

United States General Accounting Office

GAO

Report to the Chairman, Subcommittee on  
Oversight and Investigations, Committee  
on Energy and Commerce  
House of Representatives

June 1986

DEPARTMENT OF  
ENERGY

Allegations About the  
Director of the Office  
of Minority Economic  
Impact



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United States  
General Accounting Office  
Washington, D.C. 20548

Resources, Community, and  
Economic Development Division

B-220487

June 12, 1986

The Honorable John D. Dingell  
Chairman, Subcommittee on Oversight  
and Investigations  
Committee on Energy and Commerce  
House of Representatives

Dear Mr. Chairman:

Your letter of July 12, 1985, requested that we investigate a reduction-in-force (RIF) at the Department of Energy's (DOE) Office of Minority Economic Impact (OMEI). Your letter expressed the Subcommittee's concern about the legality of the proposed RIF and provided information on serious allegations concerning the activities of the Director of OMEI, Rosslee G. Douglas. As agreed with your office, we investigated the proposed RIF and related matters concerning the activities of Mrs. Douglas, including allegations of travel abuse, misuse of federal telephone lines and government vehicles, use of DOE staff for personal business, and improper contracting activities.

We found support for some of the allegations made against Mrs. Douglas regarding the proposed RIF and use of travel, telephones, and government vehicles. We found no evidence of illegal contracting practices. Our findings are summarized below and discussed in more detail in appendix I.

- Mrs. Douglas told us that she did not propose the RIF to retaliate against the two affected employees, and we found no direct evidence that retaliation was her motive. However, we found substantial circumstantial evidence suggesting that retaliation may have been a significant factor in her decision to propose a RIF.
- Although DOE did not formally approve the proposed RIF in OMEI, two employees were given specific notice of their removal by Mrs. Douglas. However, Mrs. Douglas was acting on advice from DOE personnel officials, who told us that they followed DOE procedures.
- Mrs. Douglas made numerous trips at government expense to her home state of South Carolina and to other places such as Las Vegas, Puerto Rico, Hawaii, and the Bahamas. Except for one trip to receive an award, Mrs. Douglas provided a business explanation for each trip. However, our examination of her travel records indicates a number of discrepancies between her itineraries and vouchers regarding the purpose of some

of these trips, and the length of stay necessary to accomplish official business.

- We found that an OMEI grantee paid Mrs Douglas' hotel bill while she was on a 1984 business trip in Puerto Rico. Acceptance of such expenses gives rise to the appearance of a conflict of interest, and appears to be an improper augmentation of DOE's appropriation and Mrs Douglas' salary
- Our analysis of telephone company records indicates that Mrs Douglas made extensive use of government long distance telephone lines for personal calls to relatives, friends, and organizations unrelated to DOE business. We also found that she used the DOE motor pool for personal transportation and for travel to and from her personal residence.
- We found no pattern of DOE staff used for personal business by Mrs Douglas
- We found no evidence indicating that Mrs Douglas engaged in illegal contracting activities

We are recommending that the Secretary of Energy request the DOE Inspector General to determine the extent to which travel, telephone, and motor pool services were personal, were a conflict of interest, or were improper appropriation and salary augmentations. Based on these determinations, the Secretary of Energy should take cost recovery and other action as appropriate.

To reach our conclusions, we interviewed officials and examined records from DOE, contractors, and grantees. We also contacted airlines, hotels, and organizations visited by Mrs Douglas. Our objectives, scope, and methodology are more fully explained in appendix III.

As requested, we did not obtain official agency comments on a draft of this report. We did, however, discuss aspects of our work with several officials, including Mrs. Douglas. Their views are included where appropriate. Our work was performed in accordance with generally accepted government auditing standards.

As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from

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the date of this letter. At that time, we will send copies of the report to the Department of Energy and to Mrs. Douglas. Copies will be provided to other interested parties upon request.

Sincerely yours,

A handwritten signature in cursive script that reads "J. Dexter Peach". The signature is written in black ink and is positioned above the printed name and title.

J. Dexter Peach  
Director

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## Abbreviations

DOE	Department of Energy
FTS	Federal Telecommunications System
GAO	General Accounting Office
GSA	General Services Administration
OMEI	Office of Minority Economic Impact
RCED	Resources, Community, and Economic Development Division
RIF	Reduction-in-force



# GAO Analysis of Allegations Made Against Rosslee G. Douglas, Director, Office of Minority Economic Impact, DOE

The Office of Minority Economic Impact (OMEI) was created in 1978 to advise the Secretary of Energy on the impacts of energy policies, programs, regulations, and other DOE actions on minorities and to recommend policies to assist minorities affected by DOE actions. OMEI also provides advice on methods of increasing minority participation in DOE's programs and activities. OMEI conducts research, supports needy minority students in several colleges, and provides loans and technical assistance to minority businesses. OMEI uses contractors for assistance in accomplishing its objectives.

Rosslee G. Douglas was nominated to be Director of OMEI by the President on March 21, 1981, and was confirmed by the Senate on May 14, 1981. She resigned effective February 15, 1986.

Mrs. Douglas requested a reorganization (proposed RIF) of her office on May 7, 1985.<sup>1</sup> Shortly after she proposed the RIF, allegations were made that the purpose of her proposal was to get rid of two employees whom she did not trust. In addition, a wide variety of other allegations were made against Mrs. Douglas, including allegations that she abused travel, telephone, and DOE motor pool privileges, and that she engaged in illegal contracting practices. These allegations and our findings are discussed below.

## Allegation—The RIF Was Retaliatory

The allegation was that Mrs. Douglas proposed a RIF in order to retaliate against two employees whom she did not trust.

Federal regulations limit the use of RIF procedures to situations in which employee separation is necessitated by lack of work, shortage of funds, reorganizations and reclassifications due to a change in duties, or the exercise of reemployment rights. A RIF may not be used to dismiss employees who question management efficiency.

## Sequence of Events

Mrs. Douglas proposed a RIF eliminating two positions on May 7, 1985. She cited lack of work, lack of funds, and the need to better accomplish program objectives as reasons for this RIF. DOE's Headquarters Personnel Operations determined that her request permitted the use of RIF procedures for the elimination of two positions she had identified. Personnel then processed her RIF proposal by preparing a retention register, draft

<sup>1</sup>Because her request necessitated the use of RIF procedures, we refer to her reorganization request as "the proposed RIF" throughout this report.



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**Appendix I**  
**GAO Analysis of Allegations Made Against**  
**Rosalee G. Douglas, Director, Office of**  
**Minority Economic Impact, DOE**

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RIF notices, and other documents associated with implementing a RIF. On May 28, 1985, Personnel officially notified DOE's chapter of the National Treasury Employees Union that a RIF was scheduled for implementation effective on or after June 11, 1985. Acting on advice from Personnel, Mrs. Douglas informed one of the employees on May 28th that she was being riffed, effective in 30 days, and informed the other on May 30, 1985.

On or about June 27, 1985, the Under Secretary stopped the RIF after being informed by the Director of Administration that a RIF was about to be approved. (The Director of Administration had been delegated authority to approve RIFs.) The Under Secretary told us he first became aware of the planned RIF at this point. He also told us he admonished Mrs. Douglas for not seeking his prior approval. (Mrs. Douglas had the authority as an office director to propose a RIF without obtaining higher approval.) On July 25, the Secretary of Energy informed the Subcommittee that the RIF was on hold pending the outcome of a management review of OMEI. This management review was ordered by the Under Secretary on July 10. Appendix II summarizes the events relating to the RIF.

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**Mrs. Douglas' Reasons for the RIF**

Mrs. Douglas told us that she needed to reorganize to meet changing office priorities. She said she believed the office needed a different skill mix than existed at the time. For this reason, she identified two positions for abolishment. One of these positions was a Minority Information Specialist and the other was a Staff Assistant. She told us that the need for different skills was based on her own personal judgment of what was best for the office, and that the skills of the two people being riffed were no longer consistent with her own perception of office needs. She also cited lack of work and lack of funds as reasons for her proposed RIF.

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**Analysis of Mrs. Douglas' Reasons for the RIF**

Mrs. Douglas denied to us that she proposed the RIF to retaliate against the two affected employees. She had the authority to propose a RIF, according to DOE regulations, and the reasons she stated for requesting the RIF would permit the use of RIF procedures under federal regulations.

Courts have recognized that retaliation may be inferred from circumstantial evidence and is infrequently demonstrated from direct evidence. Direct evidence would be Mrs. Douglas' written or oral expressions of intent to retaliate. Although we found no direct evidence of retaliation, we found substantial circumstantial evidence supporting the view that

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**Appendix I**  
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retaliation was a significant factor in Mrs. Douglas' decision to propose a RIF. For example

- Mrs. Douglas' decision to propose a RIF of the two employees came about abruptly, and OMEI managers who supervised the positions being eliminated had not been consulted. One of the managers was not informed by Mrs. Douglas until after Mrs. Douglas formally made her request to Personnel. The other manager learned of the proposed RIF at about the same time the request was made to Personnel. Mrs. Douglas told us she did not think that she needed to consult with her managers. She also did not consult with her supervisor, the Under Secretary. (However, she was not required to do so.)
- DOE's internal management review of OMEI did not support the need for a reorganization or RIF. (The Under Secretary requested the review shortly after he stopped the RIF.) Among the report findings was a staffing imbalance in OMEI, and a recommendation that staff be redistributed within OMEI's major program areas. Although the review did not specifically address the proposed RIF, the authors of the review told us that, in their opinion, they found no need for the changes sought by Mrs. Douglas' RIF request. In her September 12, 1985, response to the Under Secretary, Mrs. Douglas responded to the management review findings but restated her belief that these two positions should be eliminated.
- Mrs. Douglas proposed her RIF shortly after she suspected the employees to be riffed were disloyal. Two weeks before Mrs. Douglas requested a RIF (April 15, 1985), the Office of the Secretary assigned a Schedule C employee to OMEI.<sup>2</sup> Within a few days of his arrival, the new employee confronted Mrs. Douglas with information critical of her handling of certain contracts, and also suggested better ways to manage the program area to which he was assigned.<sup>3</sup> Mrs. Douglas told us she was upset and suspicious over the Schedule C employee's behavior.<sup>4</sup> She said that his normal duties would not have taken him into the files from which he developed the information he presented to her. She also said that the

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<sup>2</sup>A Schedule C employee is an employee in a position that involves setting policy or involves a close and confidential working relationship with the head of an agency or other key appointed official. These positions are excepted from the competitive service.

<sup>3</sup>This information is based on interviews with several OMEI staff, including Mrs. Douglas' secretary, individuals who worked directly with the Schedule C employee, and sources outside of DOE who were given pledges of confidentiality by GAO. Specific times and dates of meetings between the Schedule C employee and Mrs. Douglas were confirmed by Mrs. Douglas' calendar.

<sup>4</sup>As a result of her conflict with the Schedule C employee, Mrs. Douglas requested that the Director of Administration place a tap on the Schedule C employee's phone. The Director did not act on this request, but he did agree to post guards in OMEI to prevent after-hours access to office files, presumably to prevent the Schedule C employee and others from obtaining further information.

Schedule C employee could not have developed his information without assistance. After Mrs Douglas repeatedly complained to the Secretary's office about the Schedule C employee "not working out," he was reassigned on April 26 (two weeks after his arrival in OMEI ) After the Schedule C employee's reassignment, Mrs Douglas immediately went to Personnel to seek a RIF (This occurred the first working day after the Schedule C employee left ) Although she denied to us that she suspected anyone of assisting the Schedule C employee in developing information critical of her, other OMEI staff told us that Mrs Douglas indicated that she was suspicious of the two employees she subsequently wanted to RIF

The above circumstances preceding Mrs. Douglas' RIF request lend credence to the allegation that her intent was to retaliate. In addition, during interviews with us, two top DOE officials expressed concern about her motives for the RIF The Under Secretary told us that his impression of Mrs. Douglas' intentions was that she wanted to remove the two people from her office because they were disloyal and disruptive He also said she cited as reasons the need for different skills in OMEI He told us he stopped the RIF because she requested the RIF without his knowledge. He also told us that Mrs Douglas should have more carefully considered the impact a RIF would have on the Department.

Mrs Douglas also discussed her proposed RIF with the Director of Administration, who told us that Mrs. Douglas came to him to discuss a reorganization in late April, at the same time she complained about the Schedule C employee When we asked the Director whether he thought that Mrs Douglas' RIF request was retaliatory, he told us that he did not know what her motivation was He denied that she told him that the purpose of her RIF was to retaliate against the two employees However, he told us that he warned her that her actions could be perceived as retaliatory (An employee of OMEI also told us she heard the Director warn Mrs. Douglas ) He also told us that if Mrs Douglas were not a presidential appointee, he would not have hesitated to stop the RIF, based on what she was doing Mrs Douglas told us she remembered being warned that her proposed RIF could be perceived as retaliatory, but she said she did not recall who told her or when the warning was given.

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## Conclusions

Substantial circumstantial evidence exists which suggests that retaliation may have been a significant factor in Mrs Douglas' decision to propose a RIF eliminating the two positions in question

## DOE Employees Notified Prematurely

The Subcommittee expressed concern in a July 12, 1985, letter to DOE that it was not given advance notification of the planned RIF, pursuant to a longstanding agreement with DOE. The Subcommittee had also learned that two employees were informed of their being rifed, but that DOE had not approved such a RIF. The Secretary of Energy subsequently acknowledged in his July 25, 1985, response to the Subcommittee that no such RIF had been approved, and that any advice to employees to the contrary was "at best premature, at worst, incorrect." DOE's RIF regulations state that employees should not be given RIF notices prior to approval by the Director of Personnel. The regulations also state that if a RIF becomes "necessary," employees should be informed as far in advance as possible.

We found that Mrs. Douglas informed the two employees in late May, 1985, that they were being rifed, giving them 30 days notice. This notice was at least two weeks before personnel officials prepared letters approving the RIF. A memorandum from the DOE's Director of Personnel approving the RIF was drafted in mid-June but never signed. The draft memorandum stated that notices of RIF to employees can be given two weeks from the date of the memorandum. A letter informing the Subcommittee of the planned RIF was also drafted in mid-June. Mrs. Douglas told us she was acting on advice from DOE Personnel officials to notify the employees. Mrs. Douglas also told us she assumed that the RIF was approved and showed us a memorandum, dated May 28, 1985, from Personnel to the Union, which gave specific dates the RIF would be implemented.

DOE Personnel officials acknowledged to us that they advised Mrs. Douglas to inform the two employees that a reorganization was planned and that it might have an impact on them. They said such notification was consistent with DOE policy to inform affected employees as far in advance as possible. They also said that because OMEI is a small office, the likelihood of the RIF plans becoming public was high and therefore they believed it prudent to inform potentially affected employees of a reorganization as early as possible. They also told us that the May 28 letter to the Union was one step in the process of implementing a RIF, was standard procedure in DOE, and merely reflected completion of one step of the RIF process.

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## Allegation—Personal Travel at Government Expense

The allegations were that Mrs. Douglas made personal trips at government expense to her home state of South Carolina, and to other locations such as the Bahamas, Las Vegas, Puerto Rico, and Hawaii.

Appropriated funds may be used only for travel on official business. Official business travel is authorized, and related expenses allowed, for only those official purposes that are clearly related to the purpose of the appropriation. Travel by federal employees on official business is required to be accomplished in accordance with the provisions of pertinent statutes, regulations, orders, and Comptroller General Decisions. As a DOE office director, Mrs. Douglas authorized her own travel and thus did not need further approval. DOE relies on the personal integrity of its top management travelers to assure that travel is for official business and meets pertinent federal regulations. All vouchers are subject to review by DOE's Travel Audit Branch.

We examined travel records covering each of Mrs. Douglas' 67 trips between April 1981 and December 1985, concentrating on those mentioned in the allegations. We used her travel itineraries to initially determine the nature of her official business while on travel. We then compared them with her travel authorizations and vouchers, in order to identify any discrepancies. We asked Mrs. Douglas about each of the trips discussed in this report. She provided us supplemental written information for 29 of her trips. Many of her explanations of official business were that she met informally with officials whose names she did not provide. For this reason we were unable to verify the accuracy of her explanations.

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## Mrs. Douglas' South Carolina Travel

We found that Mrs. Douglas took 15 trips to her home state of South Carolina at government expense.<sup>5</sup> According to her itineraries and other information she provided, four of these trips pertained directly to ongoing OMEI program activities. The remaining trips were to speak at and/or to attend various meetings and activities, and to meet with public and private officials. Of these, we identified the following trips in which the trip's purpose, as cited in her itineraries, did not appear directly relevant to her official duties:

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<sup>5</sup>On two of these trips, Mrs. Douglas stopped over in South Carolina upon returning from official business in Atlanta, at no additional cost to the government.

- She traveled to Charleston, South Carolina, on November 15, 1981, to receive a public service award from a nursing organization. Mrs. Douglas is a nurse. The nursing group has no official business with DOE.
- She attended a convention on "Workman's Compensation in South Carolina" in Columbia, South Carolina on September 4, 1985. Mrs. Douglas is a former member of the South Carolina Industrial Commission. The Commission has no official business with DOE.
- She spoke to medical students at the Medical University of South Carolina in Charleston on August 18, 1985, and to the "Nurses Alumni Association" in Charleston on September 14, 1983. Neither of these organizations conducts business with DOE.

With the exception of the trip to receive an award for her career as a nurse, Mrs. Douglas provided us a business explanation for each of these trips and cited official business as the reason. For example, she told us that when she attended the workman's compensation convention, she also spoke with members of the South Carolina Governor's staff and other officials present at the convention about future DOE-South Carolina business. We were unable to verify the validity of this information, because she said she could not remember the names of the people with whom she spoke. Regarding the speeches to non-DOE-related organizations, she told us she spoke on DOE business and discussed her office's programs with officials. Regarding the trip to receive an award, her written explanation stated no other reason for taking this trip.

In examining Mrs. Douglas' South Carolina travel records, we identified a number of travel patterns related to the allegations. For example,

- On 12 of her 15 trips, she remained in South Carolina through the weekend at government expense.
- She departed earlier and returned later than apparently necessary on over half of her trips, according to comparisons between her itineraries and vouchers.
- She took personal leave while in South Carolina on eight occasions.

When we questioned Mrs. Douglas about these patterns, she generally responded that her arrival and departure times were dictated by airline schedules and the demands of her official business.

We asked DOE's Travel Auditing Branch Chief to examine several of Mrs. Douglas' travel vouchers for South Carolina and other places described in this report, to determine whether they were accurate and complete.

We also showed the Branch Chief Mrs. Douglas' itineraries, which contained additional detail on her travel activities. The Branch Chief noted several instances in which Mrs. Douglas apparently arrived earlier and/or departed later than necessary. She said that unless Mrs. Douglas can support the need for such arrival and departure times (for example, if justified by airline schedules or additional information provided by Mrs. Douglas), her subsistence claims would be adjusted. The Branch Chief told us that her office will reexamine Mrs. Douglas' travel vouchers after the completion of our report.

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**Mrs. Douglas' Non-South  
Carolina Travel**

Mrs. Douglas also made numerous government-paid trips to San Juan, Puerto Rico; Nassau, Bahamas; Las Vegas, Nevada; and Hawaii. Mrs. Douglas provided us an explanation for each of these trips. Our examination of her travel records for these trips indicates a number of discrepancies between her itineraries and vouchers regarding the length of stay necessary to accomplish official business. Our findings are discussed below.

**San Juan, Puerto Rico Travel**

Mrs. Douglas made three trips to San Juan, Puerto Rico. For each trip, her itineraries indicate official business was conducted. However, on two of her three trips, her itinerary shows she arrived earlier and/or departed later at government expense than was necessary to complete her official business. According to her voucher and itineraries, her official business on these trips consisted of 1-hour ceremonies (a signing of a memorandum of understanding among DOE, Ana G. Mendez Educational Foundation, and Jackson State University, and a ceremony to open the Ana G. Mendez Education Foundation television station). When asked about these trips, Mrs. Douglas told us she stayed longer to discuss DOE programs with various officials. We were unable to verify with whom she spoke or whether the conversations were relevant to her official duties.

**Bahamas Travel**

Mrs. Douglas traveled to Nassau, Bahamas on August 24-29, 1985, to attend a conference sponsored by the World Conference of Mayors. Her itinerary indicates that the purpose of her trip was to participate in a 1-hour workshop held on a Tuesday. However, she stayed 5 days. She told us she stayed longer to discuss DOE programs with city mayors, who were attending the conference. The Office of the Secretary denied Mrs. Douglas permission to attend a similar conference in Africa in December.

1984, which was sponsored by the same organization. She was denied permission because of its lack of energy involvement.<sup>4</sup>

#### Hawaii Travel

Mrs. Douglas traveled to Hawaii on May 1-6, 1984. According to her travel authorization, her purpose was to visit two schools located on the islands of Hawaii and Maui. These schools have vocational programs related to DOE. (The trips to these islands were from Honolulu on the island of Oahu.) Upon completion of her school visits, travel records show Mrs. Douglas spent an additional 3 days in Honolulu before departing for home. She claimed government subsistence for 2 of these 3 days in Honolulu. When asked why she stayed in Honolulu, she said she was there to visit her brother and to conduct official business. She told us she toured a Federal Aviation Administration radar facility to learn about technical skills required to operate radar equipment. She explained that her office supports colleges which have students interested in technical careers. In her subsequent written statement to us, she said she discussed with top Federal Aviation Administration officials the feasibility of an interagency agreement to develop opportunities for minority electronics engineers. We did not attempt to verify the accuracy of her written explanation.

Two OMEI staff members provided us with a signed statement which said that they arranged the Hawaii school visits after Mrs. Douglas told them that she was going to Hawaii to visit her brother.

#### Las Vegas Travel

Mrs. Douglas made four trips to Las Vegas, Nevada. On May 25-28, 1983, she attended a government conference on procurement. Her itinerary indicates that her official business was to participate in a 5:30 p.m. workshop on 1 day. She stayed in Las Vegas 3 days. She told us she stayed for the entire conference to speak with minority businessmen about DOE issues. Most of the conference topics concerned issues such as cash flow management, making short and long range projections, and marketing issues. She did not provide us names of people with whom she met.

Her second trip, on March 11-14, 1984, was to attend a field seminar on energy for black colleges and universities, a topic closely related to her duties. She arrived 2 days before the conference started. However, her

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<sup>4</sup>Because this requested trip was for international travel, it required management approval.



itinerary indicated she met with DOE officials and attended a contractor-funded reception the day before the conference started.

Mrs. Douglas' third trip to Las Vegas was a 3-day stopover on October 27-30, 1984. She was returning from Seattle en route to Albuquerque on business. According to her itinerary, her reason for the stopover was to attend a 5-minute viewing of a crater at DOE's Nevada Test Site and a 45-minute briefing by tour officials.

Her fourth trip to Las Vegas was October 29 to November 2, 1985, to speak at a seminar on minority businesswomen's opportunities. Evidence is confusing concerning the purpose of this particular trip and the activities it included. Her travel authorization states the seminar at which she intended to speak was sponsored by DOE and the Department of Commerce. The conference she attended, however, was sponsored by the American League of Financial Institutions, and its agenda shows Mrs. Douglas as an attendee, not a speaker. She told us that 2 days after she arrived, she participated on a panel, the subject of which was different from that listed on her travel authorization and itinerary. Officials of the sponsoring organization told us they were unaware of Mrs. Douglas' intentions to speak until just prior to the conference. On the same trip, she also met with officials at DOE's Nevada Operations Office, but this meeting was not arranged until after her trip had been planned and reservations made.

Mrs. Douglas told us the reason for the confusion regarding this last trip was due to misunderstandings between her and a grantee that made the trip arrangements.

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## Political Trips

We identified two of Mrs. Douglas' trips which appear to have involved political activities, but were paid for by the government. White House guidelines covering travel of senior government officials state that "in those instances where the same travel costs are incurred in conjunction with official and political activity, there should be a proration of expenses."

Mrs. Douglas traveled to New Orleans on June 19, 1985, to attend a seminar connected with DOE business. On the same trip, she drove to Lafayette, Louisiana, to speak at a Louisiana Republican Party event. Her travel voucher for this additional trip, in which all the airfare was charged to the government, includes government-paid subsistence for one day of her Republican Party side trip. She acknowledged to us that

this was a political function, but said because the trip to New Orleans was official business, costs associated with her side trip could be paid for by the government.

The other trip in question was a stopover in Atlanta on June 23-24, 1984, to attend the annual conference of the National Black Republican Council. All expenses, including air fare, were charged to the government. Mrs. Douglas told us that she attended this conference as a "resource person" in furtherance of her official duties.

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**Possible Conflict of Interest  
and Augmentation of Salary  
and Appropriation**

Records obtained from the Caribe Hilton Hotel in Puerto Rico indicate that on July 31, 1984, Mrs. Douglas' hotel expenses were paid by the Ana G. Mendez Educational Foundation, a private organization funded by OMEI. The bill was for \$499 and covered a 3-day stay. (The hotel bill reflects a charge for two people in the same room—Mrs. Douglas denied a second person was with her and neither the hotel nor the Foundation can identify the second party.) Acceptance of such expenses by Mrs. Douglas could give rise to the appearance of a conflict of interest, because the Foundation receives financial support from OMEI. The Foundation is the governing board for three private colleges in Puerto Rico, and seeks financial support from the federal government to improve its energy research capabilities.

In addition, the Foundation's payment of Mrs. Douglas' hotel bill may constitute an improper augmentation of DOE's appropriation and Mrs. Douglas' salary. Generally, neither an agency nor a government official may accept contributions from private sources toward the cost of official travel. By paying her hotel bill, the Foundation has, in effect, augmented DOE appropriations by the amount Mrs. Douglas could have claimed as reimbursement. Because her hotel bill exceeded what she could have claimed, her salary may have been augmented as well.

When asked about this trip, Mrs. Douglas told us that while she couldn't recall who paid the bill, she acknowledged it could have been the Foundation. She also told us she made no attempt to seek approval from DOE management to accept the Foundation's offer to pay the bill.

The Controller of the Foundation acknowledged to us that they paid Mrs. Douglas' hotel expenses. He told us he did not know why they paid the bill, and said the person who authorized payment no longer works for the Foundation.

Although she did not charge the government lodging on this trip, by allowing the Foundation to pay her bill, Mrs Douglas avoided having to use personal funds to pay her expenses not covered by government per diem (The hotel rate plus her subsistence exceeded per diem.)

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**Conclusions and  
Recommendation**

Mrs Douglas made numerous trips at government expense to her home state of South Carolina and to other places such as Las Vegas, Puerto Rico, Hawaii, and the Bahamas. Except for one trip to receive an award from a nursing organization, Mrs Douglas provided a business explanation for each of these trips. However, our examination of her travel records indicates a number of discrepancies between her itineraries and vouchers regarding the purpose of these trips and the length of stay necessary to accomplish official business. Many of her explanations were that she met informally with officials whose names she did not provide, thus, we were unable to verify her explanations.

We found that an OMEI grantee paid Mrs Douglas' hotel bill while she was on a 1984 business trip in Puerto Rico. Acceptance of such expenses gives rise to the appearance of a conflict of interest, and appears to be an improper augmentation of DOE's appropriation and Mrs Douglas' salary.

We recommend that the Secretary of Energy request the Inspector General to determine the extent to which these trips were personal, and whether regulations covering conflict of interest, salary and appropriation augmentation were violated. Based on these determinations, the Secretary of Energy should take cost recovery and other actions as appropriate.

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**Allegation—Personal  
Use of Government  
Resources**

The allegations were that Mrs. Douglas used the federal telephone lines for personal long distance calls; used the DOE motor pool for personal transportation, and used office staff, facilities, and supplies for personal needs.

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**Improper Use of Telephones**

We found that Mrs Douglas used the Federal Telecommunications System (FTS) extensively for what appear to be personal calls. The DOE telephone system is to be used for official business only. Any other use of the system is prohibited and could result in an employee being fined, suspended, or dismissed, according to DOE regulations.

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Appendix I  
GAO Analysis of Allegations Made Against  
Rosslee G. Douglas, Director, Office of  
Minority Economic Impact, DOE

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On the basis of our examination of telephone company records, we estimate that Mrs. Douglas could have made over 1,280 calls to South Carolina since 1981. Further, we estimate that about 55 percent of these calls were personal, on the basis of our analysis of whom she called over a 22-month period. Calls that appear personal include calls to Mrs. Douglas' mother, daughter, son, and friends, private residences, and a pest control company in her home town. We also identified personal calls outside South Carolina, including calls to friends, a brother in Hawaii, and to unidentified private residences.

We developed our information on the basis of available DOE telephone billing data for exchanges available to Mrs. Douglas. The billing period data covered 22 months, from September, 1983, through June, 1985. To determine whether calls were official business, we matched called exchanges with telephone numbers of Mrs. Douglas' relatives and friends. We also called the numbers for identification. We assumed that calls to relatives and other private residences were personal, made by Mrs. Douglas, and that her pattern of personal calls was similar over her entire tenure at DOE.

Mrs. Douglas acknowledged to us she had made calls to relatives in South Carolina, but denied they were personal. She said that often these calls were made to provide previously requested information, and that she had made calls to check on her personal property in South Carolina. She told us she would have to examine the billing records to determine the purpose of the calls.

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**Abuse of DOE Motor Pool**

We found support for the allegation that Mrs. Douglas often used the DOE motor pool for personal transportation. The DOE motor pool is available to top DOE managers for local transportation, in connection with DOE business only. In addition, 31 U.S.C. 1344 prohibits employees from using government vehicles for home to work transportation.<sup>7</sup> The Director of Administration told us that DOE top managers were briefed on the proper use of motor pool cars. He also told us that, for security reasons, procedures covering use of the DOE motor pool are not in writing.

We identified a total of 139 trips provided Mrs. Douglas by the motor pool over the period 1982-1985. These were identified from Mrs.

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<sup>7</sup>The law contains certain exceptions, such as excepting the President and heads of executive departments. None of the exceptions would apply to any of the trips described in our report.

Douglas' calendar DOE motor pool records also identify passengers and destinations, but these records are not retained for more than 30 days

While Mrs. Douglas told us she did not use the motor pool for personal business, she acknowledged that she was driven home from some events. We identified 11 separate trips in which DOE drivers took her to and/or from her residence and which were not in connection with official travel.

We also identified 49 trips that appear to be for personal business. For example, Mrs. Douglas' records show that the motor pool provided her transportation to and/or from Presidential Inaugural events, a Republican National Committee reception, and a "candlelight ball."

Mrs. Douglas' calendar included 79 other trips that we could not determine as business related or not. For example, she was driven to an "Executive Forum," a reception for Elizabeth Dole, a meeting at the Mayflower Hotel, and a luncheon at the Capital Hill Club.

According to her calendar records, Mrs. Douglas' use of the motor pool was usually after official business hours (6 p.m.) or on weekends, when DOE driver overtime costs are incurred.

DOE officials told us they have experienced difficulty controlling the use of the motor pool vehicle drivers. The dispatcher told us he cannot always determine whether a requested trip is clearly business or personal, and that drivers are reluctant to question a passenger's itinerary. As a practical matter, for example, trips to business addresses and hotels are presumed official business and are not questioned by the dispatchers who arrange the trips. We were also told that passengers sometimes change their itinerary once in the car. Drivers are required to radio the itinerary changes back to the dispatcher for approval, but do not always do so.

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### Use of DOE Staff for Personal Business

We found only a few instances that might support the allegation that DOE staff and supplies were used for Mrs. Douglas' personal business. Mrs. Douglas sometimes used office staff to help arrange her personal travel accommodations. For example, her staff assistant made rental car and hotel accommodations for a trip in which she attended her family reunion in South Carolina.

We examined office correspondence and interviewed all OMEI staff members to determine whether they were used by Mrs. Douglas for her personal business. On the basis of this analysis, we found no pattern of improper use.

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**Conclusions and  
Recommendation**

Mrs. Douglas used FTS lines and the DOE motor pool for personal business. We recommend that the Secretary of Energy request the DOE Inspector General to determine the extent to which Mrs. Douglas made use of long distance phone lines and the motor pool for personal use at government expense, and recover any such expenses as appropriate.

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**Allegations—Improper  
Contracting Practices**

The allegations were that Mrs. Douglas improperly influenced the selection of contractors and subcontractors on the basis of personal friendships, fired staff members who disagreed with her management of contracts, and received moneys on certain contracts.

Government employees are generally prohibited from soliciting or accepting anything of monetary value from anyone who has or is seeking business from the employee's agency.

We found no evidence to indicate that Mrs. Douglas engaged in any illegal contracting activity.

We interviewed and examined the files of contractors who were alleged to have been involved in questionable contracting policies. All of the individuals we interviewed denied engaging in any illegal activities, and we found no records indicating that Mrs. Douglas benefited by her selection of contractors.

We also talked with individuals outside of DOE whom we were told had information substantiating improper contracting practices. Each of these individuals denied any knowledge of illegal contracting activities. Also, none of the individuals was able to provide us with any evidence of illegal contracting practices by Mrs. Douglas.

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**OMEI Contract Management**

Many of the allegations made were concerns about contract management. Although we did not perform a program evaluation of OMEI, many

problems of OMEI contract management were raised by the recent management review which DOE conducted at the request of the Under Secretary. The review led to a report in September 1985, which stated that, among other things, OMEI suffers from

- a lack of comprehensive and detailed plans in the minority business development area, conflicting and confusing contract statements of work; the inability to prepare specific requirements for a contractor, and
- general management problems, including a staffing imbalance between the two OMEI divisions, and a lack of standard procedures, management tools, and office-wide planning and tracking systems

The report gave examples of contract management problems including confusion over funding and control of a particular project, confusion about how to best contract for support services, unclear references in statements of work, and the past failure of a large contract. There was significant conflict between the contractor and subcontractor and between the contractor and Mrs. Douglas on the contract that failed. The reviewers also expressed concern that future contracts may repeat past problems. To correct these and other problems, the report recommended that:

- procurement be halted until an office plan is developed,
- OMEI rethink the value of contractors performing program work,
- contract statements of work be better prepared for clear understanding by contractors;
- OMEI redistribute staffing, and
- OMEI establish management tools and planning and tracking systems

The reviewers also noted poor office communication, staff defensiveness, and minimal guidance from Mrs. Douglas.

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## Conclusions

We found no evidence to indicate Mrs. Douglas engaged in any illegal contracting activity

# Sequence of Events Concerning the Proposed Reduction-In-Force

Date	Events
<b>April</b>	
15	A new Schedule C employee is assigned to OMEI by the Office of the Secretary
17	The Schedule C employee meets with Mrs. Douglas to discuss ways to improve program operations
18	The Schedule C employee confronts Mrs. Douglas about contracts he believes are wasteful
18-24	Mrs. Douglas repeatedly complains about the Schedule C employee to the Director of Administration and to the Special Assistant to the Under Secretary. She requests the Schedule C employee's removal.
24	At Mrs. Douglas' insistence, the Director of Administration posts building guards to prevent after-hours access to OMEI files. Mrs. Douglas advises the Director of her intentions to reorganize and abolish the positions of two office employees.
26	At Mrs. Douglas' request, the Schedule C employee is transferred to another DOE office.
29	Mrs. Douglas contacts DOE Personnel to discuss her reorganization.
<b>May</b>	
3	Mrs. Douglas meets with DOE and Personnel officials to discuss a proposed RIF.
7	Mrs. Douglas formally requests a reorganization of OMEI from the Director of Headquarters Personnel.
28	Personnel notifies DOE's chapter of the National Treasury Employees Union that a RIF is scheduled for implementation on or after June 11, 1985. Based on advice from DOE personnel officials, Mrs. Douglas tells the first employee of her impending RIF.
30	Mrs. Douglas tells the second employee of her impending RIF. The Schedule C employee tells the Under Secretary's Special Assistant about the RIF proposed by Mrs. Douglas. The Special Assistant informs the Under Secretary. A mailgram is sent to the Secretary of Energy from the Maryland Black Republican Committee on behalf of one of the employees affected by the proposed RIF.
<b>June</b>	
4	Mrs. Douglas meets with the Under Secretary on budget matters.
5	Mrs. Douglas meets with officials from Personnel.
12	Personnel advises Mrs. Douglas that the RIF is "free for implementation."
14	Personnel prepares draft notification letter to the House Subcommittee on Oversight and Investigations, and memo to Mrs. Douglas stating that the RIF has been approved by the Director of Personnel.
18	Senator Sarbanes advises one of the employees to be rifed that he wrote to DOE on her behalf.
27	On or before this date, the Under Secretary stops the RIF upon receipt of the RIF package from the Director of Administration.



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**Appendix II**  
**Sequence of Events Concerning the**  
**Proposed Reduction-In-Force**

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<b>Date</b>	<b>Events</b>
<b>July</b>	
9	Mrs. Douglas meets with the Under Secretary
10	The Under Secretary orders a management review of OMEI
12	The Chairman, Subcommittee on Oversight and Investigations, House Committee on Energy and Commerce, writes to the Secretary of Energy expressing concern about the proposed RIF
25	The Secretary responds to the Chairman's letter, denying that a RIF had been approved, pending the completion of the management review of OMEI
<b>August</b>	
21	Mrs. Douglas meets with various DOE officials to discuss their review of her office

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Note: All events occurred in 1985

# Objectives, Scope, and Methodology

Our objectives were to investigate and report on the proposed RIF at the Department of Energy's Office of Minority Economic Impact (OMEI) and related allegations concerning the activities of its Director, Rosslee G Douglas. A letter dated July 12, 1985, from the Chairman, Subcommittee on Oversight and Investigations, House Committee on Energy and Commerce, questioned the legality of the proposed RIF and provided us supplemental information covering a wide variety of allegations against Mrs. Douglas, which were believed to be related to the RIF. These allegations covered travel abuse, improper contracting activities, and misuse of government facilities. In the course of our investigation, we received additional allegations of misuse of federal telephone lines and DOE vehicles. As agreed with the Chairman's office, we also investigated these additional allegations.

To accomplish our objectives, we interviewed officials in a number of DOE headquarters offices, including Office of Personnel, Office of Inspector General, Procurement and Assistance Management Directorate, Office of Project and Facilities Management, Office of Administrative Services, Office of Computer Services and Telecommunications Management, Office of Headquarters Accounting Operations, Office of Small and Disadvantaged Business Utilization, Office of Procurement Operations, OMEI, Office of the Secretary, and the Director of Administration. We also interviewed officials from the National Treasury Employees Union, OMEI-funded contractors and grantees, the Department of Commerce, hotels, airlines, and private organizations.

In addition, we examined contract files, travel records, OMEI office correspondence; phone company billing records, and DOE regulations on RIF procedures, conflict of interest, and travel.

Our specific methodology for each allegation was as follows:

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## RIF Allegation

To determine whether the RIF was retaliatory, we interviewed the following officials about their knowledge and awareness of the proposed RIF:

- all current employees of OMEI, including Mrs. Douglas on several occasions,
- many officials in DOE's Office of Personnel, including the Director of Personnel, and the Director of Headquarters Personnel;
- the former Director of Administration;

- the Under Secretary and two Special Assistants who have responsibility for placing non-career political appointees,
- members of DOE's chapter of the National Treasury Employees Union, and
- former OMEI employees whom we were told had information important to the investigation.

We also examined DOE's RIF regulations to determine why employees were given specific notice of a RIF before such action was approved and other RIF documents connected with the RIF process. We compared Mrs. Douglas' reasons for the proposed RIF with the views of other staff and with other material such as the management review. We also interviewed the authors of the management review.

We also examined current pertinent federal regulations covering RIFs, particularly the provisions which describe the basis for retaliation.

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## Travel Abuse

To determine whether Mrs. Douglas abused travel privileges, we examined the travel authorizations, vouchers, and itineraries for all 67 trips made by Mrs. Douglas since she assumed her present position in March, 1981. We examined Mrs. Douglas' stated purpose for each of her trips, and compared those with her travel itineraries. Her itineraries generally provided a detailed accounting of Mrs. Douglas' activities on her trips. For those trips which appeared to involve personal business, and those for which a specific allegation of abuse was made, we examined her vouchers and itineraries in more detail. For these trips, we attempted to substantiate her voucher information by selectively verifying her itinerary. We contacted hotels, airlines, and organizations, and individuals she claimed to have met or visited. At our request, Mrs. Douglas, provided written justifications for 29 of her trips. In addition, we discussed many other specific trips with her. We were unable to verify the accuracy of her supplemental information. In many instances, she said she met with unidentified officials or did not remember specific dates and times. Her attendance at conventions was difficult to verify on a day-to-day basis because she traveled alone and the office records we examined were not always complete.

We also asked DOE's Travel Audit Branch Chief to examine several of Mrs. Douglas' vouchers to see whether claims for subsistence were complete, accurate, and met pertinent DOE regulations. We also discussed DOE travel policies with an official from DOE's Controller's office, and

examined DOE and federal travel regulations and White House Travel Guidelines for Senior Government Officials

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### Telephone Abuse

To determine whether Mrs. Douglas used FTS lines for personal long distance calls, we examined DOE's telephone records covering the telephone exchanges available to her. These records were only available for the period September 1983 to June 1985 (22 months). A computer records every fifth call made on the exchanges DOE officials told us that multiplying the recorded calls by 5 yields an estimate which is accurate to plus or minus 2 percent. These are the records and procedures used by the telephone company to bill DOE. We then compared calls made on Mrs. Douglas' exchanges to a list of telephone numbers of Mrs. Douglas' friends and relatives. For numbers we could not identify, we called to identify the destination. For non-South Carolina calls, we made a similar comparison. We assumed all calls to friends, relatives, and private residences were personal. We also assumed that all calls made on these exchanges were made by Mrs. Douglas.

From the 22 months of computer records, which picked up every fifth call, we identified 97 telephone calls to South Carolina. Of these 97, we found that 53 were personal. From these figures, we projected that Mrs. Douglas made over 1,280 telephone calls during her 58-month tenure, and that about 55 percent of these were personal.

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### Motor Pool Abuse

To determine whether Mrs. Douglas used the DOE motor pool for personal transportation, we examined Mrs. Douglas' office calendars for the years 1981 through 1985. Her calendars noted use of the DOE motor pool, which was further verified by OMEI office staff who arranged use of the DOE motor pool. DOE motor pool use records are destroyed every month. We also interviewed three DOE drivers, their supervisor, and the dispatcher who schedules use of the DOE motor pool.

The Director of Administration told us that DOE does not have written regulations on the use of the motor pool for transportation. However, he also said that the motor pool is available for senior managers for official business only and that this policy has been communicated to motor pool and senior managers in DOE.

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Improper Contracting  
Practices Allegations

To investigate contracting practices, we interviewed the following officials.

- the Director of Procurement and Assistance Management Directorate, and several procurement officials who approve and work with OMEI procurement requests,
- Department of Commerce officials who cooperatively fund grants with OMEI,
- officials from several contractors and grantees alleged to have been involved in illegal contracting activities,
- officials in DOE's Oak Ridge and Chicago offices;
- private individuals whom we were told had information pertinent to our investigation; and
- other private contractors who have bid on but did not receive OMEI funding.

We interviewed over 35 individuals in support of our investigation of contracting, and many were interviewed several times.

We also examined contract files from OMEI, DOE's procurement office, and private contractors.

We examined the recent management review of OMEI, which was ordered by the Under Secretary shortly after the RIF was stopped, and talked with the authors of the report. We also examined notes made by the author of a 1984 review of OMEI.



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