

HOME / NEWS / PRODUCTS & SERVICES

Share This Print FREE Subscription

Text size: A | A | A

Products and Services

Share | Facebook | Twitter | LinkedIn  
View Comments

**Government Report Chides IRS for 'Excessive' Conference Spending**

By Matt Alderton  
June 5, 2013

The Internal Revenue Service (IRS) spent an estimated \$49 million on 225 conferences between 2010 and 2012, including \$4.1 million on a single event for the agency's Small Business/Self-Employed (SB/SE) Division, according to the Treasury Inspector General for Tax Administration (IG), which yesterday released the results of an [agency audit](#) in which it details "excessive spending" by the nation's tax authorities.

The audit was conducted after the IG received a complaint about the aforementioned SB/SE conference, held at three hotels — a Marriott, Hilton and Sheridan — in Anaheim, Calif., in August 2010. An event for 2,609 SB/SE employees, the conference was planned by two "non-government event planners" who "were not under contract with the IRS" and therefore "had no incentive to negotiate a favorable room rate for the IRS," according to the IG, which notes "questionable expenses" such as planning trips, outside speakers, video productions, an information corridor, and promotional items and gifts for IRS employees.

"The IRS may have been able to negotiate a lower lodging rate to reduce conference expenses if it had not used non-governmental event planners and eliminated some of the negotiated concessions provided by the hotels (e.g., daily continental breakfast, a welcome reception with two drink coupons for all attendees, a significant number of suite upgrades)," the IG concludes in its report, in which it recommends that the IRS use internal resources to plan future meetings and implement more rigorous procedures for tracking and verifying expenses.

**The IRS Responds**

In an official response to the IG, IRS Chief Financial Officer Pamela LaRue defended the meeting.

"Its purpose was to ensure that managers had proper training to lead their employees and adapt to significant changes that were occurring at that time," LaRue states in a letter to the IG. "The SB/SE Division comprises almost one-third of the total IRS work force and includes our largest enforcement staff, providing for the majority of the approximately \$50 billion in annual enforcement revenue that the IRS collects. With the significant challenges facing the IRS, development of managers is critical to ensuring continued high performance across the IRS."

Although she insists that the average cost per attendee was "reasonable," LaRue acknowledges that "a number of less significant costs warranted additional scrutiny and were not the best use of government resources."

Further, she stresses that in the three years since the SB/SE meeting the IRS has "dramatically" cut its spending on meetings and events. "The expenditures related to this 2010 meeting are not reflective of the current spending environment at the IRS or the spending that has occurred over the last several years," she says. "As show in the report, the number of large meetings decreased 84 percent between Fiscal Year (FY) 2010 and FY 2012. The costs of these meetings decreased 87 percent over that time period. Costs for FY 2013 will be even lower."

Additionally, LaRue notes, costs for training-related travel at the IRS were 68 percent lower from FY 2010 to FY 2012. "It is also important to note that many of the issues raised in the report, such as the use of event planners, the receipt of room upgrades, and the welcome reception and breakfast provided by the hotel, did not entail the use of any additional government resources," LaRue concludes. "While the IRS is mindful of the sensitivity of the issues raised, these did not impact the overall cost of the meeting."

**The Travel Industry Recommends Caution**

Response from the travel industry to the IG's report was swift and strong — both in support of meetings and in condemnation of excessive government spending.

Said U.S. Travel Association President and CEO Roger Dow in a statement: "The IG report describes instances of inappropriate and wasteful spending on the part of IRS employees, who clearly went too far beyond the rules put in place to protect taxpayer dollars. Make no mistake — this behavior is both appalling and damaging. Yet it is incumbent on our leaders to not lose sight of the value that responsible travel and face-to-face meetings create for constituents. It is often the most efficient and effective way for government professionals to accomplish the requirements of their roles."

Dow cited a 2012 study by Oxford Economics showing that 57 percent of companies that have reduced business travel spending since 2007 claim it has hurt their performance.

"When conducted responsibly, government conferences, meetings and travel deliver important services to businesses and individual taxpayers — including safety inspections, disaster relief assistance, corporate training on taxes and government regulations, services for the military and more," Dow continued. "While Congress and the IG should do all they can to root out wasteful spending, let's not hamstring the effectiveness of federal agencies in the process. We urge all parties to exercise caution in responding to today's IG report."

For a recap of last week's top stories, check out MeetingNews Minute:



> Watch More Videos

This page is protected by Copyright laws. Do Not Copy

Share This Print FREE Subscription

Text size: A | A | A

**Comments**

ALSO ON SUCCESSFULMEETINGS.COM

- [Conference News - Site Selection - U.S. Reps Introduce Bill to Stop ...](#) 1 comment
- [AH&LA Sends Letter to Obama, Opposes Business Travel ...](#) 1 comment
- [Conference News - Event Management Compaines - FAA: ...](#) 2 comments
- [Destinations - Meetings East - Jimmy Buffet's 'Margaritaville' ...](#) 1 comment

AROUND THE WEB

What's this?

- [Economist: Say Goodbye To Your Life Savings](#) Money Morning
- [Female Condoms: Will Women Wear Them?](#) Lifescript
- [Why Does a Policeman Touch a Tail Light?](#) eHow
- [4 Sex Scandals That Became Very, Very Expensive](#) Investopedia

0 comments

★ 0

Best Community Share Settings

No one has commented yet.

Comment feed Subscribe via email

DISQUS



**More Articles**

- [Cruise Industry Adopts Passenger Bill of Rights](#)
- [Meetings Industry Leaders to Debate Industry Issues During AIBTM](#)
- [Obama Administration Releases New Guidelines on Federal Travel, Conferences](#)
- [New MeetingMetrics Service Lets Independent Planners Measure ROI for Clients](#)
- [Congress on American Airlines Merger: Regulation Could Hurt Small Cities](#)
- [CityPASS Offers Discounts for Meetings Groups Throughout U.S.](#)

**MeetingNewsMinute**  
A VIDEO RECAP FOR MEETING PROFESSIONALS  
[Click Here For The Weekly Roundup!](#)

**FREE NEWSLETTER** **SUBSCRIBE**

Successful Meetings' How-To Tip of the Day  
 Down to the Wire  
 Successful Meetings Top 10 Newsletter  
 Meeting News

Enter email address

[Click here for our Terms and Privacy Policy.](#)

**FOXWOODS**  
RESORT CASINO  
[PLAN YOUR MEETING](#)

Stay Connected to SM  
Facebook Twitter RSS

**SUCCESSFUL MEETINGS**  
**FACILITIES SEARCH**  
GET DETAILED INFORMATION ON 50K HOTELS & FACILITIES IN 14K CITIES WORLDWIDE 900+ CONVENTION CENTERS 700+ CVBS & SUBMIT YOUR RFPs  
[click here](#)

authentic MEXICAN INSPIRATION  
FIESTAMERICANA  
HOTELS & RESORTS Grand  
MEETINGS MEXICO