

CONTROLLER ALERT: Efficient Spending on Federal Conferences and Ensuring Accurate, Complete and Consistent Data on Federal Real Property

Controller Alerts are designed to bring your attention to emerging financial management issues that may require agency attention or action. These Alerts are intended to ensure awareness among the Chief Financial Officer (CFO) community of key issues where the Office of Management and Budget (OMB) believes further action may be warranted, but do not constitute official guidance or require specific tasks for agencies beyond consideration of appropriate steps to address the issue.

The following Controller Alert provides clarification to Federal agencies regarding two issues: (1) efficient spending on Federal conferences, and (2) ensuring accurate, complete and consistent data on Federal real property.

Efficient Spending on Federal Conferences

As part of the Campaign to Cut Waste, the Administration has taken aggressive steps to curtail conference spending and institute strict policies and controls over conferences, in order to ensure that conference expenditures are cost-effective, clearly advance the mission and programmatic goals of the agency, and represent the optimal use of Federal funds. Accordingly, on September 21, 2011, OMB issued Memorandum 11-35, which instructed all agencies “to conduct a thorough review of the policies and controls associated with conference-related activities and expenses.” To build upon these reviews, on May 11, 2012, OMB issued Memorandum 12-12, which established additional controls over expenditures for specific conferences. This alert clarifies and reinforces agency requirements established under these prior memoranda and in existing regulations in two critical areas.

Ensuring conferences are necessary and cost-effective

As an initial step in the Deputy Secretary review process established under Memorandum 12-12 for any prospective conferences to be sponsored or hosted by the agency where the net expenses by the agency will exceed \$100,000, agencies must confirm that physical colocation of Federal employees in a conference setting is a necessary and cost-effective means to carry out the agency’s mission. This should be done before conference planning activities move forward.

The intention of Memorandum 12-12 is not to curtail conferences that meet this standard and are appropriately operating in a cost-effective manner. However, many agencies have identified instances where the purposes of a given conference may be effectively achieved through other means and at a reduced cost. All agencies should look to identify such alternative means at the beginning of the conference review process, including usage of remote collaboration tools (e.g. teleconferencing, videoconferencing, webinars, online sharing applications) and other real-time communication methods, that would mitigate the need for physical colocation of Federal employees. While determinations should be made on a case-by-case basis, there are many circumstances where the proliferation of these tools and technologies may make physical colocation unnecessary, and such circumstances warrant increased scrutiny before moving forward with a conference. Examples could include conferences designed to

provide professional development needed to keep skills current for human resources, accounting, procurement, or other government professionals. By contrast, there may be limited circumstances where physical colocation remains necessary, such as bringing together law enforcement officials to conduct practical training on how to examine a crime scene, or conducting hands-on analysis of scientific research. However, agencies should begin their reviews by presuming that physical colocation as part of a conference is not required in the majority of cases.

In making such determinations, Deputy Secretaries should consult with agency Chief Information Officers and other relevant officials that may advise on alternative means to carry out the mission or activity in question.

Restrictions on certain conference expenses

As outlined in both Memorandum 12-12 and Memorandum 11-35, agencies must exercise continued vigilance to guard against any unnecessary or wasteful expenditures associated with conferences of all sizes. Accordingly, and in compliance with the strict requirements set out in the Joint Federal Travel Regulations and the Federal Travel Regulation, agencies must ensure that appropriate policies and controls are in place to limit expenses related to food, beverage, or other refreshment costs at conferences sponsored or hosted by the agency, as well as lodging costs for employees attending conferences and fees paid to subject-matter experts to speak at conferences. Furthermore, in accordance with Section 3 of Executive Order 13589, “Promoting Efficient Spending,” agencies should look to host or sponsor conferences in space controlled by the Federal Government where possible in order to reduce costs.

Furthermore, entertainment-related expenses are expressly prohibited by these memoranda and regulations, and agencies must continue to ensure that funds are not used on such expenses. Illustrative examples of entertainment-related expenses that are unallowable include paying for motivational speakers (as contrasted to speakers with specific subject-matter expertise in the topic of the conference), hiring musicians or other entertainers to perform at conferences, procuring extraneous promotional items, decorations, or other goods and services for participants that are unrelated to the purpose of the conference, procuring tickets to recreational activities outside of the conference setting, or using funds to produce non-substantive audio/visual materials.

Ensuring Accurate, Complete and Consistent Data on Federal Real Property

Consistent with the direction under Memorandum 12-12, agencies are required to make more efficient use of the Government’s real estate assets. In doing so, the Federal Real Property Profile (FRPP) serves as the primary government-wide source to help identify opportunities to reduce, realign, and make more efficient use of real property assets. However, in June 2012, the Government Accountability Office (GAO) issued a [report](#) highlighting serious concerns about the quality of agency data reported to the Federal Real Property Profile database, including:

- The Federal Real Property Committee (FRPC) has not followed sound data collection practices in designing and maintaining the FRPP database; and

- Key performance measures in the FRPP database are reported inconsistently or inaccurately.

As stated in OMB's official response to the report, because GAO's findings were based on a non-probability sample, we do not believe the findings support broad conclusions about the full FRPP database. Nevertheless, the report raises important questions about the need to review and verify the data in the FRPP.

Accordingly, as the cycle begins for submitting required annual updates to the FRPP for Fiscal Year 2012, agencies should take appropriate actions to ensure that data are accurate, complete, and consistent. To achieve this objective, agencies should consider the following strategies:

- Establish strong internal controls and standard operating procedures to measure and ensure that the four performance measures in the FRPP (utilization, condition index, annual operating costs, and mission dependency) are accurate, complete, and consistent.
- Establish independent review teams that can verify that the information entered into the FRPP is accurate, reliable, and complete.
- Collect real property data in a timely manner, to allow adequate time for quality control reviews prior to agencies' FRPP submission to GSA in December 2012.
- Perform statistical analysis on the FRPP database to assess data reliability and identify trends and specific data anomalies (e.g. outliers, gaps in data, or incorrectly entered data).
- Identify individuals that are responsible for maintaining accurate, reliable, and complete FRPP data.
- Leverage the General Services Administration (GSA) as a source of information when encountering situations that may affect the quality of the FRPP data.

In addition, to help agencies ensure that the information they enter into the FRPP is consistent and reported in a uniform way, GSA has updated, clarified, and reduced the number of data elements which are outlined in the FRPP Data Dictionary. The GSA will also provide technical assistance to agencies and will be performing government-wide data quality tests and assessments (i.e., random sampling of FRPP data) that will help provide reasonable assurance that the FRPP data is valid and reliable.

If you have any questions regarding this alert, please contact Norman Dong (ndong@omb.eop.gov).