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General Accounting Office  
Washington, D.C. 20548

Resources, Community, and  
Economic Development Division

B-270736

December 28, 1995

The Honorable Martin R. Hoke  
House of Representatives

Dear Mr. Hoke:

Since the Secretary of Energy took office, she has taken over 100 domestic and foreign trips. Because of concerns about the extent of her trips as well as their expense, you asked us to review the Department of Energy's (DOE) expenditures for selected foreign trips. We agreed with your office to focus our work on (1) DOE's unsubstantiated payments, (2) a change in DOE's appropriations accounting, and (3) corrective actions. Also, as agreed, we audited the Secretary's first trade mission in July 1994 to India and obtained DOE's estimated costs for the most recent trade mission in August 1995 to South Africa. Enclosures I and II contain key information on these two trips.

The trade missions were intended to promote cooperation in energy, the environment, and free trade and involved delegations of private sector participants as well as government officials. DOE's costs for a trade mission typically include commercial airfare, charter air services, subsistence, and lodging for the participants, as well as general administrative and logistical support. On foreign trips, DOE employees can also request the U.S. embassies to arrange for goods or services, such as lodging, communications, and ground transportation in support of their work and travel. DOE employees made various arrangements through the U.S. embassies for both the India and South Africa trips.

In summary, DOE has not established written procedures that specify either the types of records to be kept or the process to follow in obtaining support for foreign travel from U.S. embassies. During our audit of the India trip, DOE officials could not provide records to substantiate about \$80,000 of DOE's total cost of about \$730,000. In addition, DOE inappropriately shifted the source of funding

GAO/RCED-96-58R, Unsubstantiated DOE Travel Payments

for some security travel costs from one appropriation account to another during fiscal year 1995. DOE has begun several actions, including those to substantiate all travel payments, and the Congress has clarified which appropriation DOE is to use for security travel costs.

DOE IS UNABLE TO SUBSTANTIATE PAYMENTS

DOE could not substantiate about \$80,000 in expenses paid by the U.S. embassies on behalf of DOE for the India trip. Although DOE employees requested the U.S. embassies to arrange for goods or services, DOE did not have any written procedures that specified the types of records to be kept and the process its employees were to follow in obtaining support for foreign travel through U.S. embassies. On the basis of authorizations from DOE program offices, the embassies paid the vendors, charging DOE's appropriations about \$80,000 for the expenses. The embassies reported the charges to DOE, listing the amounts paid to the vendors. The lists sometimes, but not always, provided a brief description of the nature of the charges. DOE's accounting office recorded the charges in DOE's accounts but relied on the responsible program office to approve the charges. However, the program officials did not maintain supporting documents of the expenses incurred. Furthermore, in some cases they could not provide an explanation for the embassies' charges.

To provide reasonable assurances that only valid costs of foreign travel are being paid, the process for obtaining support from U.S. embassies should enable DOE officials to know whether the expenses actually were incurred, what the purposes of the expenses were, and whether the charges were reasonable. Furthermore, the process should enable the vouchers to be tested for accuracy, propriety, and sufficiency of the underlying documentation.

Although the DOE program office signed off on the list of payments submitted by the embassies for the India trip, sufficient documentation was not on file to provide a reasonable assurance as to the accuracy and propriety of the charges. DOE did not have documents to substantiate \$80,000 of the \$730,000 charged to the India trip. For example, \$31,000 charged for lodging included charges from Vienna, Austria, and Stockholm, Sweden, as well as from New Delhi, India. DOE did not have vouchers on hand to support those charges and could not explain what they were for. In this regard, DOE officials told us that the India trip did not involve stopovers in Austria or Sweden and that those charges may have been for some other trip taken by the

Secretary. As to the lodging charge in New Delhi, these officials could not identify who may have charged lodging through the embassy or what the charge was for.

In addition, although we obtained only DOE's estimated costs for the South Africa trip, the aforementioned written procedures did not exist at the time of that trip either. DOE obligated about \$175,000 for goods and services to be obtained through the embassies. We understand that DOE is more aggressively reviewing the U.S. embassies' charges for that trip.

#### CHANGE IN APPROPRIATIONS ACCOUNTING

Another concern related to the Secretary's travel is the appropriation that DOE charged for some of the costs. DOE changed the source of funding for certain travel costs, specifically for the security staff accompanying the Secretary on foreign trips, from one appropriation account to another during fiscal year 1995. While the security costs of domestic travel were and still are funded from the Materials Support and Other Defense Programs (Defense Programs) appropriation, DOE has historically funded security costs of foreign travel from the Departmental Administration appropriation. During the past year, DOE made a policy decision to change the source of funding for these activities to the appropriation for Defense Programs.

Presuming that both appropriations are valid sources of funds, DOE's decision to change the appropriation used to fund these costs from Departmental Administration to Defense Programs is inconsistent with a long-standing principle of appropriations accounting. Briefly, that principle is this: Where two appropriations are available for an expenditure, an agency has the discretion to determine which appropriation it will use. However, once the agency makes its choice, it must continue to use the same appropriation. The agency cannot later change its selection and use the other appropriation unless the Congress is first informed of the agency's planned change. This principle provides for consistency, regularity, and predictability in the execution of the appropriations provided by the Congress. We also note that in the absence of a rule like this, the Congress might have to resort to the cumbersome and detailed appropriations acts common many decades ago. Under this principle, DOE should have continued to use the Departmental Administration appropriation, exclusively, to fund travel costs for security for the Secretary's foreign travel.

CORRECTIVE ACTIONS

DOE has recognized the problem of unsubstantiated payments and has begun taking a number of corrective actions. Furthermore, the Congress, during the fiscal year 1996 appropriation process, made it clear which appropriation to use for security travel costs.

DOE has initiated corrective actions to address the unsubstantiated payments and lack of written procedures. After we brought this to DOE's attention, DOE officials said they had been soliciting supporting documents from the embassies in the past, but have increased their efforts to obtain the documents. As of December 20, 1995, DOE had found that the Vienna charges were communications expenses incurred for a different trip than the one to India, but the Department had not yet completed its review. In addition, for the South Africa trip, DOE officials said they had received most of the documents necessary to verify and/or dispute the charges and are currently analyzing them.

DOE has also begun to develop detailed written procedures to be incorporated as revisions to its agencywide manuals pertaining to foreign travel. These procedures would require DOE officials engaged in overseas travel for official business to follow specific steps, such as completing certain documents and vouchers and submitting all required receipts in support of travel expenses to DOE's accounting office for retention. If properly implemented, these procedures should prevent similar problems from occurring in the future. Because DOE's procedures have not been finalized, we did not test them. DOE has also initiated discussions with the Department of State, seeking its assistance in obtaining improved documentation of overseas expenses and additional accounting services for any future trade missions that may be pursued. Lastly, at the Secretary's request, DOE's Inspector General has initiated a review of Secretarial foreign travel from 1993 to the present.

To make it clear which appropriation to use for security costs in foreign travel, the Congress, in the conference report on the fiscal year 1996 appropriations for DOE, has provided specific directions to the Department. The report states that the costs to support travel of any security detail accompanying the Secretary are to be absorbed within the Office of the Secretary, namely, the Departmental Administration appropriation.

The Department was also instructed to provide semiannual reports on secretarial travel to the House and Senate Committees on Appropriations. In addition to providing a full financial accounting of trips, these reports should identify: travel dates and destinations, all persons accompanying or advancing the Secretary, and the purpose and results of each trip.

AGENCY COMMENTS

We provided copies of a draft of this report to DOE for its review and comment. The Department generally agreed with the report's findings in regard to the unsubstantiated payments but stressed that the agency has formulated procedures that, once implemented, will improve documentation of overseas expenses sustained during future trade missions. DOE also wanted to stress that these trade missions were to promote energy-related exports by U.S. firms.

With respect to DOE's appropriations practice, DOE stated that its change in the source of funding for some security travel costs from one appropriation account to another was legally permissible. We believe, however, that the issue here is not whether the Department's actions were legally permissible, but rather, whether they were consistent with congressional expectations for consistency, predictability, and regularity in an agency's execution of the appropriations provided by the Congress. We believe that at a minimum DOE, when it desires to change its appropriations accounting practices during the course of a fiscal year, should first inform the Congress of its intention to change that practice.

Congressional action supports our position. The directions to the Department in the October 1995 conference report for the fiscal year 1996 Energy and Water Development Appropriations Act reflect a disapproving view of the Department's mid-1995 decision to change appropriations, once that decision became known to the Congress. Also, DOE stated that for fiscal year 1997 it intends to budget for all security expenses in the Defense Programs account. Advising the Congress in advance of its decision of which appropriation will fund security costs further supports our position. In this regard, the Congress will have the opportunity, in advance, to review and approve how DOE will fund security expenditures. DOE also believes that this would resolve the issue, provided the Congress accepts this approach.

Finally, DOE stated that the Secretary is expressly authorized by two laws enacted in 1992 to promote energy-related exports by U.S. firms. Our report does not address this topic.

SCOPE AND METHODOLOGY

To examine the expenses incurred overseas and billed through the embassies, we interviewed officials from the DOE program and accounting offices involved with the charges and reviewed the documents they provided. We also interviewed the State Department's Liaison Officer for agencies dealing with overseas financial offices and examined documents he provided. We performed our review in Germantown, Maryland, and Washington, D.C., from October through December 1995 in accordance with generally accepted government auditing standards.

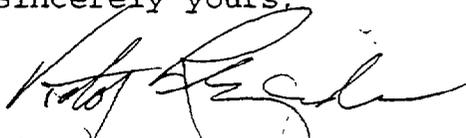
To address the change DOE made in the appropriations it charged for the Secretary's security force on foreign travel, we reviewed relevant legislation, the legislative history, and Comptroller General cases. We also interviewed DOE attorneys and obtained DOE's written views on the change.

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As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days after the date of this report. At that time, we will send copies to the Secretary of Energy and other interested parties. We will also make copies available to others on request.

Please contact me at (202) 512-3841 if you or your staff have any questions. Major contributors to this report include Sumikatsu Arima, Jacqueline Bell, Doreen Feldman, William Fenzel, Martin Fitzgerald, Peter Grinnell, Susan Irwin, Bruce Michelson, and Bernice Steinhardt.

Sincerely yours,



Victor S. Rezendes  
Director, Energy, Resources, and  
Science Issues

Enclosures - 2

SECRETARY OF ENERGY'S TRIP TO INDIAPURPOSE OF TRADE MISSION

From July 7 through July 15, 1994, the Secretary of Energy headed a presidential mission to New Delhi and Bombay, India. The mission's goals were to promote Indian/U.S. cooperation in, among other things, energy and free trade. This was the first Department-of-Energy-led delegation of this type. The mission delegation met with Indian government and business representatives and discussed the following technical areas: renewable energy; oil and gas; coal; power generation, transmission, and distribution; and energy resource integration and management.

PARTICIPANTS

About 78 people participated in the mission--34 DOE employees and 44 non-DOE employees. The non-DOE employees were 4 invitees from nonprofit organizations, 28 representatives from businesses, 9 officials from other government agencies, and 3 officials from DOE's laboratories. About half of the DOE employees participated in the delegation, working as meeting facilitators or technical experts with the business representatives, providing secretarial support, and coordinating the activities of the delegation and the press. The other DOE employees provided security, telecommunications, and technical support to the delegation.

ESTIMATED COSTS AND SOURCE OF FUNDING

According to DOE's records, the India trip cost about \$730,000, as shown in table I.1.

Table I.1: Costs of Trade Mission to India

<b>Type of cost</b>	<b>Amount</b>
Subsistence, lodging, and commercial airfare <sup>a</sup>	\$150,466
Lodging charge <sup>b</sup>	30,826
Administrative and logistical support	49,664
Charter aircraft	498,965
<b>Total</b>	<b>\$729,921</b>

<sup>a</sup>Amounts from the travel vouchers for 34 DOE employees and 3 of the 4 invitees. DOE paid about \$4,700 for the three invitees but could not locate the travel voucher for a fourth invitee.

<sup>b</sup>Amount obligated and expensed for lodging in addition to the amounts shown on the travel vouchers.

Source: These data were prepared by GAO from records provided by DOE's Office of the Chief Financial Officer.

DOE paid for all of the above costs. Seventeen of the DOE employees' travel vouchers were charged to the Office of the Secretary, and the other half were charged to the program offices to which the employees were assigned. The vouchers for two invitees were paid by the Office of Fossil Energy and the other by the Office of Energy Efficiency and Renewables. The balance of the costs was charged to departmental administration accounts for travel and contractual services. After the trip was completed, 17 non-DOE travelers on the charter aircraft reimbursed the government for an amount equal to the commercial coach airfare. As of July 2, 1995, a total of \$30,800 had been received, and this amount was deposited to the miscellaneous receipts of the U.S. Treasury.

SECRETARY OF ENERGY'S TRIP TO SOUTH AFRICAPURPOSE OF TRADE MISSION

From August 18 through August 27, 1995, the Secretary of Energy led a presidential trade mission to Capetown, Johannesburg, Kimberley, and Sun City, South Africa. The mission's purposes were to assist in building capacity to supply electrical power for economic and social development, facilitate economic and environmental equity by providing energy to all South African citizens, collaborate internationally on sustainable energy development, and promote private investment. For this fourth trade mission delegation led by the Department of Energy, federal and business officials met with South African government and business representatives to discuss the following technical areas: electricity, oil and gas, renewables, efficiency, capacity, policy, and research and development.

PARTICIPANTS

About 135 people participated in the trade mission, including 63 DOE employees and 72 non-DOE employees. The non-DOE employees included representatives from private industry, environmental organizations, and other governmental agencies (including seven invitees primarily from nonprofit and educational organizations). About half of the DOE employees participated in the delegation's activities, such as coordinating planned presentations at meetings with business representatives and providing secretarial support. The other DOE employees provided logistical support, including security, telecommunications, and administrative services, for the mission.

ESTIMATED COSTS AND SOURCES OF FUNDING

According to DOE's estimates, the cost of the South Africa trip totaled about \$1 million.<sup>1</sup> As recommended by DOE's Office of Inspector General, DOE has recently implemented a policy of full cost recovery for nonfederal passengers.<sup>2</sup> The estimated costs, as shared under that policy, are shown in table II.1.

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<sup>1</sup>These figures are estimates rather than actual costs because not all of the documentation was available.

<sup>2</sup>Audit of Department of Energy International Charter Flights, Office of Inspector General, Department of Energy, Nov. 7, 1994.

Table II.1: Cost Estimates of Trade Mission to South Africa

Type of cost	DOE-funded costs	Costs funded by others	Total
Subsistence and lodging	\$117,600 <sup>a</sup>	N/A <sup>b</sup>	\$ 117,600
Commercial airfare	105,000 <sup>c</sup>	\$ 72,000 <sup>d</sup>	177,000
Charter aircraft	266,000 <sup>e</sup>	306,000 <sup>f</sup>	572,000
Administrative and logistical support	175,000 <sup>g</sup>	39,000 <sup>h</sup>	214,000
<b>Total</b>	<b>\$663,600</b>	<b>\$417,000</b>	<b>\$1,080,600</b>

<sup>a</sup>Based on DOE's estimate of costs for DOE employees and 7 invitees of September 26, 1995. According to DOE officials, these costs will be paid by the Office of the Secretary and the program offices to which employees are assigned. DOE estimated that about \$9,100 of this total was paid for the seven invitees. The invitees' costs were paid by the Offices of Energy Efficiency and Renewables, Fossil Energy, and Energy Research.

<sup>b</sup>Estimated subsistence and lodging costs paid by the 65 business representatives and by participants from environmental organizations and other governmental agencies were not available.

<sup>c</sup>DOE paid commercial airfare for 37 DOE employees who did not travel on the delegation plane. Thirty-one of those DOE employees were members of an advance team.

<sup>d</sup>Twenty-four participants from the private sector, environmental organizations, and other governmental agencies used a commercial airline to travel to South Africa.

<sup>e</sup>DOE's estimated cost share for the charter flight for 26 federal employees and 7 invitees. A portion of this total also includes costs for side trips while in the country. Of the total charter costs, DOE incurred about \$10,000 because of a double-booked flight to Sun City, where officials met with the South African Deputy President, and a canceled flight to Maputo, Mozambique.

<sup>f</sup>Forty-one business representatives and participants from environmental organizations and other governmental agencies

traveling on the delegation's plane paid a pro-rata share of the charter cost directly to the charter's broker before the trip.

<sup>a</sup>Amount obligated shown. According to a DOE official, as of November 7, 1995, DOE had been billed approximately \$150,000.

<sup>b</sup>In addition, all participants paid part of the costs for administrative and logistical support directly to the hotel. These costs covered the use of conference or meeting rooms, ground transportation, administrative or logistical support, and telephone.

Source: Prepared by GAO from records provided by DOE's Office of the Chief Financial Officer.

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