



U.S. DEPARTMENT OF
HOUSING AND URBAN DEVELOPMENT
OFFICE OF INSPECTOR GENERAL
WASHINGTON, DC 20410-4500

August 7, 2012

The Honorable Jeanne Shaheen
520 Hart Senate Office Building, Suite 620
Washington, DC 20510

Dear Senator Shaheen:

This letter is in response to your request dated April 27, 2012 to the U.S Department of Housing and Urban Development (HUD), Office of Inspector General, to determine whether we have conducted any reviews of HUD's conference spending.


You specifically requested information on 1) any investigations of conference spending our office has produced and; 2) if we have not examined such spending in detail, that we perform an audit of any questionable Department of Housing and Urban Development conference expenses to ensure taxpayer funds have been spent in accordance with federal law and regulations.

We performed thirty-four reviews of HUD that involved conference spending and related travel conducted between October 1995 and January 2012. Our audit reports disclosed immaterial instances of unsupported, ineligible or unnecessary travel expenses by HUD employees or by personnel of entities that administered HUD funds. HUD has addressed all recommendations associated with these reports to our satisfaction. The allegations that we investigated were either unfounded or resulted only in administrative actions.

Although we did not routinely conduct audits or investigative activities that focus on conference spending and related travel, we have conducted such reviews in response to complaints, management referrals, or congressional requests. Also, we annually conduct an audit of HUD's financial statements, which includes a review of a sample of expenses incurred by HUD's senior executive staff which may include conference and related travel expenditures. In addition, in our audits of external entities that administer HUD funds, such as housing authorities, local government agencies and non-profit organizations, we may also have examined conference spending and related travel expenses. The results of our review are presented in the enclosure.

Should you have any additional questions, please feel free to contact my Congressional Liaison, Kathleen Hatcher at (202) 402-8323 or at khatcher@hudoig.gov.

Sincerely,


David A. Montoya
Inspector General

Enclosure

cc:

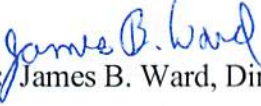


U.S. DEPARTMENT OF
HOUSING AND URBAN DEVELOPMENT
OFFICE OF INSPECTOR GENERAL

MEMORANDUM NO: 2012-IE-0801

August 6, 2012

MEMORANDUM FOR: David P. Sidari, Acting Chief Financial Officer, F

FROM:  James B. Ward, Director of Inspections and Evaluations, GAH

SUBJECT: HUD's Conference Spending

SUMMARY

In response to a request from Senator Jeanne Shaheen, we compiled information from audits and investigative activities we performed that included findings or allegations regarding the U.S. Department of Housing and Urban Development's (HUD) conference spending and related travel. Senator Shaheen asked us to provide information on any investigations of conference spending our office has produced and if we have not examined such spending in detail, that we perform an audit of any questionable HUD conference expenses to ensure that taxpayer funds have been spent in accordance with Federal law and regulations.¹

The objective of our review was to summarize the results of our audits and investigative activities that included findings or allegations regarding HUD's conference spending and related travel. Our records showed that we performed 34 such reviews between October 1995 and January 2012. Our audit reports disclosed immaterial instances of unsupported, ineligible, or unnecessary travel expenses by HUD employees or personnel of entities that administered HUD funds. HUD has addressed the recommendations associated with these reports to the satisfaction of the Office of the Inspector General (OIG), and all are closed. The allegations that we investigated were either unfounded or resulted only in administrative actions. We have addressed the Senator's inquiry in the Results of Review section of this memorandum.

¹ Congressional Request, Senator Jeanne Shaheen of New Hampshire, April 27, 2012

BACKGROUND

The need to control spending on conferences and related travel has been the subject of Federal directives within the last 12 months. On September 21, 2011, the Office of Management and Budget (OMB) issued Memorandum 11-35, "Eliminating Excess Conference Spending and Promoting Efficiency in Government," instructing all agencies "to conduct a thorough review of the policies and controls associated with conference-related activities and expenses." In November 2011, Presidential Executive Order 13589 directed all Federal agencies to reduce spending in a variety of administrative categories, including conferences and travel, by 20 percent of fiscal year 2010 levels by fiscal year 2013.² On May 11, 2012, OMB issued another memorandum, which outlined new policies and practices for conference sponsorship, hosting, and attendance to ensure that Federal funds are used appropriately on these activities. These efforts to reduce spending were implemented to ensure that conference expenses are managed in a manner that minimizes expenses to taxpayers.³

HUD approves staff to participate in conferences for various mission-related purposes, including: program development, planning, and information gathering; program outreach and information dissemination; and staff development and training. The subject matter or purpose of the conference must pertain to HUD's program mission or related strategic or annual goals. Some conference participation is approved to enhance the knowledge, skills, and ability of HUD staff to improve their job performance and support HUD programs. Staff participation in conferences must be approved by a supervisor and is contingent upon the availability of funding.⁴ HUD also indirectly supports conference participation by staff of State and local agencies, housing authorities, and nonprofit organizations that administer HUD grant or housing subsidy programs. Conference-related spending charged to these programs must comply with applicable program guidelines and regulations.

In response to complaints, management referrals, or congressional requests, we conduct audits or investigations of HUD's conference spending and related travel. We also annually conduct an audit of HUD's financial statements, including a review of a sample of travel expenses incurred by HUD's senior executive staff, which may include travel- and conference-related expenditures. In addition, in our audits of external entities such as housing authorities, local government agencies, and nonprofit organizations, we may also review transactions that involve conference spending and related travel by personnel of these entities that is indirectly funded by HUD. However, we have not routinely conducted audits or investigations that focused on individual conferences sponsored or cosponsored by HUD.

RESULTS OF REVIEW

Our review disclosed that we performed 34 reviews of HUD that involved conference spending and related travel between October 1995 and January 2012. Twenty-five of these reviews were

² Promoting Efficient Spending, Executive Order 13589, signed November 9, 2011, Federal Register, Vol. 76, No. 220, pg. 70863

³ Promoting Efficient Spending to Support Agency Operations, OMB Memorandum M-12-12, May 11, 2012, section 2

⁴ HUD Testimony, James M. Martin, Acting Deputy Chief Financial Officer, February 7, 2006

audits. Nine were investigative activities. The results of these reviews disclosed immaterial instances of ineligible, unsupported, or unnecessary travel expenses by HUD employees or personnel of entities that administered HUD funds. Below is a summary of our observations from our audits and investigative activities regarding HUD's conference spending and related travel.

Audit Reports Noted Questionable Costs Related to Conference Attendance

The Office of Audit issued 25 audit reports between October 1995 and January 2012 that included findings and recommendations related to conference spending. The objective of one of the audits was to determine whether a HUD staff training conference in Reno, NV, in 2000 was an effective and efficient use of government resources.⁵ The audit found that controls over attendance at staff conferences needed improvement. However, the expenditure for training provided at this specific conference represented an effective and efficient use of HUD funds. The findings associated with this audit are closed. Actions taken to comply with the audit recommendations were made to the satisfaction of OIG.

The other 24 reports had at least one finding concerning conferences attended by personnel of entities that administered HUD funds. These entities included public housing authorities, nonprofit organizations, and State or local government agencies that charged conference-related costs to HUD programs. Several findings noted that the conferences included some lobbying activities not permitted by rules issued by OMB. Other findings concerned unsupported, ineligible, or excessive travel expenses related to conference attendance.

Unsupported costs included claims paid to conference attendees who failed to submit travel receipts and advances paid to conference attendees that were not reconciled with actual expenditures. For the most part, the unsupported amounts involved were relatively minor. For example, unsupported conference costs at one housing authority totaled \$3,971. At another authority, unreconciled travel advances for board members' travel to a conference totaled \$5,950. Ineligible amounts included travel costs of the spouses of a housing authority executive director and board member and entertainment items.

Unnecessary or unreasonable expenditures included travel allowances that exceeded Federal or local per diem rates. For example, one housing authority's policy allowed up to \$100 per day for meals, taxi fares, and other costs, which was \$70 more than that allowed for local government employees in the authority's jurisdiction at the time. In addition, one finding questioned the number of housing authority officials who attended conferences as unreasonable and contrary to authority policy.

Investigative Activities on Conference Spending Resulted in Administrative Actions for HUD Employees

The Office of Investigation conducted nine investigative activities related to HUD conference spending that involved allegations of unnecessary and inappropriate conference attendance and travel costs, improper receipt of hotel rewards points, questionable funding and accounting methods, and travel without proper authorization. For six of these activities, the allegations were

⁵ Office of Native American Programs (ONAP) Staff Training Conference, Reno, NV, Report #2000-SE-107-0002, Frank E. Baca, District Inspector General for Audit, Northwest/Alaska District, September 29, 2000

unfounded. Two cases resulted in the issuance of a warning letter or memorandum to HUD employees. One case resulted in adoption of a procedural change.

One of the two warning letters was given to a HUD employee involved in booking a conference at a hotel for failure to follow administrative procedures. In another activity, administrative procedures were changed after an investigation involving an allegation that three protective service agents traveled via business class while accompanying a senior HUD executive on official overseas travel.

RECOMMENDATIONS

HUD has taken corrective actions to the satisfaction of OIG in all of the above reports regarding conference spending and related travel. Therefore, this memorandum contains no recommendations.

METHODOLOGY AND SCOPE

We performed our review at HUD OIG's Washington, DC, headquarters in May and June 2012.

We contacted the Office of Audit and the Office of Investigation to determine the results of any closed audits and investigative activities of conference spending and related travel.

We reviewed 25 audit reports issued between October 1995 and January 2012 that contained findings and recommendations related to conference spending and related travel expenses.

We reviewed nine investigative case files conducted between December 2003 and January 2012 that contained allegations related to conference spending.

We conducted the inspection in accordance with the Quality Standards for Inspection and Evaluation issued by the Council of the Inspectors General on Integrity and Efficiency.