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ENERGY MANAGEMENT**Some Unsubstantiated
Payments for the Secretary's
Foreign Travel**

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Mr. Chairman and Members of the Subcommittee:

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, Representative Martin R. Hoke asked us to review the Department of Energy's (DOE) expenditures for selected foreign trips. The media has been reporting extensively on the Secretary's trips, raising a number of concerns. While we recognize the controversy surrounding her travel, I want to stress that our review focuses only on cost management, which included the adequacy of recordkeeping and the propriety of charges to appropriation accounts.

We agreed with the requester's office to focus our work on auditing the Secretary's first trade mission in July 1994 to India, obtaining DOE's estimated costs for the most recent trade mission in August 1995 to South Africa, and examining how some travel expenses were charged to different appropriations. 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.

DOE did not have written procedures at the time of these trips that specified 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 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 DOE's 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 cost management concern regarding the Secretary's foreign travel is the propriety of charges to appropriation accounts. 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 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.

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This concludes my statement. I would be happy to respond to any questions you or Members of the Subcommittee may have.

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