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AUDIT REPORT

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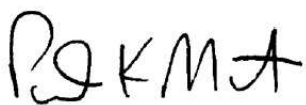
AUDIT OF SELECTED NASA CONFERENCES IN FISCAL
YEARS 2011-2012

OFFICE OF INSPECTOR GENERAL



National Aeronautics and
Space Administration

Final report released by:

A handwritten signature in black ink, appearing to read 'PKMJA'.

Paul K. Martin
Inspector General

Acronyms

FY	Fiscal Year
IT	Information Technology
NF	NASA Form
NIA	National Institute of Aerospace Foundation
NID	NASA Interim Directive
NPR	NASA Procedural Requirements
OCFO	Office of the Chief Financial Officer
OGC	Office of the General Counsel
OIG	Office of Inspector General
OMB	Office of Management and Budget
PM	Project Management
WAG	Widely Attended Gathering

OVERVIEW

AUDIT OF SELECTED NASA CONFERENCES IN FISCAL YEARS 2011-2012

The Issue

NASA hosts, sponsors, and participates in conferences attended by contractors, industry partners, employees of other Federal agencies, and the public. From October 2010 through September 2012, NASA sponsored or co-sponsored 43 conferences for which the associated costs per conference exceeded \$20,000. Overall, NASA reported spending a total of \$8.6 million for these 43 conferences during this 2-year period.¹

If not properly planned, conferences can be an inefficient or ineffective use of Federal resources. For example, to make cost-effective decisions between potential conference sites agencies need to gather accurate cost comparisons. Careful planning and adherence to government-wide and agency-specific rules are especially important in this period of fiscal austerity.

For this audit, we reviewed four conferences on which NASA expended more than \$500,000 – the 2012 PM (Project Management) Challenge in Orlando, Florida; the 2011 IT (Information Technology) Summit in San Francisco, California; the 2011 PM Challenge in Long Beach, California; and the 2010 International Symposium on the A-Train Satellite Constellation in New Orleans, Louisiana. We performed a detailed examination of the 2011 IT Summit, including the planning process; site selection; transportation, lodging, meal, and other costs; and funding relationships with external partners and identified a series of issues that required further review. We then examined the other three conferences for similar issues. Details of the audit's scope and methodology are in Appendix A.

¹ Reported costs include NASA employee travel, facility rental, support contracts, food and beverage, and audiovisual support.

Results

NASA has improved its conference policies and procedures in response to a series of Office of Inspector General audit reports and increased scrutiny and guidance from Congress and the Office of Management and Budget (OMB).² For example, in July 2010 NASA required conference planners to provide additional justification if the cost of meals provided at a conference will exceed General Services Administration-approved per diem rates and in February 2013 limited Agency sponsorship only to conferences that are mission critical. However, in this review we identified further needed improvements in Agency guidance related to partner contributions, valuation of meals for purposes of the federal gift rules, and tracking and reporting conference costs.

Improvements Needed to Policies and Procedures Relating to Partner Contributions

For the 2011 IT Summit, the National Institute of Aerospace Foundation (NIA or Foundation) collected approximately \$322,000 in donations from vendors to coordinate an exhibit hall in which vendors demonstrated their products and services to conference attendees. In addition, these donations were used to pay for two receptions and two luncheons at the Summit and wireless internet services.³ The Foundation also collected in-kind donations used at the conference including a media wall and handheld media devices.

We noted several issues with NASA's handling of NIA's contributions. Specifically, we question whether NASA augmented its appropriation by accepting donations from the Foundation without following Agency procedures governing acceptance of gifts from outside parties. In addition, we found that conference planners inappropriately excluded service costs and tax associated with an awards luncheon paid for by the NIA when calculating the value of the meal to the NASA employees who attended. As a result, the lunch did not fall within the exception to federal ethics rules allowing the acceptance of gifts with a value of \$20 or less.

NASA May Have Augmented its Appropriations at the 2011 IT Summit. Donations of goods and services by outside entities can lead to an augmentation of an agency's appropriations and a violation of the Antideficiency Act unless they are authorized under a gift acceptance statute or other statutory authority. NASA has authority to accept gifts

² NASA OIG, "Final Memorandum on the Analysis of Fiscal Year 2009 NASA-Sponsored Conferences," (IG-10-009, March 2010); "Opportunities to Improve the Management of the Space Flight Awareness Honoree Launch Conference Event," (IG-09-017, July 2009); "Required Registration Fee for the 2008 NASA General Counsel Conference," (IG-09-010, January 2009); and "NASA's Conference Planning Process Needs Improvement" (IG-09-002, October 2008).

³ At one event, the NIA Foundation hired and paid for professional entertainment, including a group that performed a "flash mob" dance sequence. NIA paid \$750 for the dance group.

and donations of services, money, and property under the National Aeronautics and Space Act of 1958. Pursuant to this authority, NASA has established policies related to the acceptance of monetary gifts and property. At the time NASA was planning the 2011 IT Summit, Agency policy directed conference planners to consult with the NASA Office of the General Counsel (OGC) and the Office of the Chief Financial Officer (OCFO) about potential contributions from outside entities to NASA events, but did not clearly provide that consultation was required for events such as the luncheons and receptions NIA paid for at the 2011 IT Summit.

The 2011 IT Summit steering committee members did not consult with the OGC or OCFO about NIA's contributions to the Summit and therefore did not follow NASA policy regarding the acceptance of gifts from outside entities. We believe this occurred because the steering committee members viewed the awards luncheon and other meals and receptions NIA paid for as NIA events rather than NASA events and therefore did not interpret NASA policy to require consultation under such circumstances. In January 2013, NASA clarified its policy to make clear that the consultation requirement applies to "complimentary activities" like the NIA-sponsored events.⁴

Receptions and Meals Paid for by Outside Entities Present Opportunities for Inappropriate Gift Acceptance by NASA Employees. With certain limited exceptions, NASA employees may not accept gifts from prohibited sources or gifts given as a result of their official position. Generally, employees may attend such events free of charge only if the market value of attending is \$20 or less or the event qualifies as a "widely attended gathering" (WAG), a determination that is made by NASA ethics officials. Accordingly, co-located events sponsored by outside entities that include meals and receptions can raise gift issues for NASA employees.

The NIA Foundation paid for four meals and receptions at the 2011 IT Summit with funds it raised from outside entities, including an awards luncheon. Agency ethics officials determined that two of these events qualified for the WAG exception, but that the luncheon and another event did not and that therefore NASA employees could attend these events free of charge only if the value to the employee was \$20 or less. In the submission conference planners made to OGC for the WAG determination, they listed the cost of the luncheon at approximately \$53 per person, which included food and beverage costs, service charges, and tax.

To determine the value of gifts from outside sources, employees are required to use "market value," which is defined in federal regulations as "the retail cost the employee would incur to purchase the gift."⁵ The standard questions OGC poses to evaluate events inquire about the per-person cost of food and refreshments but do not reference the "market value" rule.

⁴ NID 9700.1, "NASA Conference Approval and Reporting," Section 7.4.6, January 2013.

⁵ 5 C.F.R. § 2635.203(c).

After OGC advised planners that the awards luncheon did not qualify as a WAG, NIA Foundation personnel contacted the hotel and requested adjustments to the menu. This request resulted in a revised cost estimate of \$45 per person, which the hotel divided into \$22.50 for food and beverage costs and \$22.50 for service charges and tax. NASA's contract planner subsequently contacted the hotel and further negotiated the apportionment of the charges, resulting in \$19.95 for food and beverage and \$25.05 for tax and service charges. Based on this information, a conference steering committee member sent an e-mail to an OGC attorney noting that the "menu had been altered to a gift valued at \$19.95 per person." This e-mail did not mention that the hotel would also be charging \$25.05 in tax and service fees per attendee for each meal. OGC accepted the \$19.95 figure without requesting any additional information.

We found that NASA conference planners and NIA Foundation personnel inappropriately excluded the tax and service charges from the value of the luncheon. Although, conference planners reported all costs associated with the meal to OGC when seeking the WAG determination, they submitted only the revised costs associated with the food and beverage component of the meal when the issue was whether the value met the \$20 gift threshold.

Based on the invoice the NIA Foundation paid, the retail cost of the luncheon was \$45 per person and therefore the event did not fall within the gift rule exception. However, we do not fault the luncheon attendees who relied in good faith upon the OGC's advice that they could attend the event consistent with their ethical obligations. Rather, we fault the planning committee for not providing full cost information to OGC and OGC attorneys for not questioning the basis for the substantial reduction in the cost of the meal.

Conference Guidance Needs Updating to Accurately Report and Control Costs

We found that Agency officials underreported costs associated with the 2011 IT Summit by failing to include the costs NASA paid for contractors to attend the Summit and certain other miscellaneous costs. We also found that the Agency's cost tracking processes cannot account for all conference-related costs and that planners did not consistently conduct required cost comparisons of possible conference sites. Finally, we found significant differences between planned and actual costs for the 2011 IT Summit.

Reported Conference Costs Were Underreported. NASA estimated the 2011 IT Summit would cost \$1,176,307, and reported actual costs of \$1,291,889, a difference of approximately \$116,000. We found that NASA did not include in the estimated cost figure \$548,209 incurred by contractors who attended the event and billed NASA for their attendance and travel costs or an additional \$128,439 in miscellaneous expenses.⁶

⁶ We requested NASA provide the costs of its contractors' attendance at the conference. The estimate provided included travel and labor costs.

Including these expenses raises the total cost of the 2011 IT Summit to \$1.97 million, 52 percent more than the amount reported.

NASA conference planners reported that 606 contractors and 489 civil servants attended the 2011 IT Summit. Federal regulations define conference costs as “all direct and indirect conference costs paid by the Government, whether paid directly by agencies or reimbursed by agencies to travelers or others associated with the conference.” However, NASA guidance does not require planners to include contractor costs, except for the costs of conference support services contractors. According to NASA, system limitations and the expense of reporting this information makes it difficult for conference planners to collect and report such costs. However, when large numbers of contractors attend a NASA conference – as was the case for the 2011 IT Summit where the OCFO estimates that the total labor and travel costs billed to NASA by contractor attendees was \$548,209 – exclusion of this information masks the full cost borne by NASA to hold the conference.

We found that the cost of 12 planning trips was not included in the planned and reported costs for the 2011 IT Summit. The trips, totaling \$63,844, included one scouting trip and several other trips to San Francisco; Washington, D.C.; and the Jet Propulsion Laboratory in Pasadena, California. NASA’s conference guidance does not address either the appropriate number of planning trips or whether the cost of such trips should be included in the conference cost totals. From our perspective, given the availability of telephone and video conferencing, 12 planning trips are excessive and we believe that the Agency would benefit from improved guidance on this issue.

In addition, NASA did not include in its reported costs for the 2011 IT Summit \$62,589 in costs associated with the exhibit hall and for the 22 Office of the Chief Information Officer working group meetings that followed the formal conference. These costs were not reported due to the manual process used by the 2011 IT Summit steering committee to collect cost information. Manual processes to collect costs are inefficient and lack controls to determine completeness and accuracy and increases the chances of incomplete reporting.

In an effort to respond to our concern about exclusion of these costs, in January 2013 NASA issued an interim directive that provides examples of “other costs” and directs employees to use a particular code to track and collect non-travel costs within the Agency’s financial system.

Significant Differences between Planned and Actual Expenses. We also found that NASA had no formal process in place to evaluate significant increases in planned costs once initial projected conference costs are approved. On January 31, 2013, NASA issued interim guidance requiring re-approval of planned expenses when total costs increase by more than 25 percent from the approved estimate.

For the 2011 IT Summit, NASA reported actual costs of \$1.29 million, which represents a 10 percent increase from the approved estimated cost. While the overall increase was below 25 percent, we found significant increases in actual audiovisual expenses and conference planner fees were offset by overestimated travel costs. Having a rule that requires reauthorization only when total costs increase by 25 percent or more may allow significant increases in certain expense categories to escape higher-level review.

Planners Failed to Compare Potential Conference Sites. Finally, we found that for three of the conferences we examined NASA eliminated alternative sites from consideration prior to completion of a cost comparison. For example, for the 2011 IT Summit contracted conference planners said they sent a call for proposal to six facilities in the San Francisco area, including Ames Research Center. However, planners were unable to provide us with any documentation of this process. For a variety of reasons, planners eliminated from consideration all sites but the Marriott Marquis where the conference was held. Planners made no additional efforts to obtain quotes from sites in either San Francisco or elsewhere. We perceived a similar lack of diligent effort in the sites selection processes for the 2012 PM Challenge and the 2010 International Symposium on the A-Train Satellite Constellation. In both cases, planners eliminated locations from consideration without comparing pertinent costs for more than one conference site. Unless they obtain cost estimates from more than one potential conference site, NASA conference planners cannot ensure they hold conferences at the most cost-effective location.

Other Matters

At the 2011 IT Summit, the Marriott Marquis offered and NASA accepted one complimentary room for every 50 rooms rented, 25 room upgrades at the government rate, and complimentary use of the hotel's presidential suite. The Chief Information Officer (CIO) stayed in the presidential suite and other senior NASA managers, conference planners and speakers, and individuals who volunteered to help at the conference stayed in the other free and upgraded rooms. The presidential suite was also used for meetings hosted by the CIO and members of the steering committee.

We found no evidence that NASA incurred any additional expense by accepting the upgraded and complimentary rooms. Moreover, we understand that hotels routinely provide such rooms at no cost to customers who hold large conferences at their facilities. The hotels that hosted the 2012 PM Challenge and the 2010 International Symposium on the A-Train Satellite Constellation offered similar room concessions.

Management Action

To improve the conduct of NASA-sponsored conferences, we recommended that the Chief Financial Officer take the following actions:

- Improve conference guidance regarding the process for establishing partnering relationships and the appropriate roles of partners in planning and managing a conference to limit the risk of an augmentation of appropriated funds.
- Work with the Office of the General Counsel to determine whether any NIA Foundation contributions to the 2011 IT Summit inappropriately augmented NASA's appropriations and address any issues identified.
- Enhance conference guidance by:
 - providing criteria for and examples of acceptable planning and conference costs, including whether travel costs for site selection scouting trips, off-site planning meetings, or conference "dry-runs" are acceptable, and requiring these estimated and actual costs be included on the NF 1784 and NF 1785;
 - requiring increases of 10 percent or more in specific cost categories and above a certain threshold be approved by appropriate officials; and
 - requiring conference planners to obtain quotes from at least three conference sites and retain this documentation from these cost comparisons.
- Develop a methodology for gathering costs directly billed to NASA for contractor employees who attend NASA-sponsored conferences with significant contractor attendance.

Finally, we recommended that the General Counsel update the standard questions used to evaluate WAG requests to make clear that gifts are valued at the retail cost to the employee and that for meals this figure includes food and beverages as well as applicable tax and service charges.

In response to our draft report, the Chief Financial Officer concurred with our recommendations. We consider the proposed actions to be responsive and will close the recommendations upon completion and verification of the corrective actions. Management's full response is reprinted in Appendix C.

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INTRODUCTION

Background

NASA hosts, sponsors, and participates in conferences attended by contractors, industry partners, employees of other Federal agencies, and the public. From October 2010 through September 2012, NASA sponsored or co-sponsored 43 conferences for which the associated costs per conference exceeded \$20,000. Overall, NASA reported spending a total of \$8.6 million for these 43 conferences.⁷

For this audit, we reviewed four conferences on which NASA expended more than \$500,000 – the 2012 PM (Project Management) Challenge in Orlando, Florida; the 2011 IT (Information Technology) Summit in San Francisco, California; the 2011 PM Challenge in Long Beach, California; and the 2010 International Symposium on the A-Train Satellite Constellation in New Orleans, Louisiana. We performed a detailed examination of the 2011 IT Summit, including the planning process; site selection; transportation, lodging, meal, and other costs; and funding relationships with external partners and identified issues that required further review. We then examined the other conferences for similar issues.

Partner Sponsorships and Relationships. NASA sometimes partners with outside entities or other Federal agencies on conferences. Partners may co-sponsor a conference, contribute funds, or host events associated with but not officially part of a conference (“co-located” events). Co-located events may include exhibit halls, receptions, or meals for conference attendees, and the hosts of these events may solicit donations from other outside entities to help fund the events.

No single definition of “co-sponsorship” is applicable throughout the Executive Branch. According to the U.S. Office of Government Ethics, commonly accepted indicators of a co-sponsored conference include both parties having a mutual interest in the conference and sharing key planning decisions.⁸ NASA policy does not define co-sponsorship, but lists factors that determine whether the Agency considers itself a conference sponsor.⁹ Specifically, NASA considers itself a sponsor if it funds certain types of conference-related expenses such as facility rental or presentation costs.

⁷ Reported costs include NASA employee travel, facility rental, support contracts, food and beverage, and audiovisual support.

⁸ U.S. Office of Government Ethics, “A Collection of Federal Resources Relating to Conferences,” (September 2012). The 2012 guidance replaced an earlier guide in effect when NASA planned and held the conferences we examined in this audit. However, the guidance on co-sponsoring relationships did not change significantly between the two documents.

⁹ NID 9700.1, “NASA Conference Approval and Reporting,” Section 7.3.5, January 2013.

At the time NASA was planning the four conferences we reviewed, Agency policy required consultation with the NASA Office of the General Counsel (OGC) and Office of the Chief Financial Officer (OCFO) when outside entities would be contributing funds to a NASA conference (co-sponsoring) or to a particular event such as a reception or a presentation at a NASA conference. However, the policy did not speak directly to consultation regarding co-located events. In January 2013, NASA revised its policy to extend the consultation requirement to co-located and other “complimentary activities.”¹⁰

Fiscal and Ethical Considerations. As a general matter, absent congressional approval Federal agencies may not use funds derived from an outside source to finance the operation of their programs beyond the level established by appropriation, and doing so may constitute a violation of the Antideficiency Act.¹¹

NASA has authority under the National Aeronautics and Space Act of 1958 to accept unsolicited and unconditional gifts and donations of services, money, and property.¹² Pursuant to this authority, NASA established policies related to the acceptance of monetary gifts and property, which require consultation with OGC and OCFO. As noted above, with regard to conferences, NASA requires consultation with OGC and the OCFO about potential co-sponsorship of NASA events.

In addition to rules regarding acceptance of gifts and donations by NASA, there are also rules governing the acceptance of gifts from outside sources by NASA employees.¹³ Specifically, unless an exception applies, employees may not accept gifts given because of their official positions or from “prohibited sources” – that is, persons or organizations seeking official action by, doing business or seeking to do business with, or regulated by the employees’ agency, or that have interests that may be substantially affected by performance or nonperformance of the employees’ official duties.¹⁴ Accordingly, co-located events paid for by outside entities that include meals and receptions can raise ethical issues for NASA employees who attend.

Two exceptions to the gift rule have potential application to co-located events at NASA conferences. First, employees may accept gifts with a market value of \$20 or less provided that the total value of gifts from the same person or organization is not more

¹⁰ NID 9700.1, “NASA Conference Approval and Reporting”, Section 7.4.6, January 2013.

¹¹ Among other things, the Antideficiency Act prohibits federal employees from making or authorizing an expenditure from any appropriation in excess of the amount available in the appropriation unless authorized by law, 31 U.S.C. § 1341(a)(1)(A), or from making obligations or expenditures in excess of the amount permitted by agency regulations. 31 U.S.C. § 1517(a). In accordance with 31 U.S.C. § 1351, the Administrator will report all relevant facts and actions taken to the President and Congress for any confirmed violations of the Antideficiency Act investigated by the OCFO.

¹² NASA Policy Directive 1210.1G, “Acceptance and Use of Monetary Gifts and Donations,” April 28, 2010.

¹³ 5 C.F.R. Part 2635, “Standards of Ethical Conduct for Employees of the Executive Branch.”

¹⁴ The U.S. Office of Government Ethics website summarizes Federal standards on gifts and outside payments such as Standards of Conduct, 5 C.F.R. Part 2635, Subpart B. Retrieved from <http://www.oge.gov/Topics/Gifts-and-Payments/Gifts---Payments/>.

than \$50 in a calendar year. Second, employees may accept gifts of free attendance at what are known as “widely attended gatherings” (WAG) provided that the agency has determined that their attendance at the gathering is in the agency’s interest and a large number of people with common interests but diverse perspectives are expected to attend.

At NASA, the OGC or Center Chief Counsel’s office determines whether a particular event qualifies as a WAG. These offices also advise employees regarding the value of any gift to attendees and make recommendations whether employees may attend particular events without violating the Federal gift rules. Examples of past events NASA counsel deemed WAGs include:

- Space Policy Institute Dinner held in March 2012 to discuss university space research using small satellites, suborbital launch vehicles, and balloons. This dinner was open to approximately 160 people, including representatives of Congressional offices, NASA, other Federal agencies, academia, and industry.
- Space Transportation Associations Reception held in March 2012 to celebrate the 100th anniversary of the birthday of Dr. Wernher von Braun, chief architect of the Saturn V Moon Rocket and first director of the Marshall Space Flight Center. This event was open to approximately 300 people, including representatives of the Executive Office of the President, Congressional offices, NASA, Department of Defense, the aerospace industry, and the media.

The OGC’s evaluation begins with a set of standard questions inquiring about the event’s purpose, estimated cost, and number and type of attendees as well as whether attendees will receive any merchandise. If the OGC determines that the WAG exception applies, NASA employees may attend the event without fear of violating the gift rule. If the WAG exception does not apply and the value of attending is more than \$20, any employee who attends must reimburse the sponsoring organization for the estimated value of the gift. Reimbursement to the sponsoring entity is often provided by depositing a check or cash into an “honor basket” at the event.

Scrutiny of Federal Conference Spending. Federal agency conferences have received increased scrutiny over the past several years from Federal audit offices, the Office of Management and Budget (OMB), and Congress. In September 2011, following an audit by the Department of Justice Office of Inspector General (OIG) focusing on conference spending, OMB issued Memorandum 11-35, “Eliminating Excess Conference Spending and Promoting Efficiency in Government.”¹⁵ This memorandum from OMB directed Federal agency executive heads to conduct a thorough review of the policies and controls associated with conference-related activities and expenses to mitigate the risk of inappropriate spending practices with regard to conferences.

In response to OMB Memorandum 11-35, NASA implemented a policy in September

¹⁵ U.S. Department of Justice, OIG, “Audit of Department of Justice Conference Planning and Food and Beverage Costs,” (Report No.11-43, issued September 2011, revised October 2011).

2011 requiring the review and approval of all conference activity equal to or greater than \$100,000. Additionally, in June 2012 the NASA Executive Council decided that NASA policy regarding conferences should be changed, including expanding the definition of reportable conferences, requiring higher levels of approval for all but the smallest conferences, prohibiting NASA-purchased food, minimizing planning trips, and requiring re-approval if conference costs escalate by more than 25 percent. NASA certified to OMB in November 2012 that appropriate policies and controls were in place to mitigate the risk of inappropriate spending practices.

In April 2012, the General Services Administration OIG issued a report that found excessive costs, improper contracting procedures, and other issues with a 2010 General Services Administration conference.¹⁶ Following release of this report, the U.S. House of Representatives' Committee on Oversight and Government Reform requested data from Federal agencies concerning the cost and frequency of agency-funded conferences as far back as 2005, and Senator Tom Coburn requested data on conferences held during the past 3 years. (See Appendix B for a summary of NASA's reporting pursuant to these requests.)

During the same period, we have reported on issues at NASA related to managing the costs of and abiding by numerous requirements applicable to conferences.¹⁷ In response, NASA has made improvements to its conference policies and procedures. For example, in July 2010, NASA required conference planners to provide additional justification if the cost of meals provided at a conference will exceed General Services Administration-approved per diem rates or if the cost of snacks will exceed 33 percent of the daily meals and incidental expense allowance.

In January 2013, NASA issued further guidance regarding conferences reflecting the Executive Council's decision, including:

- a requirement that the Deputy Administrator approve any conference with projected costs in excess of \$100,000, inclusive of travel costs;
- a requirement that officials-in-charge approve any increase in actual costs over planned costs greater than 25 percent;¹⁸

¹⁶ U.S. General Services Administration, OIG, "Public Buildings Service 2010 Western Regions Conference," (April 2012).

¹⁷ NASA OIG, "Final Memorandum on the Analysis of Fiscal Year 2009 NASA-Sponsored Conferences," (IG-10-009, March 2010); "Opportunities to Improve the Management of the Space Flight Awareness Honoree Launch Conference Event (IG-09-017, July 2009); "Required Registration Fee for the 2008 NASA General Counsel Conference," (IG-09-010, January 2009); and "NASA's Conference Planning Process Needs Improvement" (IG-09-002, October 2008).

¹⁸ Officials-in-charge include senior staff in the Office of the Administrator, the Associate Administrators of the Mission Directorates, and the Inspector General as noted in NASA Procedural Document 1000.3D, "The NASA Organization," June 11, 2013.

- a prohibition on the use of appropriated funds to purchase food except for awards ceremonies, training, and, when appropriate, food paid for through the Official Representational Fund;¹⁹ and
- a prohibition on the issuance of WAG determinations for co-located events at NASA-sponsored conferences.²⁰

The revised guidance did not address conference planning trips.

On February 27, 2013, OMB released guidance concerning implementation of sequestration across the Federal Government.²¹ As part of this guidance, OMB directed agencies to provide heightened scrutiny of conference spending. In response, NASA placed additional restrictions on conference spending, including limiting Agency sponsorship only to conferences deemed mission critical.

Congressional Reporting Requirements. The Consolidated and Further Continuing Appropriations Act, 2012 (Public Law 112-55) requires NASA to submit quarterly reports to the OIG on costs and contracting procedures for fiscal year (FY) 2012 Agency-sponsored conferences exceeding \$20,000. For each such conference, NASA must report the purpose of the conference and provide information on the number of attendees, a detailed statement of costs, and a description of the contracting procedures used to carry out the event, including whether NASA awarded contracts on a competitive basis and discussion of any cost comparisons conducted. Senate Report 112-78, adopted as part of the Conference Report to Public Law 112-55, required the OIG to audit NASA conference spending.

NASA's Conference Reporting Process. NASA's conference reporting process begins at the planning stage. Employees prepare NF 1784, "NASA-Sponsored Event Approval," which provides the approving official with information to evaluate the decisions and costs associated with a planned conference. The form contains information such as the purpose of the conference, estimated number of attendees for whom NASA will pay travel expenses, the conference location, and cost estimates. At the conclusion of a conference, the responsible office has 45 days to submit a completed NF 1785, "NASA Sponsored Conference Reporting," that includes a summary of the conference's actual costs and attendance and other related information. On a quarterly basis, the Policy Division of the OCFO reviews the completeness and mathematical accuracy of the conference reporting forms. NASA provides a summary of the conference reports for the quarter along with the conference report submissions to the OIG.

¹⁹ The Official Representational Fund contains appropriated funds to pay expenses of NASA and non-NASA individuals attending official reception and representational events characterized by a mixed ceremonial, social, and business purpose. Expenses that may be covered include food, beverages, entertainment, and presentation items. For FY 2013, \$63,000 was set aside for the fund.

²⁰ NID 9700.1, "NASA Conference Approval and Reporting," January 31, 2013.

²¹ OMB Memorandum 13-5 "Agency Responsibilities for Implementation of Potential Joint Committee Sequestration," February 27, 2013.

As discussed above, NASA has made substantial changes to its policies and procedures regarding conferences in response to previous OIG audits and OMB requirements. For this audit, we reviewed four conferences on which NASA expended more than \$500,000. All of those conferences were planned and took place before many of the policy changes outlined above were implemented. Based on that review, we found areas in which we believe NASA can further improve its conference-related policies and procedures. We describe the specific conferences we examined in Table 1.

Table 1: Conferences Examined				
Conference Title and Summary	Conference Dates	Location	Total Attendees	Total Cost Reported
2012 PM Challenge	February 22-23, 2012	Orlando, FL	883	\$537,623 ^a
Provided a forum to discuss a wide range of project management-related topics with the objective of instilling a spirit of collaboration through shared experiences.				
2011 IT Summit ^b	August 15-17, 2011	San Francisco, CA	1,786	\$1,291,889 ^c
Provided a forum for NASA's IT workforce and the broader IT community to address IT innovation. A similar conference was held in FY 2010 in the Washington, D.C., area.				
2011 PM Challenge	February 9-10, 2011	Long Beach, CA	1,537	\$1,648,880
Same objectives and purpose as the 2012 PM Challenge.				
2010 International Symposium on the A-Train Satellite Constellation	October 25-28, 2010	New Orleans, LA	650	\$578,104
Provided an opportunity for the research community to learn about the Afternoon Constellation (A-Train) – a group of satellites with an array of advanced remote sensing instrumentation used to better understand the Earth's changing climate and environment.				

Source: NASA.

^a The 2012 PM Challenge conference was approved for an estimated cost of \$1.1 million. However, the number of NASA-funded travelers permitted to attend was reduced from 1,170 to 260 and this accounted for the large decrease in costs compared to the 2011 PM Challenge.

^b Costs and resources from the 2011 IT Summit were shared with the NASA Education Blast-Off, IT working group meetings, and the TEDxNASA @ Silicon Valley – 2011 Extreme Green event. The Education Blast-Off gathered more than 200 middle and high school age children for presentations and events designed to interest them in science, technology, engineering, and math. At the Extreme Green event, about 600 people attended presentations with an environmental theme. The week ended with approximately 22 NASA working group meetings. Costs for these three events were co-mingled for reporting purposes as some participants attended multiple events.

^c The table includes expenditures as reported by NASA. As described later in this audit, we found that NASA did not report certain costs associated with the 2011 IT Summit. When these items are included, the total cost of that conference rises to \$1.97 million.

NASA was the sole sponsor of these four conferences. However, the National Institute of Aerospace Foundation (NIA Foundation, NIA, or Foundation) paid for several events at the 2011 IT Summit.²² Specifically, the Foundation collected approximately \$322,000 in donations from vendors to coordinate an exhibit hall in which vendors demonstrated their products and services to conference attendees and to pay for two receptions and two luncheons and wireless internet services at the conference. The Foundation also collected various in-kind donations used at the conference including a media wall and handheld media devices.

Objective

The overall objective of our audit was to determine whether NASA complies with Federal and Agency requirements for planning, conducting, and reporting on NASA-sponsored conferences. See Appendix A for details of the audit's scope and methodology, our review of internal controls, and a list of prior coverage.

²² NIA Foundation is the philanthropic arm of the National Institute of Aerospace, a not-for-profit research and education institute created to conduct leading-edge aerospace and atmospheric research, develop new technologies for the nation, and help inspire the next generation of scientists and engineers.

IMPROVEMENTS NEEDED TO POLICIES AND PROCEDURES RELATING TO PARTNER CONTRIBUTIONS

We found that NASA generally complied with Federal and Agency requirements in connection with the four conferences we reviewed. However, we noted several issues with the 2011 IT Summit related to the way NASA handled the contributions made by the NIA Foundation. Specifically, we question whether NASA augmented its appropriation by accepting donations from the Foundation without following Agency procedures governing acceptance of gifts from outside parties. In addition, we found that conference planners inappropriately excluded service costs and tax associated with the awards luncheon when calculating the value of the meal to NASA employees, and that therefore the lunch did not fall within the exception to federal ethics rules allowing the acceptance of gifts with a value of \$20 or less.

NASA May Have Augmented its Appropriations at the 2011 IT Summit

Donations of goods and services by outside entities can lead to an augmentation of an agency's appropriations and a violation of the Antideficiency Act unless they are authorized under a gift acceptance statute or other statutory authority. NASA has authority to accept unconditional gifts and donations of services, money, and property under the National Aeronautics and Space Act of 1958. Pursuant to this authority, NASA established policies related to the acceptance of monetary gifts and property. At the time NASA was planning the 2011 IT Summit, Agency policy directed conference planners to consult with OGC and the OCFO about potential contributions from outside entities to NASA events, but did not clearly provide that consultation was required for events such as the luncheons and receptions the NIA paid for at the 2011 IT Summit.

Relationship with NIA Foundation. NASA planned the 2011 IT Summit with the Agency as the sole sponsor and the NIA Foundation's role limited to hosting co-located events. When NASA was planning the Summit, Agency policy did not speak to the roles and responsibilities of partners that plan, manage, and fund co-located events. Therefore, NASA did not execute a memorandum of understanding or other agreement with the NIA Foundation relating to its activities for the Summit.

Although the NIA Foundation was not involved in the substantive development of the conference, NIA personnel regularly participated in conference planning meetings. During these meetings, Foundation personnel identified items or events NASA planning officials said they would like to have at the conference but could not fund on their own and NIA personnel sought donations to cover the costs of these items or events. Specifically, the Foundation obtained donations from vendors, coordinated the exhibit hall, and funded several receptions and luncheons for conference attendees. NASA hired

a contractor to help plan the 2011 IT Summit and required this conference planner to work with the NIA Foundation to coordinate the co-located events and to arrange space for the events and vendors in the exhibit hall.

Awards Luncheon and Other NIA Foundation Donations. At the 2010 IT Summit, NASA held an awards luncheon paid for with Agency appropriations. For the 2011 IT Summit, NASA decided not to fund a similar event. However, the NIA Foundation offered to sponsor an awards luncheon using donations collected from exhibit hall vendors. Apart from paying for the meal, the Foundation had no other involvement in the luncheon; NASA selected the awardees, paid for award plaques and the awardees' travel expenses (approximately \$5,000), and planned and managed the ceremony.

In addition, the NIA Foundation collected and coordinated cash donations of \$322,000 and in-kind donations from outside vendors at the 2011 IT Summit. For example, the Foundation coordinated a donation of \$20,000 from Cisco Systems to fund wireless internet services for the conference, as well as in-kind donations of a media wall, handheld media devices used during several sessions, and small novelty items such as lanyards and gift bags. The media wall enabled attendees to receive Twitter feeds, watch live coverage of the sessions, and see conference schedules and announcements. The handheld media devices – which were returned after the conference – enabled attendees to respond to questions posed during conference sessions.

NASA's conference policy in effect at the time of the 2011 IT Summit prohibited employees from entering into arrangements with outside entities for sponsorship of meals or other contributions to NASA events without prior consultation with the CFO and Agency legal personnel, but did not speak directly to the issue of partner-sponsored co-located events. The 2011 IT Summit steering committee members did not consult with the OGC or OCFO about NIA's contributions to the Summit. We believe this occurred because the steering committee members viewed the awards luncheon and other meals and receptions NIA paid for as NIA events rather than NASA events and did not interpret NASA policy to require consultation under such circumstances. In January 2013, NASA clarified its policy to make clear that the consultation requirement applies to "complimentary activities" like the NIA events.²³

Immediately following the 2011 IT Summit, NASA held the TEDxNASA @ Silicon Valley – 2011 Extreme Green event at the same hotel. NASA hired the NIA Foundation as the conference planner for this event. The Foundation's contract stated that it would lead the effort to secure donations and in-kind contributions from sponsors, and the Foundation collected cash donations of \$10,000 and additional in-kind donations. However, according to NASA policy, event planners cannot collect donations without prior approval of NASA counsel, which we found did not occur.

²³ NID 9700.1, "NASA Conference Approval and Reporting," Section 7.4.6, January 2013.

Receptions and Meals Paid for by Outside Entities Present Opportunities for Inappropriate Gift Acceptance by NASA Employees

With certain limited exceptions, NASA employees may not accept gifts from prohibited sources or gifts given as a result of their official positions. Accordingly, co-located events that include meals and receptions can raise ethical issues for NASA employees. For the most part, employees may attend such events free of charge if the market value is \$20 or less or NASA attorneys have determined the event qualifies as a WAG.

The NIA paid for four co-located events at the 2011 IT Summit with funds it raised from outside entities: the Chief Information Officer (CIO) Reception, the IT Summit Reception, the Pearls of Wisdom Luncheon, and the IT Summit Awards Luncheon.²⁴ Agency ethics officials determined that the Summit Reception and the Pearls of Wisdom Luncheon qualified for the WAG exception but the CIO Reception and the Awards Luncheon did not. In addition, based on information provided by conference planners, OGC placed the value of the Awards Luncheon at less than \$20 per person. As a result, OGC advised that NASA employees could attend the Summit Reception, the Pearls of Wisdom Luncheon, and the Awards Luncheon free of charge consistent with Federal gift rules and that employees who attended the CIO Reception and consumed more than \$20 worth of food and beverages should reimburse the sponsors for the full cost of what they consumed. The OGC posted memoranda reflecting this advice on a website available to NASA employees. Table 2 summarizes the determinations made by the OGC for each of the four events.

Table 2: Summary of Agency Ethics Determinations		
Event	WAG	Gift Rule
<i>CIO Reception – Sunday, August 14, 2011</i>	No	Yes
<i>NASA IT Summit Reception – Monday, August 15, 2011</i>	Yes	No
<i>Pearls of Wisdom (Women in Aerospace) Luncheon – Tuesday, August 16, 2011</i>	Yes	No
<i>NASA IT Summit Awards Luncheon – Wednesday, August 17, 2011</i>	No	Yes; cost is under \$20.

Source: NASA.

Factors Considered for Determinations. To determine the value of gifts from outside sources, employees are required to use “market value,” which is defined in the gift

²⁴ In addition to other expenses, the NIA Foundation hired and paid for professional entertainment for the IT Summit Reception, including a group that performed a “flash mob” dance sequence. NIA paid \$750 for the dance group.

regulations as “the retail cost the employee would incur to purchase the gift.”²⁵ The standard questions OGC poses to evaluate events inquire about the per-person cost of food and refreshments but do not reference the “market value” rule.

Undervaluation of the 2011 NASA IT Summit Awards Luncheon. The IT Summit steering committee members and NIA Foundation submitted information on the Awards Luncheon to OGC so that Agency lawyers could make a determination regarding treatment of the event under federal gift rules. That is, whether the luncheon would qualify as a WAG, and if not whether its value met the \$20 gift limit. In the initial submission, the NIA Foundation listed the cost of the luncheon at approximately \$53 per person. This figure included food and beverage costs, service charges, and tax.

OGC advised the 2011 IT Summit conference planners that the luncheon did not qualify as a WAG and that therefore employees could accept the meal without reimbursing the NIA Foundation only if the meal was worth no more than \$20. Thereafter, NIA Foundation personnel contacted the hotel and requested adjustments to the menu, resulting in a revised cost estimate of \$45 per person, which the hotel divided into \$22.50 for food and beverage costs and \$22.50 for service charges and tax. NASA’s contract planner subsequently contacted the hotel and further negotiated the apportionment of the charges to \$19.95 for food and beverage and \$25.05 for tax and service charges. See Table 3.

Table 3: Summary of Cost Per Person for Awards Ceremony				
Types of Cost	Estimated Cost for Initial WAG Determination	Estimated Cost with Revised Menu	Revised Cost for Gift Rule Evaluation	Actual Cost per Hotel Receipt
Food and Beverage	N/A	\$22.50	\$19.95	\$19.95
Service Charges and Tax	N/A	\$22.50	N/A	\$25.05
Total Cost	\$52.94	\$45.00	\$19.95	\$45.00

Source: NASA.

Note: N/A – the type of cost was not identified.

Based on this information, a conference steering committee member sent an e-mail to an OGC attorney noting the menu had been altered to a gift valued at \$20 per person. This e-mail did not mention that the hotel would also be charging \$25.05 in tax and service fees per attendee, and OGC accepted the \$19.95 figure without requesting any additional information.

²⁵ 5 C.F.R. § 2635.203(c).

We found that NASA conference planners and NIA Foundation personnel inappropriately excluded the tax and service charges from the value of the Luncheon. Although conference planners reported all costs associated with the meal to OGC when seeking the WAG determination, they subsequently submitted only the revised costs associated with the food and beverage component of the meal when the issue was whether the Luncheon's value met the \$20 threshold.

Based on the invoice the NIA Foundation paid, the retail cost of the Luncheon was \$45 per person and therefore the event did not fall within the gift rule exception. However, we do not fault the Luncheon attendees who relied in good faith upon the OGC's advice that they could attend the event consistent with their ethical obligations. Rather, we fault the planning committee for not providing full cost information to the OGC and OGC attorneys for not questioning the basis for the substantial reduction in the cost of the meal.

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

We recommended that the Chief Financial Officer take the following actions:

Recommendation 1. Improve conference guidance regarding the process for establishing partnering relationships and the appropriate roles of partners in planning and managing a conference to limit the risk of an augmentation of appropriated funds.

Management's Response. The Chief Financial Officer concurred, stating that NASA Interim Directive 9700-1 "NASA Conference Approval and Reporting" will be modified to address our concerns prior to its expiration in January 2014.

Evaluation of Management's Response. Management's proposed actions are responsive; therefore, the recommendation is resolved and will be closed upon completion and verification of the corrective actions.

Recommendation 2. Work with the Office of the General Counsel to determine whether any NIA Foundation contributions to the 2011 IT Summit inappropriately augmented NASA's appropriations and address any issues identified.

Management's Response. The Chief Financial Officer concurred, stating that her office is working closely with OGC on this issue and that the Agency will take appropriate action once a final determination is made.

Evaluation of Management's Response. Management's proposed actions are responsive; therefore, the recommendation is resolved and will be closed upon completion and verification of the corrective actions.

We recommended that the General Counsel take the following action:

Recommendation 3. Update the standard questions used to evaluate WAG requests to make clear that gifts are valued at the retail cost to the employee and that for meals this figure includes food and beverages as well as tax and service charges.

Management's Response. The Chief Financial Officer concurred, stating OGC has revised its standard questions to clarify that gifts are valued at the retail cost to the employee.

Evaluation of Management's Response. Management's proposed actions are responsive; therefore, the recommendation is resolved and will be closed upon verification of the corrective actions.

CONFERENCE GUIDANCE NEEDS UPDATING TO ACCURATELY REPORT AND CONTROL COSTS

NASA has improved its conference guidance in recent years, but we found shortcomings related to the 2011 IT Summit that show the Agency could benefit from further guidance. Specifically, we found that Agency officials underreported costs associated with the 2011 IT Summit by failing to include the cost of contractor travel paid by NASA and certain “other” costs. We also found that the Agency’s cost tracking processes cannot account for all conference-related costs and that planners did not consistently conduct required cost comparisons of possible conference sites. Finally, we found significant differences between planned and actual costs for the 2011 Summit.

Reported Conference Costs Were Underreported

To compile costs for a conference, the responsible office submits a NF 1785, “NASA Sponsored Conference Reporting,” to the NASA Shared Services Center. The form includes a summary of the conference’s actual costs and attendance, support for data reported, and related information. The cost categories included on the form are travel costs, facility rental, conference support contract, food and beverages, audiovisual support, and other expenses.

NASA estimated the 2011 IT Summit would cost \$1,176,307, and at its conclusion reported actual costs of \$1,291,889, a difference of approximately \$116,000. However, we found that NASA did not include in the estimated cost figure \$548,209 incurred by contractors who attended the event and billed NASA for their attendance and travel costs and separately an additional \$128,439 in miscellaneous expenses.²⁶ Including these additional expenses raises the total cost of the 2011 IT Summit to \$1.97 million – 52 percent more than the amount originally reported and 67 percent more than the original cost estimate. The unreported costs related to the 2011 IT Summit are detailed in Table 4.

²⁶ We requested NASA provide the costs of its contractors’ attendance at the conference. The estimate provided included travel and labor costs.

Table 4: Additional Costs Paid by NASA for the 2011 IT Summit	
Additional Costs	Amount
Costs Billed to NASA by Contractors to Attend the Summit	\$548,209
Other Costs	
Purchase Card Transactions	2,006
Exhibits & Working Groups ^a	62,589
Pre-conference Travel Costs ^b	63,844
Total Underreported Costs	\$676,648

Source: NASA.

^a The NASA IT Community has 22 working groups that meet throughout the year. The groups were encouraged to hold one of those meetings in conjunction with the 2011 IT Summit.

^b These costs include airfare, hotel, meals and incidental expenses, and transportation.

Contractor Attendance Cost. NASA conference planners reported that 606 contractors and 489 civil servants attended the 2011 IT Summit. The OCFO estimates that the total costs (labor and travel) billed to NASA by the contractor attendees was \$548,209.

Federal regulations define conference costs as “all direct and indirect conference costs paid by the Government, whether paid directly by agencies or reimbursed by agencies to travelers or others associated with the conference.” However, NASA guidance does not require planners to include costs associated with Agency contractors’ attendance, except for the costs of conference support services contractors. According to NASA, system limitations and the expense of reporting this information makes it difficult for conference planners to collect and report such costs. However, when large numbers of contractors attend a NASA conference – as was the case for the 2011 IT Summit – exclusion of this information masks the full cost borne by NASA to hold the conference.

Other Conference Costs. NASA guidance does not specify what types of costs are to be included in the “other” costs line on the NF 1785. We found that the cost of 12 planning trips was not included in planned or reported costs for the 2011 IT Summit. The trips, totaling \$63,844, included one scouting trip to San Francisco to select the meeting site and discuss lessons learned from the 2010 IT Summit and several other trips to San Francisco; Washington, D.C.; and the Jet Propulsion Laboratory in Pasadena, California, to organize conference logistics after the conference site had been selected. NASA’s conference guidance does not address either the appropriate number of planning trips or whether the cost of such trips should be included in conference cost totals. From our perspective, 12 planning trips are excessive and we believe that the Agency would benefit from improved guidance on this issue. See Table 5.

Table 5: Pre-Conference Trips			
Pre-Conference Meetings	Number of Trips	Attendees with Travel Costs	Costs ^a
2010 Lessons Learned Meeting in San Francisco	1	8	\$13,947
Washington, D.C.	6	15	28,511
Jet Propulsion Laboratory	3	4	8,110
Other San Francisco trips	2	6	13,276
Totals	12	33	\$63,844

Source: NASA.

^a As some of the trips had multiple purposes, we estimated the amounts applicable to the 2011 IT Summit.

In our judgment, NASA should develop guidance that addresses the issue of the appropriate number and cost of conference planning trips. While a visit to potential conference sites is often appropriate in the planning stage, once a site is chosen we believe much of the follow-up planning can be accomplished using e-mail and telephone or video conferencing meetings.

NASA also did not include in its totals for the 2011 IT Summit some of the costs associated with the exhibit hall and with obtaining space for the 22 Office of the Chief Information Officer working group meetings that followed the formal conference. While many of the costs for the working group meetings and exhibit hall space were reported, \$62,589 in related costs were not due to the manual process used by the 2011 IT summit steering committee to collect cost information. Using manual processes to collect costs is inefficient, lacks controls to determine completeness and accuracy, and increases the chances of incomplete reporting. NASA also did not report \$2,006 in purchase card expenses for computer hardware and hotel shipping charges. Most of these costs were incurred directly by NASA Centers and not the Office of the Chief Information Officer.

In an effort to respond to our concern, in January 2013, NASA issued an interim directive that provides examples of “other costs” and directs employees to use a particular code to track and collect non-travel costs within the Agency’s financial system. Costs listed in the directive include expenses associated with developing conference materials and exhibits, facility rental, sponsorship fees, and paid for support service contractors. These efforts should help address many of the unreported costs we identified.

Significant Differences between Planned and Actual Expenses

NASA has a process to formally review and approve projected conference costs during the planning stage.²⁷ Planners estimate costs and receive approval from a senior executive within the sponsoring organization at least 30 days before the start of the

²⁷ NF 1784, “NASA-sponsored Event Approval.”

event.²⁸ We found that NASA had no formal process in place when we began our review to evaluate significant increases in planned costs once the approving official signed off on the initial estimate. On January 31, 2013, NASA issued interim guidance requiring re-approval of planned expenses when total costs increase by more than 25 percent from the approved estimate.

For the 2011 IT Summit, NASA reported actual costs of \$1.29 million, which represents a 10 percent increase from the approved estimated cost. Table 6 summarizes the planned costs and actual expenses for the 2011 IT Summit.

Table 6: Differences between Planned and Actual Costs for the 2011 IT Summit				
Costs	Planned Amount	Actual Amount	Difference	Percent Change
Travel Costs	\$974,938	\$688,316	(\$286,662)	29% decrease
Non-Travel Costs				
Food and Beverage	\$0	\$96,664	\$96,664	
Audiovisual	0	279,275	279,275	
Facility Rental	133,590	0	(133,590)	
Other (incl. Conference Support Contract)	67,779	227,634	159,855	
Non-Travel Costs Total	\$201,369	\$603,573	\$402,204	200% increase
Total Conference Costs Reported	\$1,176,307	\$1,291,889	\$115,542	10% increase

Source: NASA.

NASA's travel costs estimate was based on 440 civil servants and other non-government attendees with NASA paid travel at an average cost of approximately \$2,216 per person. Travel costs included transportation, lodging, and meals and incidental expenses. However, 333 individuals with travel paid by NASA attended the conference at an estimated average cost of approximately \$2,067 per person.²⁹ This reduction in civil servant attendees resulted in approximately \$287,000 reduction in travel costs compared to planner's initial estimates. However, this savings masked substantial increases in non-travel costs that nearly tripled from more than \$200,000 to \$603,573, primarily due to increased costs for audiovisual support and "other" expenses.

We found no evidence that the estimated number of travelers was intentionally inflated in the initial estimate in order to mask increases in other conference costs areas. However, having a rule that requires reauthorization only when total costs increase by 25 percent or more may allow significant increases in certain expense categories to escape higher-level review.

²⁸ The aforementioned process was the approval requirement that existed at the time of our examination period. NID 9700.1, issued in January 2013, officially changed the reportable conference approval requirement to at least 6 months prior to the start of the conference.

²⁹ The 333 attendees did not include NASA contractors but rather included NASA civil servants, conference support contractors, and awardees.

The increase in audiovisual expenses occurred because the conference planners' original plan was that a vendor would donate the necessary equipment and services. It was later determined that, due to union rules, the hotel would not allow a third party to provide the equipment and services. This resulted in NASA incurring all audiovisual costs for the conference, an expense that totaled \$279,275. In addition, NASA management initially approved a plan that included no food or beverage costs. However, ultimately NASA incurred food and beverage costs of \$96,664, while facility rental fees were waived.

Lastly, the substantial increase of \$159,855 in "other" costs highlights the need for improved conference cost estimating. At event approval, planners estimated \$67,779 for other expenses, including the conference support contract, supplies, materials, and miscellaneous expenses. However, NASA's "actual" expenses were more than double this initial estimate – \$81,676 for conference support contract costs and \$40,000 for expenses related to an online forum. NASA officials attributed much of the increase in the conference support contract costs to additional work by the conference planner in obtaining meeting space and audiovisual support that NASA had anticipated a vendor would provide as well as providing onsite coordinators and security guards.

Planners Failed to Compare Potential Conference Sites

According to Federal Travel Regulation §301-74.19, an agency must conduct cost comparisons among at least three conference sites and maintain a record of that comparison.³⁰ Cost comparisons should consider such factors as per diem rates, overall convenience of the conference location, fees, availability of meeting space, equipment and supplies, and commuting or travel distance and cost for attendees. For three of the conferences we examined, NASA eliminated alternative sites from consideration prior to completion of a cost comparison.

According to conference steering committee members at the 2011 IT Summit, NASA's contracted conference planners sent a call for proposal to six facilities in the San Francisco area, including Ames Research Center. However, they provided us with no documentation of this call. For a variety of reasons – including the inability to provide the space necessary to accommodate the number of expected attendees, ongoing construction at the site, or lack of response – planners eliminated from consideration all sites but the Marriott Marquis where the conference was held. Planners made no additional efforts to obtain quotes from sites in either San Francisco or elsewhere.

It appears to us that planners selected the Marriott Marquis for the Summit without seriously considering other alternatives. As part of the planning process, planners held a 2-day meeting at the Marriott in September 2010 to discuss lessons learned from the 2010 Summit and begin planning the 2011 conference. About a month after this meeting, and without obtaining any other quotes, the Agency Chief Information Officer approved the Marriott Marquis as the 2011 conference location and the conference planner signed the

³⁰ The term "site" refers to both the geographical location and the specific facility. Accordingly, agencies may consider three facilities in the same geographical location or facilities from multiple geographical locations.

sales agreement with the hotel on November 4, 2010. By all indications, NASA's contracted conference planner did not diligently follow the Federal Travel Regulation to conduct cost comparisons before selecting the Marriott for the 2011 IT Summit.

Similar to the 2011 IT Summit, we perceived a lack of diligent effort in selecting the sites for the 2012 PM Challenge and the 2010 International Symposium on the A-Train Satellite Constellation. Planners eliminated locations from consideration without comparing pertinent costs for more than one conference site. Unless they obtain cost estimates from more than one potential conference site, NASA conference planners cannot ensure they hold conferences at the most cost-effective location.

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

To improve management of costs for NASA-sponsored conferences, we recommended that the Chief Financial Officer:

Recommendation 4. Enhance NASA's conference guidance by:

- a. providing criteria for and examples of acceptable planning and conference costs, including whether travel costs for site selection scouting trips, off-site planning meetings, or conference "dry-runs" are acceptable and requiring these estimated and actual costs be included on the NF 1784 and NF 1785 forms;
- b. requiring increases of 10 percent or more in specific cost categories above a certain threshold be approved by appropriate officials; and
- c. requiring conference planners to obtain quotes from at least three conference sites and retain documentation from these cost comparisons.

Management's Response. The Chief Financial Officer concurred, stating that NASA Interim Directive 9700-1 "NASA Conference Approval and Reporting" will be modified to address our concerns prior to its expiration in January 2014.

Evaluation of Management's Response. Management's proposed actions are responsive; therefore, the recommendation is resolved and will be closed upon completion and verification of the corrective actions.

Recommendation 5. Develop a methodology for gathering costs billed to NASA for contractor employees who attend NASA-sponsored conferences with significant contractor attendance.

Management's Response. The Chief Financial Officer concurred, stating that her office will work diligently with appropriate stakeholders to develop this methodology.

Evaluation of Management's Response. Management's proposed actions are responsive; therefore, the recommendation is resolved and will be closed upon completion and verification of the corrective actions.

Other Matters

At the 2011 IT Summit, the Marriott Marquis offered and NASA accepted one complimentary room for every 50 rooms rented, 25 room upgrades at the government rate, and complimentary use of the hotel's presidential suite. The steering committee determined who received the free and upgraded rooms. Ultimately, the Chief Information Officer stayed in the presidential suite and other senior NASA managers, conference planners and speakers, and individuals who volunteered to help at the conference stayed in the other free and upgraded rooms. The presidential suite was also used for meetings hosted by the Chief Information Officer and members of the steering committee at no additional cost to NASA.

We found no evidence that NASA incurred any additional expense by accepting the upgraded and complimentary rooms. Moreover, we understand that hotels routinely provide such rooms at no cost to customers who hold large conferences at their facilities. The hotels that hosted the 2012 PM Challenge and the 2010 International Symposium on the A-Train Satellite Constellation offered similar concessions.

In response to our report, the Chief Financial Officer stated that NASA intends to develop guidance limiting acceptance of room upgrades by employees who attend NASA-sponsored conferences.

Finally, the Chief Financial Officer noted that the Agency plans to review current agreements with contractors or partners involved in planning NASA-sponsored conferences to ensure they are appropriate and meet NASA policy requirements and the corrective actions the Agency plans to take in response to our recommendations.

Scope and Methodology

We performed this audit from February 2012 through June 2013 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

As of May 2012, NASA provided quarterly reports on conferences with costs exceeding \$20,000 for FY 2011 and the first and second quarters of FY 2012. Due to the lack of availability of data for the third and fourth quarters of FY 2012 at the start of our audit, we selected four high-dollar conferences from FY 2011 and the first and second quarters of 2012 for which to perform audit procedures:

- 2011 NASA IT Summit (4th Quarter FY 2011; San Francisco, California; August 15-17, 2011).
- NASA 2011 PM Challenge (2nd Quarter FY 2011; Long Beach, California; February 9-10, 2011).
- NASA 2012 PM Challenge (2nd Quarter FY 2012; Orlando, Florida; February 22-23, 2012).
- 2010 International Symposium on the A-Train Satellite Constellation (1st Quarter FY 2011; New Orleans, Louisiana; October 25-28, 2010).

Additionally, we also examined the TEDxNASA @ Silicon Valley – 2011 Extreme Green event held August 17, 2011. Although this event was not separately reported as a conference, we performed limited audit procedures since the costs for the event were intermingled with the 2011 IT Summit.

We obtained an understanding of the Agency conference planning and reporting process by conducting interviews with the OCFO, the NASA Shared Services Center, and several center conference points of contact. We performed a detailed review of the 2011 IT Summit that involved a series of interviews with members of the conference steering committee, the conference planners, and the NIA Foundation; review of a sample of travel authorizations and vouchers; and a review of invoices supporting conference costs. Our review of the other three conferences was limited to areas for which additional audit evidence was needed to support conclusions reached from our review of the 2011 IT Summit and issues that were specific to that conference.

To ensure completeness of our population, we examined the reportable conferences from prior fiscal years that appeared to occur annually and determined whether those conferences occurred during FY 2011 and in the first and second quarters of FY 2012. Additionally, a search of NASA-sponsored conferences was conducted in the NASA Conference Tracking System for events whose cost exceeded \$20,000 but were not reported.

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

- Public Laws
 - Public Law 112-55 Section 540, establishes the requirement for NASA to submit to the OIG quarterly reports of each conference held by NASA that exceeded \$20,000 during FY 2012 and what information those reports should contain.
 - Senate Report 112-78, sets the requirement that the OIG continue to audit the expenditures of NASA-Sponsored Conferences exceeding \$20,000.
- Federal Guidance
 - Federal Travel Regulation § 301.74 “Conference Planning,” sets the Federal policies to follow when planning a conference.
 - Office of Government Ethics, “A Collection of Federal Resources Relating to Conferences” (September 2012), replaced the May 2010 guide in effect when NASA planned and held the conferences we examined in this audit. However, the guidance on co-sponsoring relationships did not change significantly between the two documents.
 - Office of Government Ethics, “Conferences: A Guide for Ethics Officials” (May 2010), is a roadmap to authoritative decisions, opinions, directives, and instructions that span a variety of conference-related issues for agencies in the Executive Branch.
 - OMB Memorandum 11-35 “Eliminating Excess Conference Spending and Promoting Efficiency in Government” (September 2011), communicates the government’s initiative to eliminate unnecessary and wasteful spending.
 - OMB Memorandum 12-12 “Promoting Efficient Spending to Support Agency Operations” (May 2012), describes policies and procedures in the area of travel and conference expenditures to help agencies reduce costs and improve efficiency of operations.

- NASA Policies and Procedures
 - NID 9700.1, “NASA Conference Approval and Reporting” (January 2013), provides the financial management requirements for conference planning, approval, attendance, and reporting.
 - NASA Procedural Requirement (NPR) 9700.1 Chapter 2, “Requirements relating to Conference Attendance and Reporting” (effective September 2011, cancelled January 31, 2013), set forth requirements for planning and reporting conference costs and adhering to foreign conference attendance limits as established in the Federal Travel Regulation.
 - NPR 9700.1 Appendix A, “NASA FTR Supplement” (September 2011), addresses matters for which NASA has authority or responsibility to set specific policy or establish specific procedures that apply only to NASA and matters not covered by the Federal Travel Regulation.
 - NASA Memo “Planning Agency-Sponsored Events” (November 2005), provides guidance on accounting for the fiscal, travel, ethics, and appearance issues which must be considered when planning NASA-sponsored events.

Procurement Information Circular 09-01, “Limitations on Conference related Expenditures” (January 2009), provides guidance to NASA center procurement offices to ensure contractor compliance with conference expenditure and reporting requirements contained in FY 2008 and FY 2009 appropriations and authorizations laws.

Use of Computer-Processed Data. We obtained our data, including conference attendance lists and conference cost summary reports, from NASA. However, we were unable to assess the overall completeness and reliability of conference attendance lists and conference cost summary reports. We verified the accuracy of this data by tracing significant expenses for the conference to receipts and a sample of the attendee’s travel receipts to our attendance list and summary reports. Additionally, we performed various searches of NASA travel data to identify unreported travelers or incorrect travel expenses noting no significant discrepancies. These procedures allowed us to rely on the data reported to perform this audit.

Review of Internal Controls

We identified and reviewed internal controls associated with planning conferences to ensure that NASA obtained adequate competition, guidance on fiscal and ethical issues were obtained, and management selected the conference site in accordance with Agency guidance. We also obtained an understanding of the internal controls associated with the accuracy and reliability of travel vouchers. We did not directly test the effectiveness of controls associated with conference reporting. The control weaknesses we identified are

discussed in this report. Our recommendations, if implemented, will correct the identified control weaknesses.

Prior Coverage

Over the last 5 years, NASA OIG has issued reports of particular relevance to the subject of this report. Unrestricted reports can be accessed over the Internet at <http://oig.nasa.gov/audits/reports/FY12/index.html>.

“Final Memorandum on the Analysis of Fiscal Year 2009 NASA-Sponsored Conferences” (IG-10-009, March 23, 2010)

“Opportunities to Improve the Management of the Space Flight Awareness Honoree Launch Conference Event” (IG-09-017, July 27, 2009)

“Required Registration Fee for the 2008 NASA General Counsel Conference” (IG-09-010, January 29, 2009)

“NASA’s Conference Planning Process Needs Improvement” (IG-09-002, October 29, 2008)

NASA CONFERENCES REPORTED TO CONGRESS

Conferences Reported by NASA to Congress

On April 10, 2012, the U.S. House of Representatives' Committee on Oversight and Government Reform submitted a request to NASA Administrator, Charles F. Bolden, Jr. for data related to the cost and frequency of agency-funded overnight conferences. The Committee requested a list of overnight conferences funded by the Agency, attended by more than 50 employees, and held outside of the Washington, D.C., area since January 1, 2005. In its February 8, 2013, response to the congressional request, NASA reported 151 conferences with costs totaling approximately \$35.6 million. The data is summarized in Table 7.

Table 7: Conference Data reported by Congressional Request

Calendar Year	Reportable Events	Total NASA-Paid Attendees	Total Cost
2005	13	1,511	\$2,092,001
2006	15	1,708	2,264,697
2007	19	2,135	3,060,088
2008	21	2,801	4,705,757
2009	16	2,821	4,677,387
2010	24	3,342	6,722,883
2011	25	4,190	8,754,142
2012	18	3,733	3,279,775
Total	151	22,241	\$35,556,730

Source: NASA.

Note: The data related to reportable events was retrieved from the OCFO and was not audited by the OIG.

On April 16, 2012, U.S. Senator Tom Coburn requested conference-related data for conferences held during fiscal years 2010, 2011, and 2012. In an effort to learn more about and to update information about ongoing costs related to conferences, the Senator requested specific items related to travel cost and attendance for conferences held during those three fiscal years. In its February 8, 2013, response to the congressional request, NASA reported 4,916 reportable events with costs totaling approximately \$77.5 million. The data is summarized in Table 8.

Table 8: Conference Reported Data in reply to U.S. Senator Tom Coburn			
Fiscal Year	Reportable Events	Total NASA-Paid Attendees	Total Cost
2010	1,823	14,220	\$30,081,247
2011	1,666	12,971	28,623,705
2012	1,427	10,906	18,802,737
Total	4,916	38,097	\$77,507,689

Source: NASA.

Note: The data related to reportable events was retrieved from the OCFO and was not audited by the OIG.

The criteria used to fulfill Senator Coburn's request included all foreign and domestic conferences attended by at least one NASA employee and funded primarily or in part by the Agency.

MANAGEMENT COMMENTS

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



JUL 16 2013

Reply to Attn of: Office of the Chief Financial Officer

TO: Assistant Inspector General for Audits

FROM: Chief Financial Officer

SUBJECT: Response to OIG Draft Report, "Audit of Selected NASA Conferences in Fiscal Years 2011-2012" (Assignment No. A-12-016-00)

The Office of the Chief Financial Officer (OCFO) and the Office of the General Counsel (OGC) appreciate the opportunity to review and provide comments on the Office of Inspector General (OIG) draft report entitled, "Audit of Selected NASA Conferences in Fiscal Years 2011-2012" (Assignment No. A-12-016-00), dated June 25, 2013.

As noted in the draft report, NASA has demonstrated improvement in its conference policies and procedures and has enhanced its conference review processes beginning in 2008. It is important to note that NASA has significantly strengthened these processes in the two years since the conferences described in your report occurred. In addition, in response to the implementation of sequestration in March 2013, NASA has significantly curtailed attendance at all conferences.

Under NASA's current policies, specifically beginning with changes implemented in October 2011, the key issues identified in your report would have been prevented or mitigated. For example, under NASA's current policies:

- Approval requirements for any NASA-sponsored conference are elevated, now requiring signature by a NASA Official-in-Charge (OIC).
- Participation or sponsorship in any conference which would cause NASA's total costs to exceed \$100,000 is prohibited, unless first centrally reviewed by the OCFO and approved by the Deputy Administrator.
- Participation or sponsorship in any conference above \$500,000 is prohibited, unless the Administrator grants a specific waiver.
- NASA prohibits industry or others from hosting "widely attended gatherings" at NASA-sponsored conferences.
- NASA prohibits the use of NASA funds to pay for food at NASA-sponsored conferences.
- Conference planning trips must be minimized, and all trips must be approved by a NASA OIC.

As a result of NASA's strengthened policies and increased scrutiny of conference spending, NASA reduced its spending on NASA-sponsored conferences in 2012 by almost 60 percent compared to 2010 levels. Moreover, NASA did not approve a 2012 IT Summit nor did it approve a 2013 IT Summit. In addition, NASA shifted other planned large conferences, such as the NASA engineering community's 2013 Project Management Challenge, to a virtual format, resulting in significant savings.

In the draft report, the OIG makes four recommendations intended to improve compliance with Federal and Agency requirements for planning, conducting, and reporting on NASA-sponsored conferences. Specifically, the OIG recommends the following:

Recommendation 1: (The CFO should:) Improve conference guidance regarding the process for establishing partnering relationships and the appropriate roles of partners in planning and managing a conference to limit the risk of an augmentation of appropriated funds.

Management's Response: Concur. NASA agrees to update its policy. NASA Interim Directive (NID) 9700-1, "NASA Conference Approval and Reporting," will be modified accordingly prior to its expiration in January 2014.

Recommendation 2: (The CFO should:) Work with the Office of the General Counsel to determine whether any NIA Foundation contributions to the 2011 IT Summit inappropriately augmented NASA's appropriations and address any issues identified.

Management's Response: Concur. The OCFO is working closely with OGC, and once the final determination is made, appropriate action will be taken to address issues identified. OCFO will regularly update the OIG on its progress toward completion.

Recommendation 3: (The OGC should:) Update the standard questions used to evaluate Widely Attended Gathering (WAG) requests to make clear that gifts are valued at the retail cost to the employee and that for meals this figure includes both food and beverages, as well as taxes and service charges.

Management's Response: Concur. Current NASA policy prohibits issuing WAG determinations at conferences primarily sponsored by NASA, and therefore, these changes are no longer applicable in many conference contexts. NASA concurs that the WAG questions should be updated. The U.S. Office of Government Ethics (OGE) regulations rely upon the "market value" of a gift as the basis for whether a number of exceptions to the gift prohibitions apply, including "Gifts of \$20 or Less" and "WAGS." See 5 CFR § 2635.204(a) and (g)(2). "Market value" is defined to be "the retail cost the employee would incur to purchase the gift" and may be estimated "by reference to the retail cost of similar items of like quality." See 5 CFR § 2635.203(c). To respond to OIG's concerns, OGC has revised its WAG questions to make clear that gifts are valued at the retail cost to the employee and to obtain the per person vendor charge per meal. OGC notes its understanding through prior consultation with OGE that sales tax is not included in valuing gifts under OGE's standards.

Recommendation 4: (The CFO should:) Enhance NASA's conference guidance by:

- Providing criteria for and examples of acceptable planning and conference costs, including whether travel costs for site selection scouting trips, off-site planning meetings, or conference "dry-runs" are acceptable and requiring these estimated and actual costs be included on NASA Forms (NF) 1784 and 1785.
- Requiring increases of 10 percent or more in specific cost categories above a certain threshold be approved by appropriate officials.
- Requiring conference planners to obtain quotes from at least three conference sites and retain documentation from these cost comparisons.

Management's Response: Concur. Further details are below:

- NASA current policy requires conference planning trips to be approved by a NASA OIC. OCFO will include this limitation, as well as examples of acceptable costs, in a subsequent issue of NASA policy guidance.
- The current NID 9700-1 allows for a 25 percent cost increase before approval is required. OCFO will revise policy guidance per this recommendation to reduce the level to ten percent above a certain threshold and communicate to all relevant stakeholders upon completion of the revision.
- As discussed in the draft OIG report, the requirement to obtain three quotes and maintain the documentation is already included in Federal Travel Regulations (NFTRS Appendix A, Section 301-74.19 and FTR Section 301-74.19). Furthermore, the NF 1784 requires the comparison of three sites and states this requirement in the instructions. However, NASA will also include these requirements in the body of the final policy document.
- NID 9700-1, "NASA Conference Approval and Reporting," will be modified to incorporate the revisions outlined above prior to its expiration date of January 2014.

Recommendation 5: (The CFO should:) Develop a methodology for gathering costs billed to NASA for contractor employees who attend NASA-sponsored conferences with significant contractor attendance.

Management's Response: Concur. Under current NASA guidance, conference organizers must include the estimated cost of contractor attendance when submitting requests for Agency-wide participation at conferences. To minimize increased costs associated with capturing actual contractor attendance and other costs, OCFO will work diligently with appropriate stakeholders to develop a methodology for estimating, gathering, and reporting contractor costs for those NASA-sponsored events with significant contractor attendance. In that effort, the OCFO will also define what constitutes significant contractor attendance.

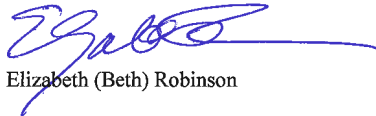
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Additional Management Actions

In addition to the responses to these recommendations, NASA intends to take additional steps to further strengthen its conference policies. NASA will:

- Develop Agency guidance limiting acceptance of room upgrades by NASA employees in connection with NASA-sponsored conferences.
- Review current agreements with any contractors or partners involved in the planning of NASA-sponsored conferences to ensure such agreements are appropriate and meet NASA policy requirements and corrective actions outlined above.

Again, thank you for the opportunity to review and comment on the subject draft report. If you have further questions or require additional information on the NASA response to the draft report, please contact Pamela Hanes, Deputy Chief Financial Officer for Finance at (202) 358-2809 or Joe McIntyre, Associate Deputy Chief Financial Officer for Finance at (202) 358-4423.



Elizabeth (Beth) Robinson

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