



Office of Inspector General

AUDIT OF THE DEPARTMENT'S USE OF POLITICAL VERSUS OFFICIAL TRAVEL

Department procedures for identifying political versus official travel were adequate, and travel tested adhered to all requirements and policy guidance.

Report No.: 7AN-G03-041

Date: February 6, 1997

SUMMARY MEMORANDUM
AUDIT OF THE DEPARTMENT'S USE OF
POLITICAL VERSUS OFFICIAL TRAVEL

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 House Subcommittee on Government Management, Information and Technology of the Committee on Government Reform and Oversight; the House Committee on Veterans' Affairs (VA); and the Senate Committee on Governmental Affairs, we reviewed the Department's use of political versus official travel. On December 18, 1996, we issued a report on our "Review Of Secretary's Travel Between October 5 and 18, 1996 (Report No. 7AN-G03-015)" which concluded that for the subject travel, 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. This report provides our determinations on the broader issue of the Department's policies, procedures, and practices to distinguish between political versus official travel, and to ensure adherence to applicable regulations and policy guidance. We audited selected events in which non-career officials participated during the period from August 26 to October 18, 1996.

2. Our audit concluded that VA's policies and procedures in place were adequate, and the requirements and policy guidance for political activities and related travel were met.

3. The Department provided information on all travel by non-career officials from August 26 to October 18, 1996, and indicated whether the trip was for political or official purposes. Through the Department's financial system, we tested travel reimbursements and concluded that the information provided was complete. Two of the trips were for political purposes and the Secretary made both. One was the October 5 to 18 trip on which we had previously reported, and the other was a September 29 to October 2 trip to Florida. Next, we evaluated the practices and procedures in place for a sample of four non-career officials -- the Secretary, Deputy Secretary, Assistant Secretary for Congressional Affairs, and the Director, Center for Women's Affairs. We concluded that the procedures were adequate to give assurance that White House and Department policies on political travel and activities were followed. Then, we reviewed the available information on the speeches given by these four officials at four official events. We concluded the trips were appropriately classified as official.

4. During our meeting with Congressional staff, questions were raised about two specific activities. The first was the appearance by the Secretary at two political events in Florida and the second was the participation by Department officials in caravans for the President's reelection campaign. We concluded that these activities were appropriate, and they are discussed later in this memorandum as well as in Appendices IV and V.

5. Federal laws and regulations define, for government employees, which activities are allowed and which are not allowed on behalf of political candidates, political parties, and political elections. Moreover, the regulations, White House policy, and VA policy delineate what travel 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.

6. The Code of Federal Regulations (CFR), in Title 5, defines the type and degree of involvement, and the circumstances under which government employees can participate in political activities. For this audit, two types of involvement are relevant:

- A PAS (Presidential appointee, Senate confirmed) may use official time for political activity.
- Other non-career officials (Schedule C and non-career SES) may not use official time for political activity, but may participate on personal time.

7. CFR Titles 5 and 11, address 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.

8. The regulations and White House Policy define allowable activities and costs, but do not define the procedures that should be in place to assure adherence. In the Department, each non-career official is responsible for setting procedures for his or her office to determine if a request is political or official. We found that the Secretary made the only political appearances while on duty during the period tested, and the procedures were effective.

9. To test the effectiveness of the system, we selected four appearances by the previously identified non-career officials at events the Department had classified as official. We reviewed the content of the prepared text, to the extent prepared text was available, to determine if the Department's classification was appropriate. Title 11 CFR, Part 9004.7(b) states that campaign-related activity includes the following.

- Soliciting, making, or accepting contributions.
- Expressly advocating the election or defeat of a candidate.

Through reviewing the available documents and discussing the events with cognizant officials we found that these speeches did not meet the definition of political activity; therefore, the Department's determination that the appearances were official was appropriate.

10. In reviewing the Secretary's participation in the two political trips, we found that the system was adequate in identifying political activities, and ensuring that the costs of such travels are borne by the appropriate parties and that appropriated funds are not used to finance political travel. The Secretary's first trip is discussed in the previously referenced report and his second political trip is discussed in Appendix IV.

11. At our meeting with Congressional staff, questions were raised about the Department's declining Congressman Dave Weldon's August 7, 1996 request for the Secretary to appear with him at a Veterans Town Meeting in Florida during September 1996. The staff understood that the Secretary had over \$15,000 of travel funds available at that time and pointed out that the Secretary appeared later in the month on behalf of the campaigns of two Congressional candidates.

12. We found that the Congress had restricted travel by officials in the Office of the Secretary to \$50,000 for Fiscal Year 1996. At the time of Congressman Weldon's request, VA's financial system reported about \$16,000 remained unobligated. Prior to August 7, 1996, the Secretary had made written commitments for his official travel through the end of the fiscal year. Moreover, the remaining funds were scheduled for the official travel of others in the Office of the Secretary. Further, the Secretary's travel to the September 30 and October 1 political events in Florida, which were referenced by the Congressional staff, was not paid for by appropriated funds.

13. We were also asked to review the circumstances under which VA employees participated in caravans supporting the President's reelection campaign. The Department advised us that employees were involved in caravans in a number of states. We reviewed the caravans in Florida and Virginia. The Director, National Cemetery Service, participated in both caravans; and the Director, Center for Women Veterans and the Special Assistant to the Deputy Assistant Secretary for Congressional Liaison participated in the Virginia caravan. We found adherence to the applicable regulations. The non-career officials were off duty during their participation and VA appropriated funds were not used to support their involvement.

14. As we found adherence to regulatory and policy guidance, and found the procedures to be adequate, 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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PROCEDURES USED BY NON-CAREER OFFICIALS TO IMPLEMENT REGULATIONS ON POLITICAL ACTIVITY

Federal laws and regulations define, for government employees, which activities are allowed and which are prohibited on behalf of political candidates, political parties, and political elections. The White House and VA have issued interpretations of these laws and 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. The regulations and White House Policy define allowable activities and costs, but do not define the procedures that should be in place to assure adherence.

The OIG interviewed officials in the Offices of the Secretary, Deputy Secretary, Assistant Secretary for Congressional Affairs, and Center for Women Veterans to determine procedures used by those offices to implement applicable regulations and White House and VA guidance concerning political activities. We also discussed how these procedures were developed. We found that, within the Department, procedures exist to determine if an appearance request is political or official.

VA's non-career employees, whether PAS (senior administration officials who were appointed by the President and confirmed by the Senate), Schedule C employees, or non-career SES members, follow the same general steps in implementing the regulations and policy guidance on travel for political activity. These include determinations of the type of travel to be conducted (official, political, or "mixed" - a combination of political and official), the appropriate funds to use for paying the cost of the travel, and the accountability of travel activities.

The Code of Federal Regulations (CFR), Titles 5 and 11, set forth the political activities in which non-career employees can engage and when they can engage in them. The White House and VA have issued interpretations of these regulations in various papers and guidelines. The types of travel permitted vary based on the type of appointment and the regulations. 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 an 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)).

Schedule C and non-career SES officials may only engage in partisan political activities during non-duty times (5 USC, Section 7324). None of their expenses can be paid from appropriated funds, while engaging in these activities. All non-career officials, who are required as part of their duties to accompany a PAS to political events, are considered to be on official travel. As such, their travel expenses are paid from appropriated funds. They are prohibited from engaging in partisan activities during this travel.

We selected a judgmental sample of four VA non-career officials to review the procedures their offices used for accomplishing official and political travel. The four selected are:

PAS

Secretary
Deputy Secretary
Assistant Secretary for Congressional Affairs

Non-Career Senior Executive Service

Director, Center for Women Veterans

Travel procedures in place at each of the four offices are discussed below:

Secretary

The Secretary routinely receives requests to attend (as a guest or speaker) both official and political functions. All invitations, written and verbal, are received by the Secretary's Program Assistant for Travel. She copies or makes a written note of them, places a copy in her files, and then forwards them to the Secretary's Executive Assistant. The Executive Assistant reviews the invitation to determine whether it conflicts with the Secretary's schedule, whether the request is political or official, and whether the event is local or requires travel. The Executive Assistant meets with the Secretary to discuss and decide whether the request should be accepted or declined. The decision is based on the viability of the request (whether the event date conflicts with the Secretary's schedule), whether it is appropriate for the Secretary to attend (PAS cannot solicit funds for political

purposes), and, if appropriate, funding needs and availability. The decision to accept or decline the invitation is made and noted on the request.

Generally, invitations declined by the Secretary are noted with the reason for the declination. The Secretary's Program Assistant for Travel either writes or telephones "regrets" and places the annotated invitations in the folder mentioned above. Occasionally, the Secretary will refer invitations to other members of his staff when he cannot attend.

Invitations to events in the Washington, DC metropolitan area, which are accepted are included in the Secretary's schedule and the host is notified. For events that require travel outside the local area, determinations are first made of whether the event is official or political. If there is a question regarding whether the event is official or political, the Office of General Counsel (OGC) is contacted for an opinion. On those occasions where the travel is "mixed" (a combination of both) or there is a question as to whether the travel is official or political, the Executive Assistant to the Secretary requests OGC to provide an opinion and/or comment on how the costs are to be apportioned. In those instances where the political portion of the travel is for the Presidential campaign committee, the Executive Assistant develops a hypothetical scenario of how the costs are to be apportioned and requests an opinion and/or comments from OGC.

When the Secretary travels outside the local area, copies of the Secretary's acceptance letters are sent to the Offices of Congressional Affairs and Public Affairs. Congressional Affairs staff notify the appropriate Congressional Delegation of the Secretary's impending visit, except in those instances where notification has been provided by the event organizer or some other means. The Executive Assistant keeps the appropriate officials current on the Secretary's travel plans. In addition, Administrative Support Service staff prepare a listing of planned travel and leave by all VA non-career officials, which is updated and distributed weekly.

Travel arrangements are made and an itinerary is prepared by the Secretary's Program Assistant for Travel, in coordination with other offices. For "mixed" travel, the Executive Assistant prepares a memo outlining travel stops and associated costs. This is sent to OGC for an opinion on who is responsible for which costs. For official travel, a Travel Approval Request is completed and sent to the Office of the Secretary's Budget Analyst, who maintains the travel budget.

According to the Executive Assistant, the Secretary uses speech writers only for official functions, but typically writes his own, and writes all of his political speeches.

The Secretary's Executive Assistant informed us that tickets and car rental expenses for political travel are paid in advance by the appropriate political committee, if there is sufficient time before the travel. If not, the corporate VA credit card is used for the tickets and the Secretary's government credit card is used for other expenses as needed. Lodging costs are paid either at check out by the committee or as a reimbursement to VA along with appropriate food costs. Travel cost reimbursements are requested upon return from the trip and are deposited with VA Finance Service as soon as they are received. If there is doubt regarding actions that might have changed a trip or segment of a trip from an official visit to political, OGC is consulted for an opinion on the matter. Upon completion of a "mixed" trip, a travel voucher is completed, sent to OGC for review and, upon OGC's approval, returned to the Office of the Secretary for an approval signature, and finally, sent to CO Finance Service for processing. Travel voucher copies and "trip packs" containing travel documents pertinent to political trips are also maintained on file. Official travel involves the same process, except OGC is not involved.

The procedures used by the Office of the Secretary to process invitations for appearances and the resultant travel, by the Secretary, were provided in interviews with staff in the Offices of the Secretary, General Counsel, and Congressional Affairs. We flowcharted the information provided in the interviews. Staff in the relevant offices reviewed the flowchart and concurred that the depicted procedures were accurately presented. The resultant flowchart is shown in Appendix II.

Deputy Secretary

For the period tested, August 26 through October 18, 1996, the Deputy Secretary did not engage in any political travel while on duty.

The procedures incorporated into the Deputy Secretary's travel program are basically the same as those used by the Secretary. The significant difference between the two is the volume of invitations received by the Secretary and the amount of associated travel.

Initial invitations and those forwarded from the Secretary's office for the Deputy's consideration are handled in a similar manner as those received in the Office of the Secretary. They receive a preliminary review by the Staff Assistant to the Deputy

Secretary to determine if the invitation is local or requires travel, if it appears to be official or political, and if the Deputy's schedule conflicts with the time and date of the event. All invitations are given to the Deputy for his review. If the invitation is accepted, the host/requester is notified, the accepted invitations are sent to Congressional Affairs, and the speech writers notified, if necessary.

If political travel is required, the Deputy Secretary attends to all of the travel and payment details. If official travel is planned, the Deputy's Program Assistant prepares a Travel Approval Request, makes travel arrangements, and if needed, purchases airline tickets using the Deputy Secretary's credit card. Upon the Deputy Secretary's return, a travel voucher is prepared, approved by the Chief of Staff, and hand delivered to the agent cashier for timely reimbursement of travel funds. The Program Assistant maintains a file of accepted invitations.

If a trip includes political travel or there is concern that an official trip may have included political activity, the Program Assistant forwards the travel information to OGC for a cost apportionment analysis. If the travel is political, the responsible political committee(s) is/are billed for reimbursement.

A copy of the Deputy's daily travel status and scheduled travel is forwarded to both the Secretary and to Administrative Support Services each day. Administrative Support Service staff prepare and distribute a schedule of all VA non-career officials' planned travel.

Assistant Secretary for Congressional Affairs

The Assistant Secretary stated that he is seldom involved in political travel except when he accompanies the Secretary as his advisor and liaison. In this role, the Assistant Secretary's trips are official rather than political. The Secretary's office takes care of the travel plans and payment of travel expenses associated with the political travel. Because the Assistant Secretary's role is appropriately designated as official, Travel Approval Requests are completed and travel vouchers are submitted.

The Assistant Secretary generally either writes his own official speeches or speaks extemporaneously. On several occasions, he has used the Secretary's speech writers.

Director, Center for Women Veterans

The Director's Program Assistant coordinates all travel activities for the Director. She completes a 1 to 6-month schedule of the Director's planned travel based on the Director's selection of events from invitations and requests. The Program Assistant prepares the itineraries and authorizations and sends them through the Deputy Secretary to the Chief of Staff for approval.

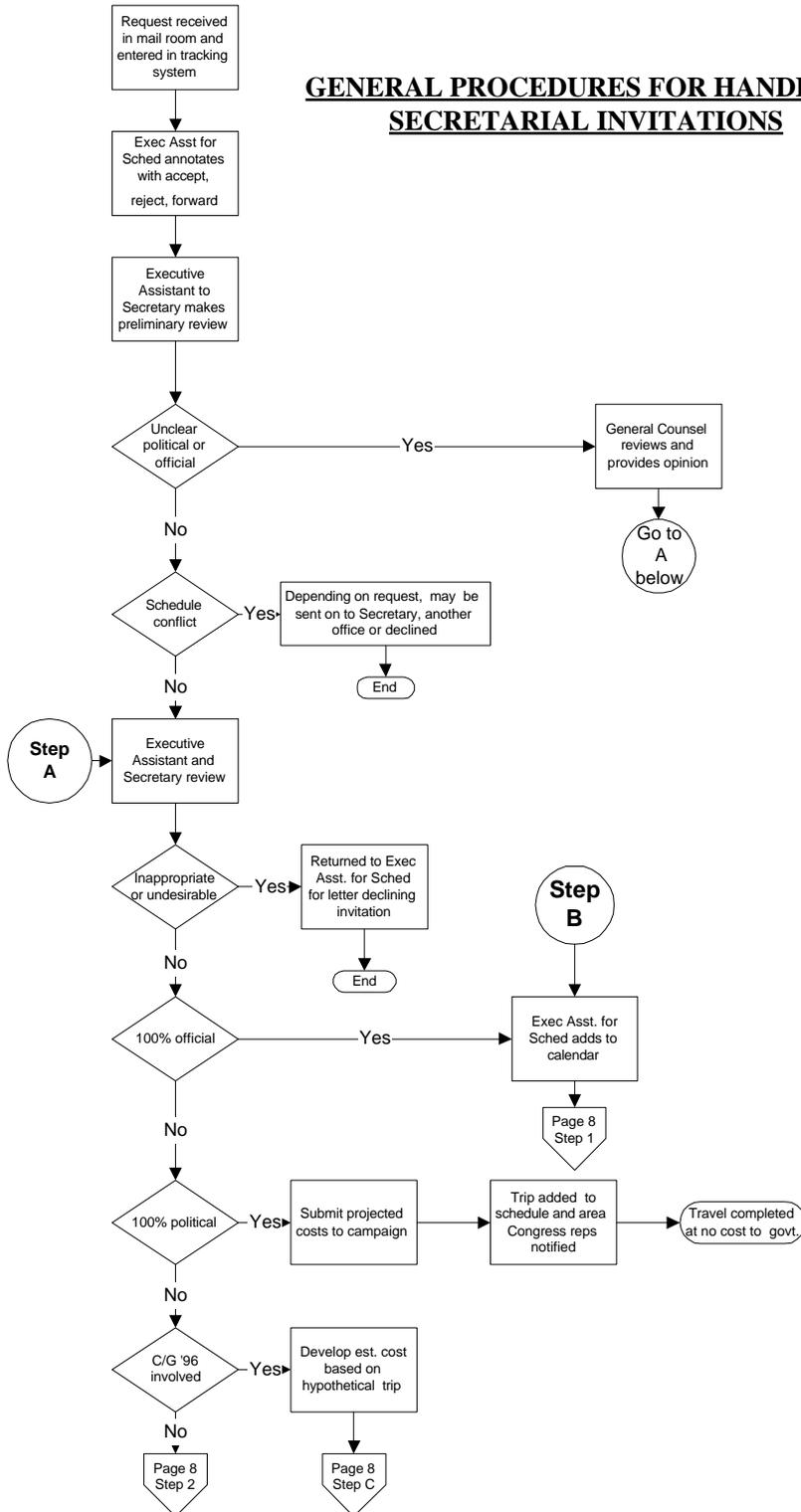
After approval, the documents are returned to the Program Assistant, who makes all travel arrangements. All of the Director's travel, while on duty, is for official business, generally as a keynote speaker. After a trip is completed, a travel voucher is completed and sent through the Deputy Secretary to the Chief of Staff for approval. After approval, the voucher is forwarded to Finance Service for processing.

CONCLUSION

Travel procedures were in place, were followed at the four offices reviewed, and provided pertinent information and accountability. The procedures were used to ensure that the planned travel received the appropriate designation, that political committees were responsible for costs incurred for political travel, and that VA travel costs were appropriate.

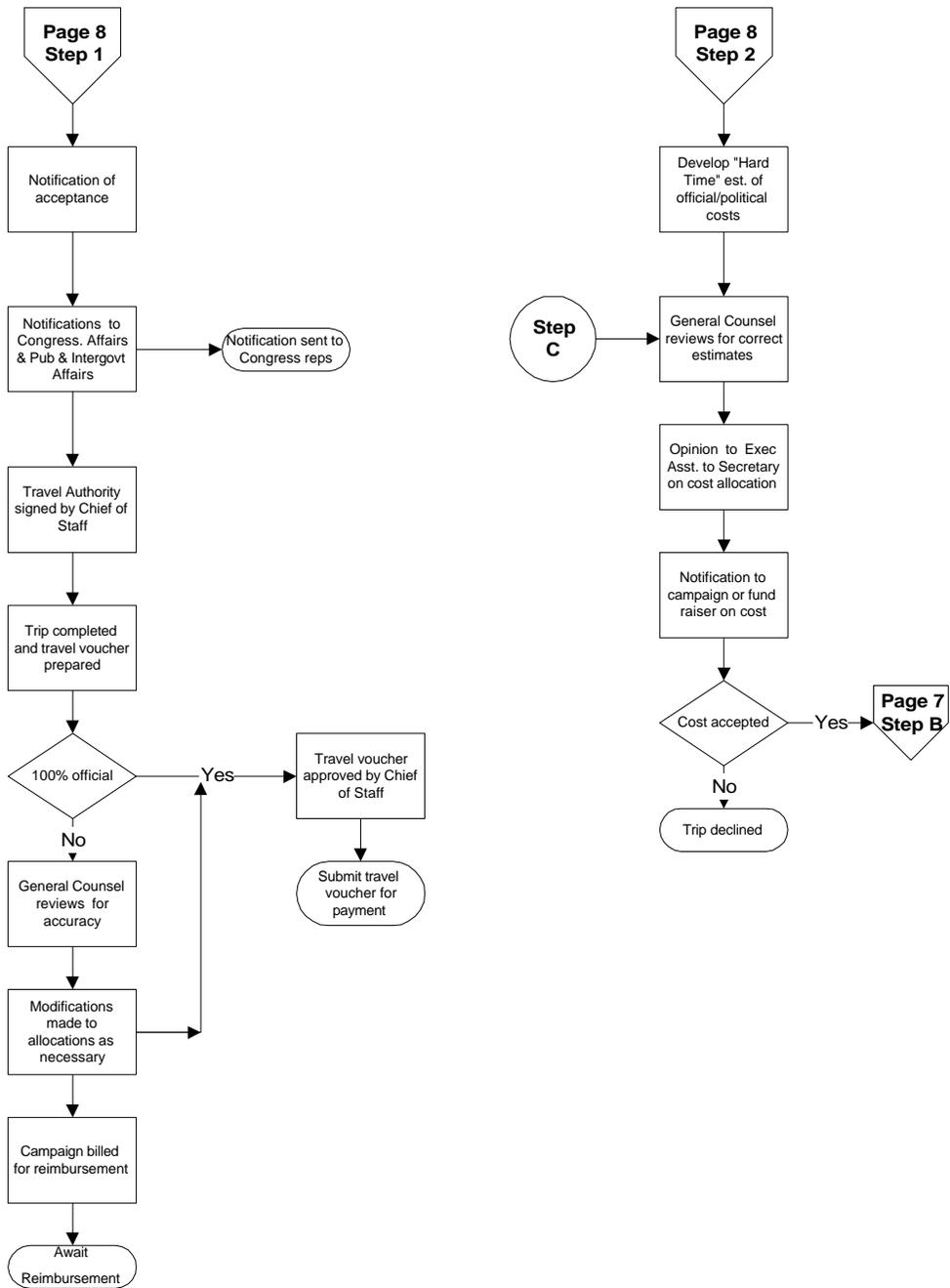
For the period tested, only the Secretary had "mixed" and political travel while on duty. The four offices reviewed had procedures in place, which implemented the regulations and White House and VA policies.

GENERAL PROCEDURES FOR HANDLING SECRETARIAL INVITATIONS



APPENDIX II

**GENERAL PROCEDURES FOR HANDLING
SECRETARIAL INVITATIONS**



CONTENT OF SPEECHES GIVEN AT OFFICIAL EVENTS

As part of our review of the travel activities of VA non-career officials, we reviewed the content of some of the speeches given at official events that occurred between August 26 and October 18, 1996. The purpose of our review was to determine if the speeches for the selected events included information that indicated the events were properly classified as official functions, as defined by applicable regulation.

Title 11 CFR, Part 9004.7(b) describes campaign-related activity. The regulation states that campaign-related activity includes the following:

- Soliciting, making, or accepting contributions
- Expressly advocating the election or defeat of a candidate

The regulation further states that other factors, including the setting, timing, and statements or expressions of the purpose of events, as well as the substance of remarks or speeches made at events, will be considered in determining whether events are campaign-related.

The Office of the Secretary provided travel information for all non-career employees at VA Central Office from August 26 through October 18, 1996. We tested the accuracy of the information provided by reconciling the 41 trips by PAS classified as official travel to the number of travel reimbursements paid to these officials. Based on our review of data in the VA financial system, we concluded the information provided by the Office of the Secretary was accurate.

We requested the prepared written materials for four appearances by VA Presidential appointees at events that took place during official travel between August 26 through October 18, 1996. The following table shows the four events we reviewed, including dates, locations, functions, and the VA Presidential appointees who presented remarks.

Official Event Appearances Selected for Review

| Date | Place | Function/Event | VA Official |
|---------------|-----------------------|---|---|
| September 4-5 | Detroit, Michigan | United Auto Workers (UAW) Veterans Conference | Assistant Secretary for Congressional Affairs |
| September 5 | Blacklake, Michigan | UAW Veterans Conference | Director, Center for Women Veterans |
| September 9 | San Diego, California | Veterans Town Forum | Secretary |
| October 16 | Grand Prairie, Texas | Veterans Rally | Deputy Secretary |

We were provided available copies of prepared written materials for the events selected.

UAW Veterans Conference Attended by the Assistant Secretary for Congressional Affairs

During our interview of the Assistant Secretary, he stated that there were no prepared written materials for remarks made by him at the UAW Veterans Conference because he spoke extemporaneously. He informed us that, during the event, he spoke about the current Administration's record. He stated that he did not include political remarks in his speech.

UAW Veterans Conference Attended by the Director of the Center for Women Veterans

The document for this event showed an outline revealing the general topics to be presented. The subject of the outline was "Why a Center for Women Veterans". There was no information in the outline about solicitation or contribution of funds, nor did it include language advocating election or defeat of a candidate.

Veterans Town Forum Attended by the Secretary

The prepared written material for this event included remarks about programs and initiatives by the current Administration, past and ongoing legislative matters, efforts made by Congressman Filner regarding veterans' programs, and various matters concerning veterans in general.

Veterans Rally Attended by the Deputy Secretary

The document for this event was a "talking points" paper that discussed a planned VA cemetery for Grand Prairie, Texas. The paper included points about efforts made by Congressman Frost concerning the cemetery, the current Administration's support of funds for the cemetery, and legislation and other matters pertaining to veterans generally.

CONCLUSION

The available documents indicated compliance with the applicable regulation; they contained no information indicating solicitation or contribution of funds and they did not expressly advocate the election or defeat of a candidate. The Assistant Secretary for Congressional Affairs stated that he made no political remarks during his speech. As a result, we concluded that the events we reviewed were properly classified as official functions.

THE SECRETARY'S SEPTEMBER 29 THROUGH OCTOBER 2, 1996
VISIT TO FLORIDA

We were requested to review the Secretary's reasons for declining to appear with Congressman Dave Weldon. On August 7, 1996, the Congressman asked the Secretary to appear with him at a Veterans Town Meeting in Florida on an unspecified date in September 1996. On August 21, 1996, the Office of the Secretary declined the invitation and responded in writing that the Secretary did not have sufficient travel funds to honor the request. While at the time of the invitation the Office of the Secretary had \$16,000 of unobligated travel funds, the Secretary previously had made written commitments for his official travel through the end of the fiscal year. The Secretary did appear in Florida on September 30 and October 1, 1996, for political events; however, no appropriated funds were used to pay the Secretary's travel costs.

On August 7, 1996, Congressman Weldon invited Secretary Brown to attend a Veterans Town Hall meeting in Florida during September 1996. The invitation indicated that the purpose of the function would be to recognize the commitment of the Secretary to Florida veterans upon the selection of the design contractor for the outpatient clinic to be constructed in Brevard County.

On August 21, 1996, the Office of the Secretary declined the invitation stating sufficient travel funds were not available to honor the request. In the Fiscal Year 1996 Appropriations Act, the Congress limited travel by officials in the Office of the Secretary to \$50,000. We were advised by the Executive Assistant to the Secretary that the travel for the remainder of the year was planned in May 1996.

Our audit found that, at the time of the Congressman's invitation, VA accounting reports indicated that approximately \$16,000 of the travel funds for the Office of the Secretary remained unobligated. However, only \$13,000 was actually available because obligations for four trips that occurred prior to the Congressman's request were recorded in the accounting records after August 7. The following chart illustrates the obligation of the remaining \$13,000.

**Summary Of Travel Obligations For The Office Of The Secretary
Subsequent To August 7, 1996**

Travel for which commitments were made prior to August 7, 1996

| <u>Travelers</u> | <u>Number of Trips</u> | <u>Amount</u> |
|------------------------------------|------------------------|-------------------|
| Secretary of Veterans Affairs | 4 | \$2,935.97 |
| Deputy Secretary | 2 | 922.50 |
| Executive Assistant | 1 | 826.96 |
| Center for Minority Veterans Staff | 1 | 616.72 |
| Center for Women Veterans Staff | <u>2</u> | <u>678.85</u> |
| Subtotal | <u>10</u> | <u>\$5,981.00</u> |

Other Travel after August 7

| <u>Travelers</u> | <u>Number of Trips</u> | <u>Amount</u> |
|---|------------------------|-------------------|
| Veterans Service Organizations Liaison | 2 | \$1,511.17 |
| Center for Minority Veterans Staff | 5 | 5,347.87 |
| Center for Women Veterans Staff | <u>1</u> | <u>153.40</u> |
| Subtotal | <u>8</u> | <u>\$7,012.44</u> |

As indicated in the chart, we found the Secretary made four official business trips after August 7, 1996. One of the trips was obligated prior to the Congressman's request; the other three had been committed to in writing prior to August 7. For example:

On June 25, 1996, the Secretary sent a letter accepting an invitation to address the Veterans of Foreign Wars National Convention. However, travel funds were not obligated until August 14, 1996; four days before the trip began.

The audit disclosed that the Secretary receives many invitations to appear at official functions. For the month of September 1996, he received 58 such requests. He accepted six of the invitations. One of the appearances was in the Washington metropolitan area and required no overnight travel. The remaining five appearances were made during the Secretary's two official business trips in September. Acceptance letters, committing the Secretary to attend all six functions, were mailed prior to August 7, 1996. See the following chart for categorization of the requests.

**Summary Of Invitations For September Events
Received By The Secretary**

| <u>Sponsor of the functions</u> | <u>Accepted</u> | <u>Declined</u> | <u>Total</u> |
|---------------------------------|-----------------|-----------------|--------------|
| Veterans' Groups | 5 | 19 | 24 |
| Members of Congress | 1 | 14 | 15 |
| Other Government Agencies | 0 | 8 | 8 |
| Minority Organizations | 0 | 2 | 2 |
| Democratic National Committee | 0 | 2 | 2 |
| Others | <u>0</u> | <u>7</u> | <u>7</u> |
| Total | <u>6</u> | <u>52</u> | <u>58</u> |

The appearances in Florida at the end of September and the beginning of October were political. On September 30, 1996, the Secretary appeared on behalf of John Byron, a Congressional candidate, in Melbourne; and on October 1, 1996, the Secretary appeared on behalf of Congresswoman Karen Thurman in Tampa. September 29 and October 2 were travel days. We determined that no appropriated funds were expended for the Secretary's travel costs.

The Secretary was accompanied by two VA employees who were on official business. The Assistant Secretary for Congressional Affairs and the Special Assistant to the Assistant Secretary for Public and Intergovernmental Affairs traveled with the Secretary. The travel costs of these two employees were paid with appropriated funds. The Assistant Secretary for Congressional Affairs stated that he served as an advisor to the Secretary and liaison to VA Central Office. The Special Assistant to the Assistant Secretary for Public and Intergovernmental Affairs stated that he served as an advance person and liaison for the Secretary. In our opinion, such duties are consistent with the provisions of Title 5, CFR, Section 734.503(b) that authorizes the travel costs of these employees to be paid from

appropriated funds. The duties of these two individuals when they travel with the Secretary are fully discussed in our “Review of Secretary’s Travel between October 5 and 18, 1996,” Report Number 7AN-G03-015, dated December 18, 1996.

CONCLUSION

Our audit found that the Secretary made four official trips subsequent to the Congressman’s request. Commitments for all four trips were made prior to the Congressman’s request. The travel funds appropriated for the Office of the Secretary for Fiscal Year 1996 were obligated prior to the end of the fiscal year. Further, the Secretary declined many more invitations to September events than he accepted, including invitations from other members of Congress. No VA appropriated funds were used to pay the costs of the Secretary’s travel to Florida to appear at political events on September 30 and October 1, 1996.

PARTICIPATION IN PRESIDENTIAL CAMPAIGN CARAVANS

It was brought to our attention that VA officials participated in caravans supporting the President's reelection campaign. We were advised that non-career VA officials appeared in caravans in a number of states. The Presidential campaign committee scheduled, arranged, and funded the caravans. We reviewed the participation of non-career VA officials in two caravans and found adherence to regulations. Accordingly, we did not contact the Presidential campaign committee to identify additional participation by non-career VA officials.

We reviewed the circumstances surrounding the participation of three non-career officials -- Director, National Cemetery System; Director, Center for Women Veterans; and, Special Assistant to the Deputy Assistant Secretary for Congressional Liaison -- in caravans in Florida and Virginia during October 1996. We found these appearances were made while the participants were off duty and no VA appropriated funds were used to support the caravans.

Director, National Cemetery System

The Director, a Presidential appointee confirmed by the Senate (PAS), participated in two caravans in support of the President's reelection campaign during October 1996. The caravans took place in Florida on October 21 through 24, and in Virginia on October 29 and 30. The Director stated that he was on personal leave when he participated in these caravans and provided a copy of his personal calendar which he sent to the Office of the Secretary to document his leave status. He stated that his travel costs were paid by the Presidential campaign committee. Title 5, CFR, Part 734, permits PAS to campaign on behalf of political candidates on official duty time or while on personal leave, provided that the cost of the political activity is not paid from appropriated funds. The Director stated VA's General Counsel briefed him and other officials on the regulations applicable to political activity. We reviewed copies of airline tickets purchased by the Presidential campaign committee and data in the VA financial system and verified that the Director's travel costs were not paid from VA funds.

Director, Center for Women Veterans

The Director, a non-career Senior Executive Service official, participated in the political caravan in Virginia on October 30 and 31, 1996. Title 5, CFR, Part 734, permits a non-career Senior Executive official to campaign on behalf of political candidates only when off-duty. We reviewed official VA time and attendance records and confirmed the Director was on annual leave when participating in the

caravan. Data in the VA financial system showed that no official VA appropriated funds were used in connection with the caravan.

Special Assistant to the Deputy Assistant Secretary for Congressional Liaison

The Special Assistant, a Schedule C Presidential appointee, participated in the caravan in Virginia on October 30 and 31, 1996. Title 5, CFR, Part 734, permits Schedule C appointees to campaign on behalf of political candidates only when off-duty. We reviewed official VA time and attendance records and confirmed the Special Assistant was on annual leave when participating in the political caravan. Data in the VA financial system showed that no VA appropriated funds were used in connection with the caravan.

CONCLUSION

Based on our tests, we conclude that the non-career VA officials who participated in caravans supporting the President's reelection campaign did so in accordance with applicable regulations. The VA officials were off duty and no appropriated VA funds were used to support the caravans.

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, Part 734.503(a)).

The type and degree of political activities political appointees can participate in varies 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. Schedule C and non-career SES employees may only engage in political activity while off duty (5 USC, section 7324).

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, Part 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, Part 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 (Title 11 CFR, part 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. This group may include security agents, the chief of staff or an executive assistant. 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,

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 (OIG) reviewed VA's use of political versus official travel. The purpose of the review was to evaluate the adequacy of the Department's policies and procedures for distinguishing between political and official travel and to assure adherence to applicable regulations and policy guidance. On December 18, 1996, we issued our report on "Review of the Secretary's Travel Between October 5 and 18, 1996," Report Number 7AN-G03-015, which concluded that for the subject travel, the requirements and policy guidance were met, and an appropriate distribution was made for the travel costs allocable between appropriated funds and campaign funds.

We included in our review two specific events that were of interest to the staff of the Congressional committees who requested the review.

- The Secretary's trip to Florida between September 29 and October 2, 1996.
- Participation by non-career VA officials in caravans for the President's reelection campaign during October 1996.

Scope and Methodology

We evaluated 4 of the 29 non-career VA officials' travel between August 26 and October 18, 1996, and, at the request of Congressional staff, the caravans during late October 1996. We reviewed applicable sections of the Code of Federal Regulations, Office of Personnel Management regulations, opinions of the Office of Special Counsel, and guidance on political activities by political appointees issued by the White House and VA General Counsel. We reviewed correspondence requesting the Secretary to attend various events, itineraries of travel, speeches given by the Secretary and other non-career VA officials, time and attendance records, and travel payment data in the VA Financial Management System. 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 performed under generally accepted government auditing standards.

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