



Report In Brief

FEBRUARY 21, 2014

Background

The NIST Manufacturing Extension Partnership (MEP) program is a network of technical experts and business advisers who work with small and mid-sized U.S. manufacturers, helping these businesses identify growth opportunities. NIST-MEP, which funds approximately 60 MEP centers across the United States, focuses on five critical areas: technology acceleration; supplier development; sustainability; workforce; and continuous improvement of manufacturing processes, products, and services.

Since 2006, NIST MEP has hosted an annual conference in Orlando to help MEP Centers learn about the latest tools, services, best practices, and strategies to advance the innovation and competitiveness of their clients. In addition, the annual conference is intended to provide attendees the opportunity to connect directly with manufacturers.

Why We Did This Review

Over the past few years, reports have surfaced regarding excessive federal government conference spending, with related activities and expenses that are considered wasteful. Members of Congress from California, Florida, and Maine raised concerns following an allegation in the press that \$3–5 million in federal funds were spent at the May 2012 Manufacturing Innovation Event at the Marriott World Center Resort in Orlando. There was also concern that NIST-MEP requires individual MEP Centers to participate in the annual conference as part of the cooperative agreement terms and conditions, without offering Center attendees the discretion to refuse attending.

This audit responds to U.S. Senator Susan Collins' July 20, 2012, request to review allegations about the NIST-MEP conference spending over the last 2 years, particularly the amount spent on the May 2012 Orlando conference. Our audit's objectives were to (a) develop a reasonable cost estimate for the 2012 NIST-MEP annual conference held in Orlando and (b) determine the legitimacy and reasonableness of travel costs for major NIST-MEP conferences in fiscal years (FYs) 2011 and 2012.

NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY

Manufacturing Extension Partnership Incurred Avoidable Conference Costs

OIG-14-013-A

WHAT WE FOUND

Federal conference costs are estimated at \$1.1 million. This included the total amount spent by NIST-MEP, an estimate of other agencies' costs, and estimated federal cost share amounts for attending representatives of MEP Centers. Upon receipt of all final invoices and billings related to the conference, we calculated the NIST-MEP share of this amount to be almost \$710,000.

MEP Center attendees were not required to attend conferences. We determined that 51 of 56 MEP Center leaders do not think their Centers are required to participate in the annual conferences.

Hotel costs included unnecessary concessions in the contract. The event planner retained hotel concessions and benefits (e.g., golf greens fees, free rooms, travel points) for the May 2012 conference that could have been used to reduce the government's conference cost.

The conference included evening receptions at no cost to participants. Included was food, alcohol, and live musical entertainment. Funds were raised to pay for the reception through the sale of sponsorships by the conference planner; none of the sponsorship fees were used to reduce the cost of the conference to the federal government.

The conference planner retained funds from the 2012 conference that properly belong to the NIST-MEP program. More than \$230,000 in sponsorship fees were retained and/or spent instead of returned to the government.

NIST-MEP subsidized lodging expenses for private sector attendees. To promote attendance, NIST-MEP management agreed to room rates for government attendees far exceeding maximum conference lodging rates, to standardize rates for government and nongovernment attendees. NIST then reimbursed its attendees for the excessive rates, an expense NIST-MEP could have avoided.

NIST-MEP did not sufficiently process travel claims to guard against waste. It provided some reimbursements to attendees for travel costs that were not properly incurred. It also reimbursed some attendees for unallowable items on travel vouchers.

WHAT WE RECOMMEND

We recommend that the Director, NIST-MEP, implement controls to ensure that:

1. Contractors comply with Federal Travel Regulation (FTR) cost restrictions when choosing a conference location; NIST-MEP monitors contractor performance thoroughly; and NIST-MEP documents contractor compliance with the contract terms and conditions and applicable government regulations, including the FTR.
2. Funds collected from the sales of sponsorships are not used to pay for alcohol and live entertainment but rather to reduce the costs of the conference to the government.
3. NIST-MEP does not accept upgraded suites or any other valuable items related to government travel from government contractors.

We further recommend that the director, NIST-MEP:

4. Make a determination on the recovery of \$148,000 that IMC collected for sponsorship fees and \$88,341 that IMC retained for both registration fees and a concession refund.
5. Evaluate and determine whether administrative disciplinary action is appropriate if NIST management made decisions to subsidize private attendee room rates by increasing government attendees room rates in violation of the FTR maximum allowable rates.
6. Evaluate and determine whether administrative disciplinary action is appropriate for attendees who claimed and reviewing officials who approved expenses that were not incurred for the 2011 or 2012 conferences or who misused government travel card privileges. The bureau should pursue reimbursement of overpayments and correctly reimburse underpaid attendees, wherever possible.