



Audit Report



OIG-16-043

Treasury Established Appropriate Conference, Travel, and Award Policies

May 20, 2016

Office of
Inspector General

Department of the Treasury

Contents

Audit Report

Background.....	3
Audit Results.....	6
Treasury Bureaus’ Conference Policies Complied with Applicable Regulations and Guidance	6
Treasury Bureaus’ Travel Policies Complied with the Federal Travel Regulation	7
Treasury Bureaus’ Employee Award Policies Complied with Applicable Laws and Regulations	8
Concluding Remarks.....	9

Appendices

Appendix 1: Objective, Scope, and Methodology.....	11
Appendix 2: Management Response	14
Appendix 3: Major Contributors to This Report	15
Appendix 4: Report Distribution	16

Abbreviations

BEP	Bureau of Engraving and Printing
BPD	Bureau of the Public Debt
CDFI	Community Development Financial Institutions Fund
CFO	chief financial officer
CFR	Code of Federal Regulations
DO	Departmental Offices
FinCEN	Financial Crimes Enforcement Network
FMS	Financial Management Service
FTR	Federal Travel Regulation
Mint	United States Mint
OCC	Office of the Comptroller of the Currency
OIG	Office of Inspector General
OMB	Office of Management and Budget
OPM	Office of Personnel Management
TD	Treasury Directive
Treasury	Department of the Treasury
TTB	Alcohol and Tobacco Tax and Trade Bureau

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*The Department of the Treasury
Office of Inspector General*

May 20, 2016

Brodi Fontenot
Assistant Secretary for Management

This report presents the results of our audit of policies and procedures of the Department of the Treasury (Treasury) that govern Federal spending for conferences, travel, and employee awards. We conducted this review in response to congressional interest¹ and public concerns that arose after several Inspectors General reported on excessive spending and mismanaged government conferences in Federal agencies.²

Our audit objective was to determine whether Treasury has policies and procedures in place to facilitate compliance with applicable Federal laws, regulations, and executive orders on conferences, travel, and employee award programs. We also compared those policies and procedures to guidance from the Office of Management and Budget (OMB) and the Office of Personnel Management (OPM), as well as Treasury Directives (TDs). The scope of our review was fiscal years 2010 to 2012.

We reviewed the conference, travel, and employee award policies of eight Treasury bureaus:

- Alcohol and Tobacco Tax and Trade Bureau (TTB)

¹ H.R. 6020 (112th Congress), Financial Services and General Government Appropriations Bill, 2013, included a requirement for certain Inspectors General to report whether their agencies or departments have policies and procedures to ensure compliance with Federal laws, regulations, and executive orders on travel, conferences, and employee awards. The requirement was not passed into law.

² U.S. General Services Administration Office of Inspector General (OIG), *2010 Western Regions Conference*, Apr. 2, 2012; Department of Veterans Affairs OIG, *Administrative Investigation of the FY 2011 Human Resources Conferences in Orlando, Florida* (12-02525-291), Sep. 30, 2012; and Treasury Inspector General for Tax Administration, *Review of the August 2010 Small Business/Self-Employed Division's Conference in Anaheim, California* (Reference Number: 2013-10-037), May 31, 2013.

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- Bureau of Engraving and Printing (BEP)
 - Legacy Bureau of the Public Debt (BPD)
 - Departmental Offices (DO)³
 - Financial Crimes Enforcement Network (FinCEN)
 - Legacy Financial Management Service (FMS)
 - Office of the Comptroller of the Currency (OCC)
 - United States Mint (Mint)

We did not review the policies and procedures of the Internal Revenue Service (IRS), as the Treasury Inspector General for Tax Administration is responsible for its oversight, or the Community Development Financial Institutions Fund (CDFI).⁴ We also did not review the policies and procedures of the Bureau of the Fiscal Service, which was formed from consolidating and redesignating the legacy BPD and the legacy FMS in October 2012.⁵ However, we did review the policies and procedures for the predecessor components, BPD and FMS. We conducted our fieldwork from January 2013 to July 2013. Appendix 1 contains a detailed description of our audit objective, scope, and methodology.

In brief, we found that the bureaus we reviewed had established conference policies and procedures; however, at the time of our fieldwork, five of the eight bureaus' conference policies lacked certain important topics related to planning, hosting, and/or reporting on conferences. On May 6, 2013, Treasury revised its directive on conferences and required all Treasury bureaus to update their policies.⁶ Treasury bureaus have since updated their conference policies using the new directive. In addition, we found

³ Throughout this report, we refer to these eight Treasury entities as bureaus although DO is not a bureau. DO includes offices that form policy and manage Treasury: Domestic Finance, Economic Policy, General Counsel, International Affairs, Legislative Affairs, Management, Public Affairs, Tax Policy, Terrorism and Financial Intelligence, and the Treasurer of the United States.

⁴ Treasury OIG performed a separate audit of CDFI's compliance with applicable laws and regulations on travel incurred between July 2010 and June 2012. In the audit report *CDFI Fund Needs Better Controls Over Travel* (OIG-14-043; Jan. 29, 2014), we reported that CDFI's controls to prevent and detect potentially wasteful spending on travel and to ensure compliance with government-wide and departmental travel rules and regulations were weak; audit exceptions were found with 129 of 130 travel claims reviewed. We also found an instance where CDFI's former Director and staff incurred costs for a trip to Hawaii that were neither reasonable nor necessary given the facts and circumstances surrounding the travel purpose.

⁵ Treasury Order 136-01, "Bureau of the Fiscal Service," Oct. 7, 2012.

⁶ TD 12-70, "Hosted or Sponsored Conference Planning and Approval," May 6, 2013.

that the Treasury bureaus established policies for travel and employee awards that complied with applicable Federal laws, regulations, and executive orders. Since the bureaus have updated their conference policies to address the identified deficiencies and comply with applicable laws, regulations and guidance, we make no recommendations in this report.

In a written response, provided as Appendix 2, Treasury management concurred with the report's findings.

As a follow on to this audit, we plan to conduct and assess compliance with established conference, travel, and employee award policies at select Treasury bureaus. In this regard, we are performing an audit at TTB and plan to report our findings and conclusions from that audit in a separate report to the TTB Administrator.

Background

The Administration's efforts to reduce excessive spending and waste for conferences, travel, and employee awards are included in multiple directives and memoranda. In June 2011, to cut waste, streamline government operations, and reinforce the gains from performance and management reform, the President ordered the chief financial officers (CFOs) at all executive departments and agencies to be responsible for achieving cost savings, which would include each agency's share of the \$2.1 billion in administrative cost savings identified in the fiscal year 2012 budget.⁷

OMB defines a conference as "a meeting, retreat, seminar, symposium or event that involves travel,"⁸ and conference expenses as including transportation, per diem expenses, room rentals, audiovisual costs, light refreshments, registration fees, and other expenses listed in the Federal Travel Regulation (FTR). In September 2011, OMB instructed agencies to conduct a thorough review of policies and controls associated with conference-related

⁷ Executive Order 13576, "Delivering an Efficient, Effective, and Accountable Government," June 13, 2011.

⁸ OMB Memorandum 12-12, "Promoting Efficient Spending to Support Agency Operations," May 11, 2012.

activities and expenses to ensure they were appropriate and effective.⁹ Further, in November 2011, the President directed agencies to develop plans to limit spending on travel and conferences.¹⁰

Treasury conducts and participates in conferences for various purposes, including employee training, information sharing, and mission support. The FTR provides guidance for planning and conducting conferences, and TD 12-70 provides guidance for approving and reporting on conferences sponsored by Treasury bureaus.

The FTR states that when planning a conference, the agency must minimize all conference costs, including administrative costs, conference attendees' travel costs, and conference attendees' time costs.¹¹ While the FTR serves as the principal guidance, Treasury bureaus' internal policies provide bureau-specific provisions for conferences.

In May 2012, OMB instructed agencies to (1) initiate senior level review and approval of planned conferences costing more than \$100,000, (2) prohibit spending in excess of \$500,000 on a single conference unless a waiver is obtained, and (2) publically report conference expenses for events costing more than \$100,000.¹²

TD 12-70 incorporates this OMB guidance with even more stringent thresholds for reporting. Treasury reports conferences with expenses exceeding \$20,000 on its internal online database, and those with expenses exceeding \$100,000 on its public website for all bureaus except OCC.¹³

⁹ OMB Memorandum 11-35, "Eliminating Excess Conference Spending and Promoting Efficiency in Government," Sep. 21, 2011.

¹⁰ Executive Order 13589, "Promoting Efficient Spending," Nov. 9, 2011.

¹¹ FTR Part 301-74, Conference Planning.

¹² OMB Memorandum 12-12.

¹³ TD-12-70 specifically exempts OCC from compliance. Treasury officials told us that since 12 USC §1—Office of the Comptroller of the Currency, (b)(1), prohibits the Secretary of the Treasury from intervening in matters or proceedings before the Comptroller of the Currency and many OCC conferences are related to its bank examination function, requiring compliance with TD 12-70 would appear to encroach on OCC's autonomy.

The FTR serves as the authoritative guidance for all Federal agencies' policies on travel by Federal civilian employees and others authorized to travel at government expense. It covers areas such as (1) per diem expenses, (2) travel authorization, (3) voucher approval, and (4) reimbursement policies. The Administrator of the U.S. General Services Administration promulgates the FTR. The FTR is codified in Title 41 of Code of Federal Regulations (CFR), Chapters 300 through 304. The principal purpose of the regulation is to assure that official travel is made responsibly, while minimizing administrative costs and communicating policies in a clear manner to Federal agencies and employees.

Treasury provides additional travel guidance by issuing directives covering topics such as the use of travel charge cards, approval requirements for first-class and business-class transportation, and travel by persons assigned outside of the United States.¹⁴

Chapters 43, 45, and 54 of 5 United States Code (USC), provide the statutory basis for Treasury bureaus' employee award policies and sections within 5 CFR implement these statutes.¹⁵ OPM guidance provides specific guidelines for Federal agencies to establish employee awards policies covering incentives to and recognition of employees, individually and as members of groups, for their performance and contributions to their agencies' missions.¹⁶

Prescribed awards include both monetary and non-monetary awards such as:

- **performance award** – cash award based on an employee's performance evaluation rating;
- **quality step increase** – a raise in pay from one of the 10 steps within a pay grade to the next;

¹⁴ TD 12-24, "Acceptance of Payments for Travel Expenses from a Non-Federal Source," Mar. 14, 2012; TD 12-27, "Delegation of Authority to Approve Certain Travel and Related Expenses for Personnel Assigned Outside the United States," Feb. 25, 2011; TD 74-12, "Use of Government Contractor-Issued Travel Charge Cards," Oct. 20, 2011; TD 74-13, "First-Class and Business-Class Travel," Mar. 16, 2012; and TD 74-15, "Performing Temporary Duty at or Near the Permanent Duty Station or Residence," Sep. 21, 2011.

¹⁵ 5 CFR, Part 451, Subpart A, Agency Awards; 5 CFR, Part 531, Subpart E, Quality Step Increases.

¹⁶ OPM Guidance: Incentives and Employee Recognition, September 2005.

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- **special act award** – a cash award given for a specific accomplishment;
 - **on-the-spot award** – cash award for a significant accomplishment of short duration;
 - **time-off award** – an award of paid leave for an accomplishment; and
 - **honorary recognition** – a non-cash award for an accomplishment.

Audit Results

Treasury Bureaus' Conference Policies Complied with Applicable Regulations and Guidance

The FTR and TD 12-70 provide the principal guidance for Treasury bureaus to develop policies in the areas of conference approval, planning, and reporting, among others. The Executive Orders and the OMB Memoranda, mentioned in the Background section of this report, provide further guidance. In particular, Executive Order 13589 encourages agencies to devise strategic alternatives to government travel, including local or technological alternatives, such as teleconferencing and video-conferencing. It also directs agencies to make all appropriate efforts to conduct business and host or sponsor conferences in space controlled by the Federal government, wherever practicable and cost-effective. OMB Memorandum 11-35 requires the Deputy Secretary of an agency to approve conference-related activities and expenses.

After Executive Order 13589 was issued, and before we started this audit, Treasury's Acting Deputy CFO at the time identified 16 key topics to be included in the bureau conference policies and communicated them to Treasury's bureau CFOs.¹⁷ These topics were consistent with conference-related provisions of the FTR, the Executive Order, and OMB guidance.

Treasury issued TD 12-70 in November 2012 and revised it in May 2013. The revised TD 12-70 incorporated the 16 topics identified by the Acting Deputy CFO, and specified the approver levels

¹⁷ Memorandum for Bureau Chief Financial Officers, "Travel and Conference Policies," Nov. 29, 2011.

depending on the threshold conference costs, as well as reporting requirements. Additionally, in May 2013, Treasury issued Treasury Directive Publication 12-70 to provide further explanations and directions to the bureaus to help implement TD 12-70. We used TD 12-70 as the primary criteria for our conference policy review.

When we began our work, we found that five of the eight bureaus omitted one or more topics related to conference planning, hosting, and reporting in their policies. Specifically we noted that policies for these bureaus did not address the following.

- One bureau did not address the use of external services when planning conferences.
- One bureau did not address the requirement to consider alternative means of accomplishing collaboration, including the use of remote tools, and also to host or sponsor conferences in space controlled by the Federal government.
- One bureau did not address the requirements that conference-related costs, including supplies and services, must be purchased by authorized officials through appropriate procurement vehicles, such as purchase cards, contracts, or purchase orders, and that travel cards may be used only for travel-related expenditures incurred by individual travelers.
- Four bureaus did not address the reporting and record keeping requirement that conferences with total costs of \$20,000 or greater must be entered into an online tracking database within 15 days after the conference.

Subsequent to the completion of our fieldwork, we followed up and found that the five bureaus with incomplete conference policies had updated these policies to comply with the FTR and TD 12-70.

Treasury Bureaus' Travel Policies Complied with the Federal Travel Regulation

The FTR is the authoritative guidance for travel by Federal civilian employees and others authorized to travel at government's expense. Table 1 shows Treasury bureaus' travel policies and their effective dates.

Table 1: Treasury bureaus’ travel policies and effective dates

	BEP	BPD	DO	FinCEN	FMS	MINT	OCC	TTB
Name of Bureau Travel Policy	Travel Hand Book	ARC Travel Guide ¹⁸	TD 12-24, 74-12, 74-13; & 74-15	ARC Travel Guide & Delegation Order 100.35	Travel Policy and Procedures	Mint-Wide Policy Memoranda	Federal Travel Regulation Supplement	ATF Travel Orders 1500.1B, 1500.7, & 1540.1
Effective Date(s)	10/2007	8/2012	3/11/2008 10/20/2011 3/21/2008 4/6/2001	11/18/2010 6/23/2011	3/2009	5/6/2003 7/25/2007 2/4/2009 2/8/2008 8/19/2009	11/2012	10/1983 12/2001 11/2003

Source: Treasury bureaus.

We compared travel policies for the eight bureaus in our scope to key provisions of the FTR including (1) per diem rates, (2) travel authorization, (3) voucher approval, and (4) reimbursement. The policies for each of the eight bureaus complied with the FTR.

Treasury Bureaus’ Employee Award Policies Complied with Applicable Laws and Regulations

5 USC, Chapter 45, states that agencies may pay a cash award to, grant time-off to, and incur necessary expense for the honorary recognition of, an employee and requires OPM to prescribe regulations governing such authority. Five (5) USC, Chapter 43, provides for recognizing and rewarding employees whose performance so warrants. Treasury bureaus, in general, grant incentive awards to recognize employees for noteworthy performance, significant accomplishment, productivity increase, operational improvement, cost reduction, and other exceptional benefits to the government.

All bureau policies stated in some form that awards are to be granted to individuals and groups for contributions toward meeting

¹⁸ ARC is the Administrative Resource Center, a shared service provider, which at the time of our fieldwork, was organizationally situated within the legacy BPD. ARC is now part of the Bureau of the Fiscal Service.

organizational goals and improving the efficiency, effectiveness, and economy of the government.

Table 2 shows Treasury bureaus' employee award policies and their effective dates.

Table 2: Treasury bureaus' employee award policies and effective dates

	BEP	BPD	DO	FinCEN	FMS	MINT	OCC	TTB
Name of Awards Policy	Awards Program Interim Guidance	Awards Guidance & Personnel Directive 451-1	Performance Management Program Handbook	Awards and Recognition Program Directive: 910.04	Personnel Administration Part VII Chapter 451	U.S. Mint Directive 451.A	Policy & Procedures Manual 3110-7 (Rev)	Bureau Order 2470.1
Effective Date	4/16/2012	9/28/2011, 5/2/2006	10/1/2007	11/02/2010	9/2009	10/2011	10/7/2010	3/17/2008

Source: Treasury bureaus.

We reviewed bureaus' policies covering monetary awards, including performance-based awards, quality step increase, special act, and on-the-spot awards; and non-monetary awards, including honorary and time-off awards. We compared these policies to the related provisions of the implementing CFRs and the OPM guidance covering the types of awards, justification of award, award limits, and award approvals, among others. The bureaus' policies on these types of awards complied with the CFR provisions and the OPM guidance.

Concluding Remarks

Treasury bureaus have established policies for conference, travel, and employee awards. While we found certain omissions in conference policies at five of the eight bureaus, we noted that subsequent to the completion of our fieldwork, these bureaus updated their policies to comply with the FTR and TD 12-70. Accordingly, we make no recommendations in this report.

* * * * *

We appreciate the courtesies and cooperation provided to our staff during the audit. If you wish to discuss this report, you may contact me at (202) 927-6345 or Myung Han, Audit Manager, at (202) 927-4878. Appendix 3 lists the major contributors to this report.

/s/

James L. Lisle, Jr.
Director, Fiscal Service Audits

Our audit objective was to determine whether Treasury has appropriate policies and procedures to facilitate compliance with applicable Federal laws, regulations, and executive orders on conferences, travel, and employee awards programs.

To accomplish our objective, we performed the following audit procedures.

- We interviewed Treasury bureau officials responsible for establishing policies for conferences, travel, and employee awards.
- We reviewed the conference, travel, and employee award policies of eight Treasury bureaus against criteria developed based upon applicable laws, regulations and guidance. The bureaus whose policies were reviewed follow.
 - Alcohol and Tobacco Tax and Trade Bureau
 - Bureau of Engraving and Printing
 - Legacy Bureau of the Public Debt
 - Departmental Offices
 - Financial Crimes Enforcement Network
 - Legacy Financial Management Service
 - Office of the Comptroller of the Currency
 - United States Mint
- To develop criteria to evaluate Treasury bureaus' conference policies, we reviewed the following.
 - 41 Code of Federal Regulations (CFR) §301-74, Conference Planning
 - 41 CFR Appendix E to Chapter 301, Suggested Guidance for Conference Planning
 - Executive Order 13589: Promoting Efficient Spending, November 9, 2011
 - OMB Memorandum 11-35, Eliminating Excess Conference Spending and Promoting Efficiency in Government, September 21, 2011
 - OMB Memorandum 12-12, Promoting Efficient Spending to Support Agency Operations, May 11, 2012
 - Treasury Directive (TD) 12-70, Hosted or Sponsored Conference Planning and Approval, May 6, 2013

- To develop criteria to evaluate Treasury bureaus' travel policies, we reviewed the following.
 - Key provisions of Federal Travel Regulations at 41 CFR §301-51, Paying Travel Expenses, which address travel card use requirements for official travel
 - TD 12-24, Acceptance of Payments for Travel Expenses from a Non-Federal Source, March 14, 2012
 - TD 12-27, Delegation of Authority to Approve Certain Travel and Related Expenses for Personnel Assigned Outside the United States, February 25, 2011
 - TD 74-12, Use of Government Contractor-Issued Travel Charge Cards, October 20, 2011
 - TD 74-13, First-Class and Business-Class Travel, March 21, 2008, reaffirmed March 16, 2012
 - TD 74-15, Performing Temporary Duty at or Near the Permanent Duty Station or Residence, September 21, 2011.

- To develop criteria to evaluate Treasury bureaus' employee award policies, we reviewed the following.
 - 5 United States Code (USC), Chapter 43, Performance Appraisal
 - 5 USC, Chapter 45, Incentive Awards
 - 5 USC, Chapter 54, Merit Pay and Cash Awards, Section 5404, Human Capital Performance Payments
 - 5 CFR, Part 451, Subpart A, Agency Awards
 - 5 CFR, Part 531, Subpart E, Quality Step Increases;
 - OPM Operating Manual, Chapter 1, The Guide to Processing Personnel Actions, September 12, 2010
 - OPM Guidance: Incentives and Employee Recognition, September 2005

We performed our audit fieldwork in Washington, DC, between January 2013 and July 2013.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and

conclusions based on our audit objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Appendix 2
Management Response



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

ASSISTANT SECRETARY

APR 29 2016

James L. Lisle, Jr.
Director, Fiscal Service Audit
Treasury Office of Inspector General
740 15th Street, NW, Suite 600
Washington, DC 20220

Dear Mr. Lisle:

Thank you for the opportunity to review and comment on the Office of the Inspector General's draft report entitled "Treasury's Conference, Travel and Employee Award Policies".

We concur with the report's findings and appreciate the professionalism and guidance of the OIG audit team. Please let me know if you have further questions, or if we can be of further service.

Sincerely,

A handwritten signature in black ink, appearing to read "Brodi Fontenot".

Brodi Fontenot
Assistant Secretary for Management

Appendix 3
Major Contributors to This Report

Myung G. Han, Audit Manager
Horace A. Bryan, Auditor-in-Charge
Joshua P. Dreis, Auditor
Daniel Jensen, Referencer

Department of the Treasury

Deputy Secretary
Office of Strategic Planning and Performance Management
Office of Fiscal Assistant Secretary
Office of the Deputy Chief Financial Officer, Risk and Control
Group

Alcohol and Tobacco Tax and Trade Bureau

Administrator

Bureau of Engraving and Printing

Director

Bureau of the Fiscal Service

Commissioner

Financial Crimes Enforcement Network

Director

Office of the Comptroller of the Currency

Comptroller

United States Mint

Principal Deputy Director

Office of Management and Budget

OIG Budget Examiner



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Gulf Coast Restoration Hotline – Call toll free: 1-855-584.GULF (4853)

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