remaining sentences, there was no, nor is there now, any requirement to report these events individually to Congress, and we see no value-add to the Government in further breaking these costs down when they can be supported.

Item 6 – Page 10

Audit Statement: “We determined that noncompliance with conference policy occurred because VA did not provide adequate guidance and oversight for the planning and reporting of conference activities.”

Response: The VA conference policy was more than adequate. OM has found that weaknesses in policy implementation were due to a complex and burdensome process that did not accommodate how conferences were organized or executed across VA. In addition, the layers of oversight and documentation that were instituted were not proven to be necessary. While the policy was complex and difficult to implement, it was not inadequate.

Item 7 – Page 11

Audit Statement: “A senior Office of Finance representative also asserted the Secretary directed the Office of Management to streamline existing conference policy to reduce the burden that existing conference policy placed on VA organizations.”

Response: The intent of the streamlining initiative was to streamline procedures while maintaining accountability and conference execution compliance with all applicable statutes, regulations, and policies.

Item 8 – Page 12

Audit Statement: “In addition, these weaknesses resulted in VA reporting approximately \$3.9 million in unsupported conference expenditures to Congress.”

Response: The first sentence should be removed because it can be misinterpreted to read that VA spent approximately \$3.9 million, but is unable to support these expenses. Funds were used to support classes conducted at our VA Acquisition Academy (VAAA). VA has provided supporting documentation

totaling approximately \$3.9 million for the VAAA training in question. The contracts and travel vouchers have also been provided as supporting documentation. Additionally, individual class rosters that coordinate with the travel vouchers were provided. As for the remaining sentences, there was no, nor is there now, any requirement to report these events individually to Congress, and we see no value-add to the Government in further breaking these costs down when they can be supported.

Appendix E **OIG Contact and Staff Acknowledgments**

OIG Contact	For more information about this report, please contact the Office of Inspector General at (202) 461-4720.
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Acknowledgments	Timothy J. Crowe, Director Dennis Capps Charles F. Chiarenza Thomas McPherson
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Appendix F Report Distribution

VA Distribution

Office of the Secretary
Veterans Health Administration
Veterans Benefits Administration
National Cemetery Administration
Assistant Secretaries
Office of General Counsel

Non-VA Distribution

House Committee on Veterans' Affairs
House Appropriations Subcommittee on Military Construction,
Veterans Affairs, and Related Agencies
House Committee on Oversight and Government Reform
Senate Committee on Veterans' Affairs
Senate Appropriations Subcommittee on Military Construction,
Veterans Affairs, and Related Agencies
Senate Committee on Homeland Security and Governmental Affairs
National Veterans Service Organizations
Government Accountability Office
Office of Management and Budget

This report is available on our Web site at www.va.gov/oig.