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COMPTROLLER GENERAL OF THE UNITED STATES

WASHINGTON, D.C. 20548



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October 20, 1980

B-196862

The Honorable Jack Brooks, Chairman
Committee on Government Operations
House of Representatives



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Dear Mr. Chairman:

Subject: [Review of the Propriety of White House
and Executive Agency Expenditures for
Selected Travel, Entertainment and
Personnel Costs] (FGMSD-81-12)

This is our interim report in response to your letter of October 16, 1980, requesting a report on our review of selected expenditures of the White House and other Federal agencies to determine if appropriated funds are being used improperly to advance the political candidacy of the incumbent President. Our review in response to a September 22, 1980 request from 11 members of the United States Senate is concentrating on (1) the policies and procedures for handling political travel and entertainment by White House and Federal agency officials, and (2) whether specific events were improperly charged to appropriated funds. The above items, as well as the questions they raised on detailing personnel from Federal agencies to the White House, will be covered in more detail in our final report.

POLITICAL AND OFFICIAL TRAVEL BY
THE PRESIDENT AND VICE PRESIDENT

We evaluated the procedures used for allocating the cost of political travel by the President and Vice President and specifically referred to allocation procedures in a letter dated September 13, 1977, from Counsel to the President Lipshutz to the Federal Election Commission.

Starting prior to the primary and general election campaign periods, the White House counsel issued a series of written guidelines similar to those set forth in the above letter. In general, the guidelines provide that:

- "1) The costs of campaign-related or other political travel by Administration officials may not be paid from appropriated funds nor may government

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credit be used for this purpose. Such costs must be paid by the Carter/Mondale Committee, the DNC, or other political sponsor(s).

- 2) Only those Administration officials who are not 'hatched' may engage in campaign or other political activity. Outside the White House, only Presidential appointees who are confirmed by the Senate are not 'hatched'."

During the primary campaign period, the applicable law and the regulations did not provide a specific method for allocating the costs of mixed official and political travel by individuals other than candidates. They did not then nor do they now suggest a precise definition for distinguishing between official and political functions. As a result, the White House guidelines during the primary period are based to some degree on policies established over a period of years by several administrations and guidance from Federal Election Commission opinions and actions. A "hard-time" formula was used to allocate "mixed" trips, i.e., trips which combined official and political activity. 1/

Prior to the beginning of the general election campaign period the Federal Election Commission revised its regulations relating to the general election travel of individuals other than candidates. The White House subsequently modified its allocation guidelines to reflect the changes in the new regulations.

Applicable law and regulations require candidate travel in both the primary and the general election campaigns to be allocated on a hypothetical trip basis. 2/

Our work is not yet completed, but to date our review of White House files on political trips has not identified any instances in which appropriated funds have been used for such trips. The details of our review will, of course, be covered in our final report.

1/ Hard time--proration of costs as set forth in the September 1977 letter by Counsel to the President, Robert J. Lipshutz.

2/ See 11 C.F.R. 106.3

GUIDANCE PROVIDED TO FEDERAL AGENCIES

We are currently evaluating whether the executive agencies had adequate procedures to assure that political expenditures were not paid with appropriated funds. Before both the primary and general elections, the White House provided agency officials with briefings and written guidelines covering that topic.

The guidelines deal primarily with travel and related expenses incurred by Cabinet members and other agency officials. The agencies are cautioned not to use appropriated funds or other Government resources for political purposes, and they are advised of factors to be considered in determining whether an activity is official. Formulas are also provided for allocating the cost of trips combining both official and political activities between appropriated and campaign funds. As previously stated, applicable laws and regulations do not, however, specify how this allocation should be made during the primary period, nor do they provide precise definitions for distinguishing between the official and political functions of an appointed official.

We are now studying those guidelines and examining how they were implemented in selected agencies.

ALLOCATION OF PERSONNEL AND
OVERTIME COSTS FOR ENTERTAINMENT

We are determining whether overtime and related personnel costs relative to holding political receptions and meetings at the White House residence or other Government-owned facilities have been improperly charged to public funds.

The accounting procedures used by the White House for events paid from other than appropriated funds provide not only for the allocation of direct costs including overtime, but also for overhead items such as utilities, glasses, linen, associated labor, and the like. Our review of the records for eight specific receptions showed that seven were classified as political and one was classified as reimbursable by a public interest organization. Another event publicized on June 4, 1980, was held at a private residence, not a Government-owned facility. Costs for the events held

at Government facilities were promptly billed and payment was received by September 3, 1980. In no case were appropriated funds charged for these expenditures.

USE OF DETAILS AT THE WHITE HOUSE

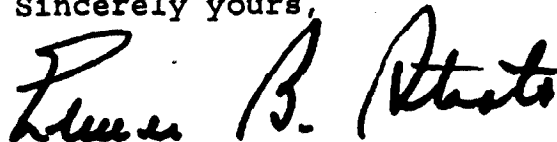
We are reviewing the propriety of the use of individuals detailed from Federal agencies to the White House. We have not yet begun our audit work in this area. The results of our work will be included in our final report.

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We are currently continuing our review at the White House and at Executive Departments and Agencies. We plan to report to you on our detailed review at the earliest possible date.

We did not obtain official written White House comments on the matters discussed in the report, however, they were discussed with White House officials. Two similar reports are being sent today to 11 members of the Senate Appropriations Committee and to the Chairman, Subcommittee on Treasury-Postal Service-General Government, House Committee on Government Operations at their requests. We will not make further distribution of this report unless you publicly announce its contents, until 30 days from the date of the report. At that time we will send a copy to the White House and other interested parties.

Sincerely yours,



Comptroller General
of the United States