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United States Travel Service Contractual Relationship with Discover America Travel Organizations, Inc. ID-78-3; B-178249. November 16, 1977. 3 pp. + 2 appendices (14 pp.).

Report to Sen. Daniel K. Inouye, Chairman, Senate Committee on Commerce, Science, and Transportation: Merchant Marine and Tourism Subcommittee; by Elmer B. Staats, Comptroller General.

Issue Area: Personnel Management and Compensation: Employee (Conflicts of Interest (301)).

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Congressional Relevance: Senate Committee on Commerce, Science, and Transportation: Merchant Marine and Tourism Subcommittee.

Authority: 18 U.S.C. 201-08 (Supp. V). 15 U.S.C. 1525-27.

Executive Order 11222. U.S. v. Mississippi Valley Co., 364 U.S. 520, 562 (1961).

An audit was conducted of the participation of the U.S. Travel Service in the Domestic Travel Mart. The question of whether there was an apparent or a real conflict of interest in the U.S. Travel Service award of two contracts to the Discover America Travel Organizations, Inc. (DATO) was investigated since the head of the Travel Service, the former Assistant Secretary of Commerce for Tourism, was a member of the board of directors of DATO. As part of its promotion of travel to and within the United States, the Travel Service participates in two major industry trade marts operated annually by DATO. The Travel Service has cosponsored nine International Pow Wow events and two Travel Marts through fees paid to the organization and personnel assigned to assist the organization.

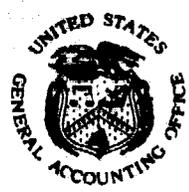
Findings/Conclusions: In 1977, \$25,000 was paid for the Domestic Travel mart held in Phoenix in May, and in prior years \$10,000 was paid for the International Pow Wow. No contract fee was paid this year for the International Pow Wow because of congressional concerns. In October 1976, the agency contracted for DATO to coordinate a Government and industry travel and marketing program. The cost of the contract was estimated at \$269,000, but the contract was terminated after \$50,000 was spent following congressional inquiry. The agency pays an annual fee of \$5,000 for membership with DATO. No real or apparent conflict of interest was found regarding the former agency head's serving as a member of DATO's board of directors. It was estimated that the agency spent \$68,000 on this year's Domestic Travel Mart in Phoenix and \$51,000 on the International Pow Wow in St. Louis. The agency did not request or obtain from DATO sufficient information on actual costs incurred to adequately evaluate the need to contribute to such private undertakings. DATO said it

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REPORT OF THE COMPTROLLER GENERAL OF THE UNITED STATES

United States Travel Service Contractual Relationship With Discover America Travel Organizations, Inc.

The U.S. Travel Service has participated in two major annual travel promotion events as a co-sponsor with Discover America, providing financial and personnel assistance.

It has done so in the spirit of Government - industry cooperation, but without acquiring sufficient information with which to adequately evaluate the need or to what extent it should contribute its support.



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-178249

The Honorable Daniel K. Inouye
Chairman, Subcommittee on
Merchant Marine and Tourism
Committee on Commerce, Science,
and Transportation
United States Senate

Dear Mr. Chairman:

In response to your request, we have audited the participation of the United States Travel Service in the Domestic Travel Mart. You also asked for our legal opinion as to whether an apparent or real conflict of interest existed in the Agency's award of two contracts to the Discover America Travel Organizations, Inc. (DATO), at a time when the head of the Agency, the former Assistant Secretary of Commerce for Tourism, was a member of the board of directors for that organization.

As part of its promotion of travel to and within the United States, the U.S. Travel Service participates in two major travel industry trade marts, operated annually by the Discover America Travel Organizations, Inc., a nonprofit association of the travel industry. The Agency has co-sponsored nine International Pow Wow events and two Travel Marts through fees paid to the organization and personnel assigned to assist the organization at these functions.

In 1977, \$25,000 was paid for the Domestic Travel Mart held in Phoenix in May, and in prior years \$10,000 was paid for the International Pow Wow. No contract fee was paid this year for the International Pow Wow because of congressional concerns. In October 1976, the Agency also contracted for Discover America to coordinate a Government and industry travel-marketing program. The cost of the contract was estimated at \$269,000 but was terminated after \$50,000 was spent following congressional inquiry.

ID-78-3

The U.S. Travel Service has been a member of Discover America or its predecessor organizations since at least 1969 and pays an annual fee of \$5,000 for this membership. In recent years, the Assistant Secretary of Commerce served in his official capacity as a nonvoting member-at-large of the organization's board of directors but this practice was discontinued in January 1977 when he resigned his position at Commerce with the change of Administration. Congressional concern was also expressed about this practice and it was not resumed when the new Assistant Secretary took his position in May, although we understand that the annual membership fee of \$5,000 will continue to be paid.

It must be emphasized that the GAO has no authority to issue formal opinions concerning conflicts of interest involving officers and employees of other agencies. Such matters are governed by statutes enforced by the Department of Justice and by other requirements administered by other U.S. Government agencies. Nevertheless, we did review the matter in accordance with your request and, on the basis of evidence available to us, we cannot find as a matter of law, that any real or apparent conflict of interest arose. (App. I discusses this in detail.)

We estimate that the U.S. Travel Service spent \$68,000 on this year's Domestic Travel Mart in Phoenix and \$51,000 on the International Pow Wow in St. Louis. (See App. II.)

Among other matters, we found that the Travel Service did not request nor obtain from Discover America sufficient information on actual costs incurred to adequately evaluate the need to contribute to such private undertakings, or the amount of such contribution. Following our discussions with Travel Service officials, they agreed to request Discover America's annual financial statements for recent years to ascertain the extent to which DATO made an overall profit or loss on the events. However, this will not provide them with a specific breakdown of revenues and expenses for an individual event.

Discover America said it had incurred deficits on the two previous Travel Marts, but made \$40,000 on the one held in Phoenix. Furthermore, since various Agency officials expressed some disappointment with the Mart, the current Assistant Secretary for Tourism said that, unless results could be measured more positively, he could not recommend co-sponsorship in the future.

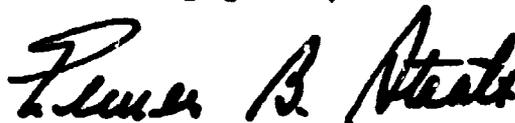
The U.S. Travel Service was identified as a co-sponsor of the Mart in all official publications but, according to the Agency representative in charge of media services, agency coverage was not as extensive as desired. Following the inquiry of your Subcommittee, the number of Agency personnel actually participating in the Mart was reduced from the 24 proposed to 11, and most of the personnel originally assigned the types of duties questioned by the Subcommittee did not attend the Mart.

We did not obtain formal Agency comments on this report, but we did discuss the matters with appropriate officials.

We trust that this report meets your needs. We will be in touch with you in the near future to make arrangements for release of this report.

If we can be of further assistance in this matter, please let us know.

Sincerely yours,



Comptroller General
of the United States

CONFLICT OF INTEREST ISSUE

We were requested to render a legal opinion as to whether there was an apparent or real conflict of interest in the United States Travel Service award of two contracts to the Discover America Travel Organizations, Inc. (DATO), at a time when the head of the Agency, the former Assistant Secretary of Commerce for Tourism, was a member of the board of directors for that organization.

Initially, it must be emphasized that GAO has no authority to issue formal opinions on conflict of interest questions involving officers and employees of other agencies. The basic provisions governing such questions are criminal statutes enforced by the Department of Justice, other statutes administered by individual agencies, and non-statutory standards and requirements subject to implementation by the agencies concerned under the general guidance of the Civil Service Commission. (See, 18 U.S.C. §201-208 (1970 and Supp. V 1975); Executive Order No. 11222 (1965); 15 CFR pt. 9 (1977)). Nevertheless, in accordance with your request, we offer the following analysis.

BACKGROUND

DATO is a private nonprofit association funded by membership investment. Its membership includes some 1,000 private firms, and associations and regional, city, State, and Federal agencies concerned with developing and promoting travel in the United States. No other organization that we know of represents a broader cross-section of the U.S. travel industry.

The U.S. Travel Service of the Department of Commerce has been a member of DATO or its predecessor organizations since at least 1969, paying an annual fee of \$5,000. In recent years, the head of the Agency, the Assistant Secretary of Commerce for Tourism, served in his official capacity as a nonvoting member-at-large of DATO's board of directors. Although the Agency plans to continue paying the annual fee, the practice of serving on the board was discontinued in January 1977, when the then Assistant Secretary resigned his position at Commerce.

We have been told that the Agency paid for the former Assistant Secretary's travel and transportation expenses for DATO-related events. We have not identified any financial or other personal interest in DATO on the part of the Assistant

Secretary but note that, by virtue of the Agency's membership in DATO, he had regular voting privileges at the general membership meetings.

The Department of Commerce is authorized under 15 U.S.C. §1525-1527 to enter into joint projects with travel organizations on matters of mutual interest. The U.S. Travel Service has co-sponsored, under contracts with DATO, two major annual travel promotion projects--the International Pow Wow and the Domestic Travel Mart. For the last year, the contracts amounted to \$10,000 and \$25,000, respectively. These two contracts are discussed further in appendix II.

ANALYSIS

Criminal statutes prohibit an officer of the United States from using his office for private gain; under 18 U.S.C. §208, a government employee's personal and substantial participation in the award of a contract to an organization in which the employee has a financial interest is a criminal offense. In interpreting a provision which preceded 18 U.S.C. §208, the Supreme Court held that the provision "forbids a government agent from engaging in business transactions on behalf of the Government if, by virtue of his private interests, he may benefit financially from the outcome of those transactions." (U.S. v. Mississippi Valley Co., 364 U.S. 520, 562 (1961)). Executive Order 11222 also prohibits any Government employee from accepting anything of monetary value from any person, corporation, or group which has or is seeking contractual business with his agency.

However, we have found no evidence that the former Assistant Secretary for Tourism possesses or possessed a financial interest in DATO or received or may receive any monetary benefit from his service as a nonvoting member on DATO's board of directors. We do not believe that his membership on the board of directors constituted an illegal conflict of interest punishable under criminal statutes.

Department of Commerce regulations that set ethical standards for its employees address the problem of the appearance of conflict of interest with respect to the close ties between industry and Commerce employees, stating that:

"The close and sensitive relationship between the Department of Commerce and the Nation's

business community calls for special vigilance on the part of all officers and employees to avoid even any appearance of impropriety."

The regulations, drawing upon Executive Order 11222, go on to provide:

"An employee shall avoid any action, whether or not specifically prohibited by this subpart, which might result in, or create the appearance of:

"(a) Using public office for private gain

"(b) Giving preferential treatment to any person

* * *

"(f) Affecting adversely the confidence of the public in the integrity of the Government."

In a letter to the Chairman of the Subcommittee on State, Commerce, and the Judiciary, Senate Committee on Appropriations, dated April 29, 1977, the General Counsel of the Department of Commerce determined that no conflict of interest--real or apparent--arose by virtue of the contractual arrangements between the U.S. Travel Service and DATO as a result of the Agency's membership in DATO or the nonvoting membership of the Assistant Secretary for Tourism on DATO's board of directors.

As stated by Commerce's General Counsel, 22 U.S.C. §2123(a)(2) authorizes the Secretary of Commerce to "consult and cooperate with * * * organizations engaged in or concerned with international travel," and 16 U.S.C. §18a, in creating a domestic tourism program within the Commerce Department, authorizes the Secretary to "cooperate with public and private tourist, travel, and other agencies" in matters related to encouraging, promoting, or developing such travel.

Membership in DATO, the General Counsel continues, "is an appropriate means for the agency to carry out its statutory mandate to cooperate and consult with the many private and public segments in the travel industry." The Agency also holds membership in other travel or business organizations for which it pays annual dues, including the United States Travel Data Center, the Pacific Area Travel Association, and the International Congress and Convention Association.

However, none of the statutes cited by the General Counsel requires the Department of Commerce to place one of its officers on the board of directors of any of the travel organizations to which it may belong.

In light of this situation, during the hearings held by the Senate Committee on Appropriations on April 20, 1977, the following exchange took place between Senator Ernest Hollings and Lee J. Wells, acting Assistant Secretary for Tourism:

Senator Hollings. "Does the Discover America Travel Organization receive any money from the Federal Government under contract or otherwise?"

Mr. Wells. "Yes, they have received moneys from the Travel Service for a number of items. * * * The international pov vow, fee is \$10,000 per year. During fiscal year 1976, the contribution to the domestic travel mart was \$15,000. The domestic tourism contract proposal submitted by DATO was in the amount of \$268,000 * * * invoices have been received totaling slightly under \$50,000. * * *

Senator Hollings. "** * * You are getting up into substantial moneys. Does the Assistant Secretary for Tourism serve as a member of the Board of Directors?"

Mr. Wells. "Yes, he has. The former Assistant Secretary did. * * *

Senator Hollings. "I don't know, but you better look into that. We are into the area of ethics now. We wouldn't want an Assistant Secretary sitting on a private organization's Board receiving government moneys. * * * Look at that membership fee. I don't want to sound like Jack Anderson, but when they find they get membership fees and then they sit on the Board, it looks like a sweetheart deal. Suppose I sat on the Board of Boeing Aircraft and then gave them so much for the B-1 or whatever it is. You would be running around trying to run me out of office, wouldn't you?"

Following the expressed concern of Senator Hollings, the practice of having the Assistant Secretary sit on DATO's board was not resumed, thus removing a situation which lends itself to questions of this nature. However,

we cannot find, as a matter of law, that any real or apparent conflict of interest arose as a result of the Assistant Secretary for Tourism's tenure as a noncompensated and nonvoting member on the DATO board of directors at a time when the office he headed awarded contracts to DATO.

DOMESTIC TRAVEL MART
AND INTERNATIONAL POW WOW

We were requested to audit the U.S. Travel Service's participation in the Domestic Travel Mart, an annual travel promotion project sponsored by the Discover America Travel Organizations, Inc. (DATO). More specifically, we were asked to determine the actual extent of the Agency's financial involvement in the May 1977 Phoenix Travel Mart, the relationship that it bore to DATO's participation, and whether, in fact, the Agency received joint visibility with DATO as a co-sponsor of the project. We were also asked by the Subcommittee staff to inquire into the cost of the Agency's participation in the International Pow Wow, another annual event sponsored by DATO.

In response to this request, we examined Agency records and interviewed those officials at the Department of Commerce, the U.S. Travel Service, and DATO most directly concerned with the financial administration of the Travel Mart and the International Pow Wow. DATO did not furnish us with all the records we requested and we relied, in part, upon work performed by Commerce's Office of Audits.

BACKGROUND

Until 1975, the mission of the U.S. Travel Service was limited to improving the U.S. balance of payments by promoting travel to the United States from foreign countries. In July 1975, the objective was expanded by granting the Agency authority to encourage, promote, and develop travel within the United States, provided these activities did not compete with those of private agencies. The Congress appropriated \$1.25 million to promote domestic tourism in fiscal year 1976. In appropriating funds for the Travel Service during 1977, the Congress specified that not less than \$1.5 million was to be available for the domestic tourism promotion program.

As part of its promotion of travel to and within the United States, the Travel Service participates in the International Pow Wow and Domestic Travel Mart events. It has co-sponsored nine Pow Wows and two Travel Marts through contract fees paid to DATO for organizing and carrying out the meetings and through assigning certain of its personnel to assist DATO at these functions.

The International Pow Wow promotes foreign tourism to the United States by bringing together foreign travel agents

and sellers of domestic travel products and services. The co-sponsorship of the Pow Wow in past years has cost the Agency \$10,000 paid to DATO plus an estimated \$65,000 of staff time and travel for the participation of its Washington and overseas employees. Because a financial surplus was anticipated for the 1977 Pow Wow (held at St. Louis in late September), the Agency decided not to contribute the \$10,000 this year, but assigned 19 of its employees, including 10 from overseas offices, to the function.

The Domestic Travel Mart is designed to expand the U.S. travel market by familiarizing travel agents, tour wholesalers, and tour brokers with destinations, trends, and available marketing opportunities. The Agency received no domestic program funds in fiscal year 1975 and did not co-sponsor the first Mart held at New Orleans in 1975. However, it paid DATO \$15,000 to defray part of last year's Mart held in Pittsburgh and incurred staff salary and travel costs it estimated at \$8,000.

This year's event at Phoenix, held in May in conjunction with DATO's annual national conference, was also co-sponsored. The combined event marked the national annual meeting of the domestic travel industry. The U.S. Travel Service paid DATO a fee of \$25,000 and increased its staff participation.

In October 1976, the Agency also contracted for DATO to coordinate a Government and industry domestic travel-marketing program. The contract, estimated at \$269,000, was terminated in May 1977 by the Secretary of Commerce after \$50,000 was spent, in favor of developing a sound domestic tourism program inhouse, following inquiries by the Subcommittee on Merchant Marine and Tourism, Senate Committee on Commerce, Science, and Transportation. Reimbursable costs of more than \$41,000 billed by DATO for the period through December 31, 1976, including all salaries, were verified to its records by Department auditors and reviewed by Department contracting personnel. The salary and time charges thus accepted were sufficient to indicate that the same DATO personnel were not simultaneously working on the Travel Mart or Pow Wow programs.

DATO membership gives the U.S. Travel Service ready access to a broad cross-section of U.S. travel and tourism related businesses and to State and local agencies, and entitles it to participate in all DATO meetings and to receive DATO publications, data, and services. DATO's auditors prepare financial statements which are available to its members upon request.

PHOENIX TRAVEL MART

We estimate that the U.S. Travel Service spent \$68,000 for its participation in the Phoenix Travel Mart, consisting mainly of a \$25,000 co-sponsorship fee paid to DATO and salaries and travel of Agency employees. This cost was about triple the \$23,000 estimated to have been spent the previous year, but less than the amount planned until the Subcommittee on Merchant Marine and Tourism questioned the number of employees proposed for attendance. According to DATO officials, about \$40,000 was realized on the event after expenses on an anticipated budget of around \$300,000.

The Agency felt that a prominent role at the Mart was warranted in order to get the Agency off to a good start in its newly-acquired responsibility to promote domestic tourism. Originally, 24 employees were slated to attend the Mart, but, because of the Subcommittee's concern, this number was cut to 11. This was considered by the Agency to be the minimum number necessary to carry out its responsibilities, which included operating a booth, handling press inquiries, and counseling travel buyers and sellers.

Afterwards, Agency officials expressed some disappointment with the way the Mart was organized and managed. Industry reaction was mixed; although there were good comments, there were complaints about a lack of sufficient interest by the travel agents. The current Assistant Secretary of Commerce for Tourism said that he could not recommend co-sponsorship of the Mart in the future unless results could be more positively measured.

Cost

According to Agency officials, the \$25,000 cash contribution was an arbitrary and mutually agreeable fee to obtain co-sponsorship status with DATO at the Mart. The Managing Director, Office of Program Services and Development, said that the increase over the prior year's amount (\$15,000) was appropriate in order to show the Agency's commitment toward Government and industry cooperation.

The fee represented a form of budget support for DATO, and was designated as an offset to publication and related expenses. However, the amount of the fee was fixed regardless of the Mart's financial outcome--which risk was borne by DATO. Payment of the fee was contingent on DATO

providing the Government with a report, within 30 days after the Mart's completion, detailing accomplishments and providing recommendations on how to increase travel to the United States. The report, which the Agency found acceptable, was dated July 14, 1977--more than 2 months after the close of the business meeting--along with DATO's billing. The \$25,000 fee was paid without an audit being made, and Commerce procurement officials told us that the Department does not ordinarily audit contracts of this amount.

In its proposal, DATO agreed to assume total financial responsibility for the program and provided a budget breakdown showing estimated expenditures of \$300,700, revenues of \$298,400 (including \$25,000 from the U.S. Travel Service), and a projected deficit of \$2,300. Agency officials told us they did not have details on actual revenues and expenditures and suggested we ask DATO directly. DATO officials acknowledged making about \$40,000 on the Mart because of higher-than-expected registrations but declined to provide us with the specific details. They pointed out that the \$25,000 fee was not conditional on the Mart's financial success or failure and that they had incurred large deficits for the two previous Marts.

The proposal, which was made a part of the contract, also stated that the U.S. Travel Service--as a co-sponsor of the Mart--would receive joint visibility on all registration materials and promotional items, a 10 ft. x 30 ft. business session booth, up to 20 individual registrations at no cost, and a hotel suite. The Agency has its own exhibit booth, which was last used at the International Pow Wow in Salt Lake City during August 1976, so DATO provided only the space necessary to accommodate the booth. DATO's offer of a Phoenix hotel suite was refused. Free registrations were provided to the Agency's personnel attending the Mart.

The U.S. Travel Service was expected to, and did, supply a management support team to work jointly with DATO personnel in developing and implementing the program. No formal agreement detailed the level of this support but, according to information supplied to us, 18 Agency employees participated in planning the Mart at salary costs of \$8,735 and travel costs of \$4,861. The salary costs included these employees' hourly wages plus 7-1/2 percent for fringe benefit costs. Since Agency employees

do not allocate their time to project codes, we used the time estimates they furnished us as representing the work spent on planning activities. We obtained the associated travel costs from paid vouchers--in two cases, actual expenses were charged rather than the usual per diem rate.

Eleven Agency employees attended the Mart, at a cost estimated at \$20,857, determined in the same manner described above. Seven of these employees received compensation in excess of \$30,000 annually.

We identified miscellaneous costs of \$3,162, including \$2,805 for storing, transporting, and preparing the Agency exhibit booth. Other costs included photographic supplies and equipment (\$235), rental of three General Services Administration cars (\$95), and airfreight of printed matter (\$27). In addition, 20,500 units of promotional and registration items were mailed to U.S. travel agents by the Agency at an estimated imputed cost of about \$5,330.

| | | |
|---------------------------|--------------|-----------------|
| Cash contribution to DATO | | \$25,000 |
| Planning costs: | | |
| Salary | \$ 8,735 | |
| Travel | <u>4,861</u> | 13,596 |
| Participation costs: | | |
| Salary | 12,680 | |
| Travel | <u>8,177</u> | 20,857 |
| Miscellaneous costs | | <u>8,492</u> |
| Total | | <u>\$67,945</u> |

Based on DATO's proposed budget, its salaries and related expenses were estimated at \$99,000, or about a third of its total projected expenditures. The number of DATO employees to be committed to the program was not divulged, but an Agency official testified in May 1977 that 18 actually participated in the Phoenix event. A breakdown of DATO's actual salary and other costs was not available at the U.S. Travel Service and the contractor would not give the information. Therefore, we were unable to make a comparative evaluation of the investments made by the Agency and DATO at the Phoenix Mart.

Not only does the Travel Service not obtain the actual costs for events co-sponsored with DATO but also Agency officials said they did not obtain copies of the annual financial statements prepared by DATO's auditors, even though the latter are available to members upon request. It appears to us that the Agency needs such information to adequately evaluate whether and how much to contribute to such private undertakings. We

discussed this matter with U.S. Travel Service officials, who said they planned to request the annual financial statements from DATO for the last 2 or 3 years.

Accounting for costs

The U.S. Travel Service receives a single appropriation for domestic and international tourism, and must conform to the spending guidelines in the appropriation acts and related hearings. During testimony in support of its 1977 budget request before the House Appropriations Subcommittee on the Departments of State, Justice, Commerce, and the Judiciary, an Agency official acknowledged that the Agency might have to use money appropriated in 1976 for the domestic program on its international program. The Chairman of the Subcommittee stated that "When the Congress appropriates [funds] for the domestic program, we intend that the money be used for that purpose and for that purpose alone." For 1977, the appropriation stated that not less than \$1.5 million of the \$14,470,000 authorized was to be available for promoting domestic tourism.

According to Agency accounting records, over half the expenses incurred at the Mart were charged against its international program cost codes. This is because each employee's salary costs are considered to be borne entirely by one program or the other, even though the employee may be involved in both programs during the year. Only one employee attending the Mart was funded under the agency's domestic program. To correct this problem, an adjustment is made at yearend. In 1976, domestic tourism was charged \$125,000 as the estimated cost of salaries for the international employees that worked on domestic tourism projects. Although other clearly identifiable Mart project costs, such as the DATO fee and travel were supposed to be and often were charged to domestic tourism, we found that travel costs of \$7,200 were erroneously charged against international program cost codes. Agency officials agreed to transfer these charges to the domestic program after we called this matter to their attention.

Personnel duties

Agency personnel participated with DATO in the planning and management of the Travel Mart in many ways but they also performed some lesser tasks not necessarily associated with

their regular Government assignments. While these tasks unquestionably benefited DATO, the Agency agreed to perform them since it considered them necessary for the Mart's success. It does not appear that they were of such magnitude to have influenced the number or composition of Agency personnel that ultimately attended the Phoenix Mart.

During nomination hearings on the confirmation of the new Assistant Secretary, the assignment of personnel to provide VIP treatment, arrange ground transportation, set up headtables, etc., was objected to by the Senate Committee. Subsequently, the Agency did not send most of the persons who previously had been designated to perform the questioned tasks.

At our request, U.S. Travel Service analyzed the time its participating employees spent on joint Agency-DATO functions and Agency program implementation. The analysis was based on rough estimations and, overall, four times as much time was claimed to have been spent on Agency program objectives as on joint functions, both in planning for and carrying out the event. Only one of the employees, who attended the Mart, acknowledged having spent more than one third of his time on joint functions and he said he spent less than half his time in this capacity.

Although we were unable to verify the validity of the time charges or their allocation to Agency program or joint functions, we did obtain copies of the trip reports of Agency personnel attending the Mart. These reports indicate that the employees' predominant efforts were in support of Agency objectives and that many overtime hours were worked, for which Agency officials said the employees were given compensatory time off. However, the reports further indicate that Agency personnel also provided special ground transportation, assisted with receptions, and performed related service functions not necessarily related to their official duties.

Besides staffing the Agency exhibit, Agency personnel also manned a booth set up to handle all reconfirmations, confirm ticketing, plan reroutings, and keep control of the reservation charts for the post-convention familiarization tours. This responsibility was carried out by the Agency's Manager of Familiarization Services, with the assistance of various other personnel. The Manager heads a unit concerned with planning, funding, and operating VISIT USA familiarization tours for foreign retail and wholesale travel agents, writers, and others engaged in travel promotion.

The U.S. Travel Service Managing Director, Office of Program Services and Development, and his deputy acknowledged responsibility for the Agency's decision to co-sponsor the 1977 Mart and pay the \$25,000 fee to DATO. Both participated in the planning committee meetings for this event, the Managing Director as early as September 1976. They received actual expenses in February 1977 on one of their planning trips to Arizona. The trip was cited as an extended working session with DATO, with the employees arriving home Sunday evening.

Agency visibility

In mid-July 1977, DATO submitted its report on the Mart as required by the contract with the U.S. Travel Service and attached copies of the official publications and sample trade and consumer media press clippings. We used these and some of the participants' comments to evaluate whether the Agency received the joint visibility with DATO that it was entitled to or might have expected at the Mart.

The U.S. Travel Service was identified as a co-sponsor of the Mart in all of the official publications and this fact was generally acknowledged in the press, but most of the attention generated appears to have been captured by DATO. According to the Agency representative in charge of media services, Agency coverage was not as extensive as desired. For various reasons, some of its top officials were unable to participate in the Mart's functions and the concurrent DATO annual conference undoubtedly contributed to increased attention for DATO.

1977 INTERNATIONAL POW WOW

We estimate that the U.S. Travel Service spent approximately \$51,000 for its participation in the 1977 International Pow Wow, held at St. Louis, during September 24-28. This cost is made up of the following elements.

| | | |
|------------------------------|---------------|-----------------|
| Cash contribution to DATO | | \$ 0 |
| Planning costs: | | |
| Salary | \$ 7,038 | |
| Travel (note a) | <u>1,966</u> | 9,004 |
| Participation costs: | | |
| Salary | 13,574 | |
| Travel (note a) | <u>13,607</u> | 27,181 |
| Miscellaneous costs (note b) | | <u>15,096</u> |
| Total costs | | <u>\$51,281</u> |

- a/ Estimated; all vouchers not yet filed and/or received.
b/ Excludes airfreight of printed matter.

Agency officials told us that, despite their decision to not contribute \$10,000 to DATO this year, the Agency was not charged for its exhibit space or for the registration of its 19 employees in attendance. Miscellaneous costs were comprised mainly of postage (\$11,103) and booth preparation costs (\$3,806). No General Services Administration or other rental cars were used.

The salary and travel costs were supplied to us by Agency officials in the same manner as for the Travel Mart. Of the estimated \$7,038 spent in salaries on planning the event, \$3,576 was spent in cooperation with DATO. No salary costs at the Pow Wow was shown as having been in joint support of DATO activities. Since we did not attend either the Pow Wow or the Travel Mart and Agency personnel do not charge their time to project codes, we were unable to verify the accuracy of the allocated salary costs furnished to us.