

## OIG Review of NSF Refreshment Purchases for Meetings

Our review of charges on NSF purchase cards for refreshments for merit review panelists and others attending meetings at NSF identified nearly \$500,000 in food-related payments in both 2008 and 2009.<sup>1</sup> NSF pays for these refreshments out of program funds, in addition to the flat-rate or per diem compensation it provides to attendees to cover their expenses. The flat rate compensation is \$480 for each meeting day and \$280 for each travel day to cover an honorarium, hotel, local travel, and all meals. The per diem rate includes \$71 for meals and incidentals, in addition to lodging and travel expenses.

We examined expenditures associated with the substantial flow of food and beverages daily into NSF from a wide variety of vendors to determine the potential for fraud, waste, and abuse. Of the 110 purchases we reviewed, one fourth exhibited at least one typical fraud indicator, including late pre-approvals, inconsistent pre-approvals and invoices, late payment of invoices, handwritten changes to otherwise printed invoices, white-out on invoices, or late changes to already placed orders. In addition, we identified an NSF staff member who caused a relative's company to receive the refreshment orders for three review panel meetings, violating conflict of interest rules.

Pursuant to GSA guidance, prices paid for refreshments must be considered fair and reasonable, and purchases must be equitably distributed among suppliers. We found that there is no Foundation-level oversight or coordination of refreshment purchases, no general definition of what is "reasonable" for refreshment purchases, no uniform guidance to ensure consistent refreshment purchase decision-making within and across NSF divisions, and no purchase card training specific to refreshment purchases. As a result, refreshment purchase practices vary widely across the Foundation. While the majority of NSF organizations purchase food for panels and other activities from vendors in the area near NSF in Arlington, for example, nearly a quarter of such purchases were made from more distant vendors, which sometimes added additional delivery charges. Other situations our analysis revealed included: wide ranges in per-person prices paid for similar products; instances in which purchases were made of substantial food that could be viewed as a meal and not light refreshments; cases where offices purchased virtually all refreshments

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<sup>1</sup> The Federal Travel Regulation states that federal agencies may provide light refreshments to agency employees attending an official conference. NSF's Office of General Counsel advises that meetings of review panels, advisory committees and Committees of Visitors fall within the definition of a conference.

from a single vendor; and some purchases that appeared to directly contravene GSA and NSF guidance.

Although we ultimately did not find fraud in the transactions we examined, the large number of indicators and divergent or inconsistent practices we identified strongly suggests that NSF would benefit from a more centralized purchasing process.

Based on our findings, we recommended that NSF assess whether it is a prudent use of federal funds to spend nearly a half-million dollars a year to provide extensive mid-morning and mid-afternoon refreshments for meeting attendees in addition to the compensation they are receiving. If NSF chooses to continue providing food, we recommended that the agency centralize its provision of refreshments to improve control over the process and ensure it is carried out reasonably, consistently, and responsibly.