



Office of Inspector General

REVIEW OF SECRETARY'S TRAVEL BETWEEN OCTOBER 5 AND 18, 1996

*Secretary's travel adhered to all
requirements and policy guidance.*

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Office of Inspector General
Washington DC 20420

**SUMMARY MEMORANDUM
REVIEW OF SECRETARY'S TRAVEL
BETWEEN OCTOBER 5 AND 18, 1996**

1. In accordance with Congressman Frank D. Riggs' letter of October 9, 1996, and a follow-up meeting on October 15, 1996, with a member of his staff and staff members of the Subcommittee on Government Management, Information and Technology, the Committee on Government Reform and Oversight, and the Committee on Veterans' Affairs (VA), we reviewed the recent travel of the Secretary of the Department of Veterans Affairs to Northern California and assessed adherence to all applicable requirements. This letter reports our determinations on the Secretary's trip to Northern California in October 1996. Our broader review of the Department's use of political versus official travel continues and will be reported on at a later date.
2. Our review concluded that the requirements and policy guidance for political activities and related travel were met and an appropriate distribution was made for the travel costs allocable between appropriated funds and campaign funds.
3. The Secretary's visit to Northern California on October 8, 1996, was part of a "mixed" purpose trip during which the Secretary visited 13 cities between October 5 and 18, 1996. The trip was "mixed" in that official business was conducted as well as certain permitted political activities. Federal regulations, White House policy, and VA policy delineate what expenses can be paid from appropriated funds, which must be paid by campaign funds, and which must be prorated with appropriated funds being reimbursed by the campaign(s) for the political portion. The regulations also define, for government employees, which activities are allowed and which are not allowed on behalf of political candidates, political parties, and political elections. The Secretary was accompanied by two VA employees who served as liaisons and were appropriately considered to be on official business for the entire trip.
4. Between October 5 and 18, the Secretary traveled to the following destinations in the order presented: Detroit, Michigan; Fairfield, and Suisun City, California; Rapid City and Sioux Falls, South Dakota; Grafton, North Dakota; Minneapolis, Fergus Falls, Duluth, St. Cloud, and Mankato, Minnesota; San Diego, California; and Rochester, New York. The appearances in Grafton and Rochester were for official business. The activities in Detroit and San Diego were on behalf of the Presidential Campaign. The remaining appearances in California, South Dakota, and Minnesota were on behalf of the campaigns for candidates for Congressional offices. Each type of visit - official business, the Presidential Campaign, and Congressional campaigns - is covered by regulation as to which costs are appropriate for the Government to pay and those costs that must be paid or reimbursed by others.
5. The Code of Federal Regulations (CFR), in Titles 5 and 11, addresses campaign-related travel. The White House and VA have issued interpretations of these regulations

in various papers and guidelines. These interpretations include which costs will be paid by campaigns, and in the case of trips which have a mix of official and political travel, the costs which are appropriate to be paid by the Government. Three basic principles were emphasized:

- Appropriated funds can be used only for the purposes for which they were appropriated.
- Official activities should be paid only from appropriated funds.
- All travel by senior Administration officials on behalf of the President's authorized campaign committee must be paid for by that committee.

6. An October 18, 1995 White House memorandum addresses the payment of travel by senior Administration officials on behalf of the Presidential Campaign. Any activity on behalf of the President must be paid by the President's campaign committee. As the Secretary's trip involved more than travel on behalf of the President, the portion of that trip (stops in Detroit and San Diego) allocable to the President's campaign committee was determined using the "hypothetical trip formula". This formula requires calculating what the trip would have cost from the point of origin through each campaign-related stop and back to the point of origin. We confirmed that the President's campaign committee reimbursed VA for the hypothetical air and ground transportation costs. Also, we found that government funds were not used to pay other travel expenses of the Secretary at these two campaign stops.

7. This same White House memorandum also addressed other political travel. As the remainder of the Secretary's trip was both for official and political reasons, the costs were required to be allocated by using the "hard time" formula. The "hard time" formula, set in regulation at 5 CFR 734.503, requires cost apportionment based on time spent on political activities and time spent performing official duties. We found that the VA was reimbursed for travel costs of the Secretary as computed by the hard time formula.

8. We found that for this 2-week trip, VA incurred travel expenditures for the Secretary totaling \$4,403.59. We verified that the VA has been reimbursed for \$3,211.78 by the various campaigns and is due a \$468.00 refund on a returned airplane ticket. We determined that the remaining \$723.81 is the cost of the two official stops in North Dakota and New York.

9. A VA non-career employee traveled with the Secretary for the entire trip. The Assistant Secretary for Congressional Affairs joined them for a portion of the trip. The two served as liaisons and were considered to be on official business. The previously cited October 18, 1995 White House memorandum states that there are some persons whose official duties may require them to be with a senior Administration official whether or not that official is on agency business. According to this memorandum, expenses incurred during travel with a senior Administration official by this group of individuals are official

regardless of the character of the event that may be involved. We determined that VA correctly applied the guidance.

10. On another subject - notification of Congressional delegations when the Secretary was to visit their district/state - we found that VA usually sent written notice a few days prior to the Secretary's arrival. In some instances, the notification was informal, and if the Secretary was appearing at an event with a Member of Congress, arrangements were made through other means. Before October 8, 1996, all written notices stated that the Secretary would be visiting the district/state on official business and then briefly described the event(s) he would attend. This format was confusing, as it was used for both political visits and official business visits. On October 8, these notices were changed to announce only that the Secretary would be visiting the district/state, without stating whether the visit was official or political, and continued to briefly describe the events to be attended.

11. As we found adherence to regulatory and policy guidance, this report has no recommendations. The Office of the Secretary reviewed the draft report and concurred with the facts.

[Signed]

MICHAEL G. SULLIVAN
Assistant Inspector General
for Auditing

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DETAILS OF THE SECRETARY'S TRAVEL

As requested, we reviewed the Secretary's travel between October 5 and 18, 1996, during which the Secretary appeared in 13 cities to attend official and political events. During this trip the Secretary visited two VA facilities and attended events sponsored by four political campaign organizations. White House policies refer to this as a “mixed” trip; cost allocations for travel are defined by regulation. VA funds were not used for certain "political" travel expenses. For all other “political” travel expenses, as allowed by regulation, VA funds were used and then the involved political campaign organizations reimbursed VA within a reasonable period of time. Travel costs for the Secretary to attend official events were paid from appropriated funds.

The Secretary’s Itinerary

Details of the Secretary’s itinerary and the events he attended are provided in the following chart.

Itinerary - October 5 through October 18, 1996

Date	Location	Event (Sponsor)	Nature of Event
October 5	N/A	Travel to Michigan	N/A
October 6	Detroit, Michigan	Debate Watch Party (sponsored by the Clinton-Gore '96 Campaign)	Political (Presidential)
October 7	N/A	Travel to California	N/A
October 8	Fairfield, California	Veterans Leaders Breakfast (sponsored by Alioto for Congress)	Political (Congressional)
	Suisun City, California	Veterans Rally, Press Conference (sponsored by Alioto for Congress)	Political (Congressional)
October 9	N/A	No Activity	N/A
October 10	Rapid City, South Dakota	Veterans Rally, Press Conference (sponsored by Tim Johnson for South Dakota)	Political (Congressional)
	Sioux Falls, South Dakota	Meetings with Weiland Veterans Committee, Veterans Leaders, Rally (sponsored by Tim Johnson for South Dakota)	Political (Congressional)
October 11	Grafton, North Dakota	Dedication of VA Clinic (sponsored by VA)	Official
October 12	N/A	No Activity	N/A
October 13	Minneapolis, Minnesota	Speech in Church (sponsored by Wellstone for Senate)	Political (Congressional)

Continuation of the Secretary's Itinerary

Date	Location	Event (Sponsor)	Nature of Event
October 14	Minneapolis, Minnesota	Meet with Leadership of Minnesota Veterans Community (sponsored by Wellstone for Senate)	Political (Congressional)
	Duluth, Minnesota	Airport Press Conference (sponsored by Wellstone for Senate)	Political (Congressional)
	Fergus Falls, Minnesota	Event on Behalf of Representative Peterson (sponsored by Wellstone for Senate)	Political (Congressional)
	St. Cloud, Minnesota	Airport Press Conference (sponsored by Wellstone for Senate)	Political (Congressional)
	Mankato, Minnesota	Press Conference, Dinner at Veterans of Foreign Wars Post (sponsored by Wellstone for Senate)	Political (Congressional)
October 15	N/A	No Activity	N/A
October 16	San Diego, California	Attend Presidential Debate (sponsored by the Clinton-Gore '96 Campaign)	Political (Presidential)
October 17	N/A	Travel to New York	N/A
October 18	Rochester, New York	Dedication of VA Clinic (sponsored by VA) and travel to Washington, DC	Official

Allocation of the Secretary's Travel Costs

The Secretary's travel between October 5 and 18, 1996, involved participation in official VA events, activities in support of the President's reelection, and political activities on behalf of congressional candidates. The Secretary's travel costs totaled \$3,935.59 (VA paid a total of \$4,403.59 and will obtain a refund of \$468.00 in unused airfare from American Express, resulting in a net cost of \$3,935.59). Travel costs were paid from appropriated VA travel funds and the following political organizations:

- Clinton-Gore 96 (Presidential campaign committee)
- Michela Alioto for Congress
- Tim Johnson for South Dakota
- Paul Wellstone for Senate

The Presidential campaign committee paid \$1,152 to VA for the Secretary's campaign related activities. Title 11, Code of Federal Regulations (CFR), Part 9004, requires that travel expenses incurred on a trip that includes both campaign

and non-campaign stops be allocated. The prescribed allocation method, called the “hypothetical trip” formula, required VA to calculate what the trip would have cost from the point of origin, through each campaign related stop, and back to the point of origin. (See Appendix IV, page 11 for additional information on this regulatory requirement.) We found that the Secretary's lodging and subsistence costs associated with the Presidential campaign events on October 6 and 16, 1996, were not paid from VA funds. We verified that the campaign organization reimbursed VA for the Secretary’s “hypothetical” round-trip airfare and ground transportation from Washington, DC to Detroit, Michigan, and San Diego, California, the sites of the Presidential campaign functions.

We found the remaining \$2,783.59 was allocated between VA and the three Congressional campaign organizations based on the formula prescribed by Title 5, CFR, Section 734.503. This regulation stipulates that travel costs must be apportioned based on the amount of time spent on political activities and the time spent performing official duties. Using this “hard-time” formula, officials in the Office of the Secretary and the Office of the General Counsel calculated the Secretary’s total activity time for the events sponsored by the three Congressional campaign organizations and for the two official VA events that occurred during the trip and prorated the time spent on each type of activity. (See Appendix IV, page 13 for additional information on this regulatory requirement.) Travel costs were allocated as follows.

Allocation of Travel Costs (Hard-Time Formula)

Activity	Total Activity Time (Minutes)	Percent Determined by VA*	Amount
Michela Alioto for Congress	160	15 %	\$417.52
Tim Johnson for Senate	210	22 %	584.53
Wellstone for Senate	390	38 %	1,057.73
Official VA Events	<u>270</u>	<u>26 %</u>	<u>723.81</u>
Total	<u>1,030</u>	<u>100 %</u>	<u>\$2,783.59</u>

** Does not add due to rounding.*

Cost of the Secretary’s Travel

We found that after the trip was completed, the four political organizations were informed of the amounts owed VA. We verified that as of November 22, 1996, all four political organizations had paid VA the amounts due. Our computation shows that the net amount of the Secretary’s travel cost paid from appropriated VA travel funds was \$723.81 as summarized below.

Summary of Financial Transactions

Amounts disbursed by VA	\$4,403.59
Reimbursements to VA	<u>-3,679.78</u>
Net cost of the Secretary's Travel	<u>\$ 723.81</u>

Details of the financial transactions are provided in the following charts which shows disbursements and reimbursements associated with the Secretary's travel.

Disbursements by VA

Description of Disbursement	Date	Amount
Payment to the Secretary for lodging and per diem expenses claimed on his travel voucher.	November 5, 1996	\$1,103.65
Payment to the Special Assistant to the Assistant Secretary for Public and Intergovernmental Affairs for the cost of the rental car used to transport the Secretary from Sioux Falls, South Dakota to Grafton, North Dakota and Minneapolis, Minnesota.	November 12, 1996	584.94
Payment to American Express for the original cost of the Secretary's airline tickets.	November 19, 1996	<u>2,715.00</u>
Total disbursements by VA		<u>\$4,403.59</u>

Reimbursements to VA

Description of Reimbursement	Billing (Credit) Date	Date Payment Received	Amount
Reimbursement from Presidential campaign committee for the hypothetical cost of the Secretary's round-trip airfare from Washington, DC to the two presidential campaign events	October 24	October 25	\$992.00
Reimbursement from Presidential campaign committee for the hypothetical cost of the Secretary's round-trip ground transportation from his residence to the airport	October 31	November 1	160.00
Reimbursement from the Michela Alioto for Congress campaign committee	November 1	November 18	417.52
Reimbursement from Wellstone for Senate	November 1	November 22	1,057.73
Reimbursement from Tim Johnson for South Dakota	November 1	November 22	584.53
Reimbursement due from American Express for unused airline tickets returned to Omega Travel	November 5		<u>468.00</u>
Total Reimbursements to VA			<u>\$3,679.78</u>

CONCLUSION:

We concluded that an appropriate distribution was made for the travel costs allocable between appropriated funds and political campaign funds. Further, we determined that regulatory and policy requirements were met as the President's Campaign Committee and the three Congressional Campaigns reimbursed VA the appropriate funds.

DUTIES OF VA EMPLOYEES
ACCOMPANYING THE SECRETARY

During his travels, whether they are for political or official purposes, the Secretary, according to regulations, may be accompanied by VA employees in order for him to continue to carry out his official duties. These VA employees are considered liaisons and as such need to be present with the Secretary in order to be the VA link for the Secretary while away from his office. The liaison needs to be present at events the Secretary attends, including political events or events attended by Members of Congress.

We interviewed officials in the Office of the Secretary to learn of the role of VA employees who accompanied the Secretary during his travel. We also interviewed the two employees who traveled with the Secretary on this 2-week trip. We referred to the regulation in Title 5 CFR, Section 734.503(b)(3), concerning the use of appropriated funds for payment of travel costs of Departmental employees who accompany senior Administration officials. The regulation provides that the compensation and expenses of any Government employee, required in the performance of their duties to accompany or assist a person engaging in political activity, are expenses that may be paid from appropriated funds.

The two VA employees who accompany the Secretary are: (i) the Assistant Secretary for Congressional Affairs; and, (ii) a Special Assistant from VA's Office of Public and Intergovernmental Affairs. During the subject trip, the Assistant Secretary did not accompany the Secretary at the Presidential Campaign event in Detroit, Michigan. Instead, on October 7, he joined the Secretary in California. He also did not travel with the Secretary to the last two events during the trip, instead returning to his office on October 15. The Special Assistant traveled with the Secretary during the entire October 5-18 trip.

The general duties and responsibilities performed by each of the two VA employees who travel with the Secretary are described in the following sections as they were related to us by each employee.

Assistant Secretary for Congressional Affairs

The Assistant Secretary for Congressional Affairs is a Presidential Appointee with Senate confirmation (PAS). The Assistant Secretary traveled with the Secretary on the majority of the Secretary's October 5-18, 1996 trip. He often travels with the Secretary on official trips and political trips. When doing so, he acts as a close advisor to the Secretary as well as a liaison with Members of Congress. In

addition, while traveling with the Secretary, the Assistant Secretary will normally contact Congressional officials of an area visited and discuss matters with them.

He also provided the Secretary with any needed information regarding issues affecting Departmental clientele or news relating to the Department. For example, during the subject trip, the Secretary heard news of a report from the Institute of Medicine concerning Persian Gulf veterans. The Assistant Secretary contacted VA Central Office staff to obtain more details about the report and surrounding issues, and he then briefed the Secretary during the trip.

The Assistant Secretary stated that on these trips with the Secretary, he does not engage in any political activity, including the wearing of political buttons.

Office of Public and Intergovernmental Affairs Special Assistant

The Office of Public and Intergovernmental Affairs Special Assistant is a Schedule C employee who accompanies the Secretary on all trips. His responsibilities are to act as an advance person and as a liaison for the Secretary. Prior to the Secretary's travel, the Special Assistant discusses logistical facts of the trip with organizational sponsors to ensure the schedule is workable. The Special Assistant arranges ground transportation, ensures hotel reservations are made, and performs any other duties necessary for the Secretary's travel.

As liaison, the Special Assistant keeps track of any requests to the Secretary for information during his appearances. For example, veterans or other beneficiaries often ask the Secretary to help them in some manner, and the Special Assistant ensures that each request referred to him by the Secretary is followed up. In such cases, the Special Assistant obtains the requester's name and other pertinent information for follow-up by appropriate VA staff.

The Special Assistant stated that he does not engage in any political activity while on trips with the Secretary.

CONCLUSION

Based on our regulatory review, the duties described by officials in the Office of the Secretary, the representations of the two individuals involved, and our analysis of the trips, we determined that the VA employees accompanying the Secretary on the subject trip were properly considered to be acting in an official capacity. Therefore, VA funds were appropriately used to pay for their travel expenses.

**NOTIFICATIONS TO CONGRESS OF
SECRETARIAL VISITS**

The staff of the office of Congressman Frank Riggs brought to our attention an inconsistency in the wording of VA notifications to Members of Congress when the Secretary would attend events in their districts/states. Consequently, we reviewed VA's process for notifying Members of Congress about the Secretary's arrival at sites during his travel October 5-18, 1996.

The Office of the Secretary informed us that as a courtesy to Members of Congress, VA normally will notify offices of Senators of each State visited by the Secretary as well as Representatives in or near areas visited by the Secretary. Written notices to Members of Congress are made by the Office of the Assistant Secretary for Congressional Affairs. We interviewed staff in that office and obtained copies of 76 notices regarding Secretarial appearances that were sent by VA staff to Members of Congress from July 1996 through October 18, 1996. Included in the 76 notices we reviewed were 14 notices that VA sent to Members of Congress regarding the Secretary's October 5-18, 1996 trip as follows:

NOTICES SENT TO MEMBERS OF CONGRESS

Event Location (Date) <i>(Listed in Order of Official Itinerary)</i>	Congressional Official (State)	Date and Time Notice Sent	Days Between Notice and Event
Detroit, MI (October 6, 1996)	Senator Abraham (Michigan)	10/4/96 3:09pm	2
	Senator Levin (Michigan)	10/4/96 2:33pm	2
	Representative Rivers (Michigan)	10/4/96 2:37pm	2
	Representative Levin (Michigan)	10/4/96 2:34pm	2
	Representative Dingell (Michigan)	10/4/96 2:43pm	2
	Representative Collins (Michigan)	10/4/96 2:46pm	2
	Representative Conyers (Michigan)	10/4/96 3:41pm	2
Fairfield and Suisun City, CA (October 8, 1996)	Senator Boxer (California)	10/4/96 2:00pm	4
	Senator Feinstein (California)	10/4/96 1:56pm	4
	Representative Riggs (California)	10/4/96 1:57pm	4
Rapid City and Sioux Falls, South Dakota (October 10, 1996)	Senator Daschle (South Dakota)	10/8/96 4:30pm	2
	Senator Pressler (South Dakota)	10/8/96 4:40pm	2
Grafton, North Dakota (October 11, 1996)	Senator Dorgan (North Dakota)	10/2/96 9:06am	9
	Representative Pomeroy (North Dakota)	10/2/96 9:05am	9

APPENDIX III

According to the Office of Congressional Affairs, notices were not sent to some of the Senators or Representatives from the States of California, Minnesota, New York, or South Dakota because the Secretary was either with them at events or they were notified through other means. For example, the VA facility, which the Secretary was to visit, made the notifications.

Office of the Assistant Secretary for Congressional Affairs staff stated that on October 4, 1996, they were preparing notices to the affected Congressional Delegation regarding planned Secretarial visits in California. While preparing those notices, the staff member stated that he received a telephone inquiry from staff of the office of Congressman Frank Riggs about the nature of the Secretary's planned appearances in Fairfield and Suisun City, California. The VA staff member stated that he informed the inquiring Congressional office that the Fairfield and Suisun City appearances were political in nature and would be sponsored by the Alioto for Congress Campaign.

That staff member continued by stating that shortly after the telephone inquiry, VA sent three notices of the Secretary's planned political visits in California to the offices of the affected Congressional Delegation - Senators Boxer and Feinstein, and Representative Riggs. However, these notices to the California Delegation contained inconsistent wording. The notices contained a statement that the Secretary would be visiting on official business and then provided a narrative that described the events as political.

We noted, in our reading of the notices, that VA staff used similar terminology indicating official purposes of visits in 10 other notices that were for politically-related Secretarial visits. These were sent on September 27 to three Members of Congress from the State of Florida and on October 4 to seven Members from the State of Michigan.

On October 8, 1996, the responsible VA staff recognized that they had used inconsistent wording. The VA staff immediately acted to change the terminology in notices issued from that date forward by using words that announced the Secretary would be making a visit, without stating whether the visit was official or political, and by continuing to use words that briefly described the events to be attended.

To validate this action, we reviewed 12 notices sent on or after October 8, 1996 regarding Secretarial visits, including five for visits that were political in nature. We found that all 12 notices, including those for political visits, had the revised wording.

REGULATIONS AND POLICY ON PAS POLITICAL TRAVEL

The following is a general narrative summary of the statutes and regulations governing PAS travel and does not purport to be an exhaustive recitation of either.

When considering the payment of travel expenses incurred by PAS (senior Administration officials who were appointed by the President and confirmed by the Senate) on behalf of the President's authorized campaign Committee, three principles govern - use of appropriated funds, augmentation of appropriations, and Federal election laws.

The first basic principle is that appropriated funds are to be used only for the purposes for which they were appropriated. Accordingly, funds appropriated for the official functions of the departments and agencies are to be used for travel expenses only if the travel is reasonably related to an official purpose. If an expense is incurred purely for partisan political purposes, official funds are not to be used to pay the expenses.

The second principle is that, in general, official activities should be paid only from funds appropriated for such purposes, unless Congress has authorized the support of those activities by other means. This principle prevents unauthorized augmentation of appropriations.

The third principle involves the requirements of the Federal election laws. Once the President is a "candidate", all travel by senior Administration officials on behalf of the President's authorized campaign committee must be paid by that committee.

The regulations and policies that cover official and political travel by PAS are as follows:

- Title 5 CFR, Part 734 sets the general applicability and legal effect regarding political activities of federal employees.
- Title 11 CFR, Part 106 sets the allocation of expenses between campaign and non-campaign related travel.
- Title 11 CFR, Parts 9004-9034 set the allocation of travel expenditures relating to Presidential campaign committee and the apportioning of expenses between campaign-related and non-campaign related travel.

- White House policy, including General Counsel and Counsel to the President opinions, provide guidelines for allocating travel expenses of PAS.

Each of these will be discussed in the remainder of this Appendix.

Title 5 CFR, Part 734

Historically, under the Hatch Act (5 United States Code (USC) sections 7324-7328), PAS have been free to engage in partisan political campaigns. Under the Hatch Act Reform Amendments of 1993, which became effective on February 3, 1994, PAS may continue to take active part in partisan politics, both on and off duty. However, the costs associated with this activity may not be paid by money derived from the U.S. Treasury (Section 7324(b)(1) of 5 USC). It is important to note that, funds from the U.S. Treasury are not considered used if the Treasury is reimbursed within a reasonable period of time (5 CFR, Section 734.503(a)).

The type and degree of political activities political appointees can participate in vary according to the type of appointment. For this review, the significant differences between PAS (excluding Inspectors General) and other political appointees is that PAS can use official time for political activity, including writing a speech for a PAS to deliver at a partisan political event.

Costs associated with a political activity do not include any costs that the Government would have or had incurred regardless of whether the activity was political. An example is the compensation of PAS and the compensation and expenses of any government employee who is required in the performance of his or her duties to accompany or assist the person engaging in the political activity (5 CFR, Section 734.503(b)).

Title 11 CFR, Parts 106, 9004, and 9034

Title 11 CFR, Part 106 sets forth the allocation of expenses between campaign and non-campaign related travel with respect to campaigns of candidates for Federal office, other than Presidential and Vice Presidential candidates who receive federal funds.

Where a candidate's trip involves both campaign-related and non-campaign-related stops, the expenditures allocable for campaign purposes are reportable, and are calculated on the actual cost-per-mile of the means of transportation actually used, starting at the point of origin of the trip, via every campaign-related stop and ending at the point of origin. Where a candidate conducts any campaign-related

activity in a stop, the stop is a campaign-related stop and travel expenditures made are reportable. Where an individual, other than a candidate, conducts campaign-related activities on a trip, the portion of the trip attributed to each candidate shall be allocated on a reasonable basis.

Title 11 CFR, Section 9004.7(b) states that, for a trip which is entirely campaign-related, the total cost of the trip shall be a qualified campaign expense and a reportable expenditure. For a trip which includes campaign-related and non-campaign related stops, that portion of the cost of the trip allocable to campaign activity shall be a qualified campaign expense and a reportable expenditure. Such portion shall be determined by calculating what the trip would have cost from the point of origin of the trip to the first campaign-related stop and from the stop through each subsequent campaign-related stop to the point of origin. If any campaign activity, other than incidental contacts, is conducted at a stop, that stop shall be considered campaign-related. Campaign-related activity shall not include any incidental contacts. Campaign activity includes soliciting, making or accepting contributions, and expressly advocating the election or defeat of the candidate. Other factors, including the setting, timing, statements or expressions of the purpose of an event, and the substance of the remarks or speech made, will also be considered in determining whether a stop is campaign related. For each trip, an itinerary shall be prepared and such itinerary shall be made available. The itinerary shall show the time of arrival and departure and the type of event held (11 CFR, Section 9034.7 (b) (2) & (3)).

White House Policy

The Counsel to the President, in a memorandum to the Cabinet dated February 17, 1994, provided advice with respect to the payment of travel expenses incurred by PAS. The memorandum focused on the legal principles that govern the allocation and payment of costs associated with mixed official and political travel. An October 18, 1995 memorandum from the Counsel to the President to the Cabinet, reiterated regulations and policy already discussed, in previous regulations and policy, including the following discussion from the 1994 memorandum to the Cabinet.

For non-Presidential election campaign events (e.g., state, local, and congressional campaigns), applicable laws and regulations do not provide a specific method for allocating the costs of mixed official and political travel by individuals other than candidates. There also is no precise test for distinguishing between official and political events. As a result, the guidelines set forth are based on general legal

principles, guidance from Office of Legal Counsel opinions, and policies established over a period of years by previous administrations.

When considering payment of expenses associated with travel by PAS, two major principles governing the use of appropriated funds must be kept in mind. First, appropriated funds may be used only for the purposes for which they were appropriated, and second, official activities should be paid for only from funds appropriated for such purposes.

The President's authorized campaign committee must, under Federal Election Campaign (FEC) regulations, pay all Presidential "campaign-related" travel costs using the "hypothetical trip formula" for all travelers: calculating what the trip would have cost from the point of origin through each campaign-related stop.

Costs associated with political activity for sponsors other than the Presidential campaign are allocated according to the "hard-time formula": splitting the allocable costs according to the proportion each aspect (official and political) bears on the total activity time for the trip. However, if any Presidential campaign-related activity at all occurs on a trip, the costs of the Presidential campaign stops must be allocated according to the "hypothetical trip formula".

Briefly discussed earlier, there are some individuals whose official duties require them to be with the Cabinet member, whether or not the Cabinet member is on official business. Expenses incurred by this group during travel with a Cabinet member should be considered official, regardless of the character of the event that may be involved in a given trip.

Normally, the allocation formula is applied to all of the relevant costs of a mixed trip. However, there may be occasions when application of the formula to all costs of a total trip may not be equitable to the government. For example, if the Secretary attended only campaign-related functions during the first 3 days of a 4-day trip, and on the fourth day attended an official VA function, it would not be equitable for VA to pay a percentage of each hotel bill or air fare if there was no inordinate amount of travel during the first 3 days.

Each trip must be analyzed based on the circumstances of that trip, and while the goal is an equitable allocation, the situation in which the government pays a disproportionately large share of the cost of a particular trip as a result of the political activity, must be avoided. Expenses that are associated specifically with a political activity and not with any official activity must be treated as political,

APPENDIX IV

and expenses associated specifically with an official activity must be treated as official.

In allocating the costs of travel other than air travel, the allocation formula should be applied to any government maximum for that type of expenditure. For example, if on a mixed trip (50% official and 50% political) a government employee is only entitled to \$26 per diem for food on a wholly official trip, the government share would be 50% of \$26, not 50% of the actual amount spent.

The cost of air travel on a mixed trip for PAS traveling separately from the President or Vice President may be paid for in one of several ways. First, if the political sponsor provided the ticket for the entire trip, it may be accepted and used by the PAS. Then, upon completion of the travel and settlement of the PAS's travel claim, the political sponsor must be immediately reimbursed for the official portion of the trip. In no case should the government ever pay more for official travel than the official government rate. Second, based on an estimated advance allocation of the trip, the department could issue a Government Travel Request or a travel advance in cash covering that portion of the trip that pertains to its official business. The balance of the air fare would be paid for in advance by the political sponsor by a check issued to the air carrier. Third, the traveling PAS may purchase the tickets with personal funds or credit cards and subsequently collect the properly allocated reimbursement from the department and the group sponsoring the political event. In any event, it is essential that the details of the "mixed trip" be worked out well in advance by the traveling PAS with the appropriate department staff, the election committee, and/or political sponsor.

OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives

The Office of Inspector General reviewed the circumstances surrounding Secretary Brown's travel between October 5 and 18, 1996. The purpose of the review was to assess adherence to all applicable requirements.

Scope and Methodology

We reviewed applicable sections of the Code of Federal Regulations, Office of Personnel Management regulations, opinions of the Office of Legal Counsel, and guidance on political activities by political appointees issued by the White House and VA General Counsel. We reviewed travel expenditures and reimbursements, the Secretary's itinerary and speeches, and written notices of the Secretary's appearances sent to Members of Congress. In addition we interviewed responsible personnel in the Office of the Secretary and other VA offices.

We performed our review between October 16 and November 25, 1996, at VA Central Office in Washington, DC. This review was part of a broader review of the Department's use of political versus official travel which was performed under generally accepted government auditing standards.

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