

**DOCUMENT RESUME**

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**[Review of the Reimbursement and Reporting Requirement of the Presidential Protection Assistance Act of 1976]. GGD-78-75; B-155950. May 22, 1978. 3 pp. + enclosure (13 pp.).**

**Report to Sen. Lawton Chiles, Chairman, Senate Committee on Appropriations: Treasury, Postal Service, General Government Subcommittee; by Elmer B. Staats, Comptroller General.**

**Contact: General Government Div.**

**Budget Function: Law Enforcement and Justice: Federal Law Enforcement and Prosecution (751).**

**Organization Concerned: Department of the Treasury; Department of Defense; United States Secret Service; Coast Guard.**

**Congressional Relevance: House Committee on the Judiciary; Senate Committee on the Judiciary; Senate Committee on Appropriations: Treasury, Postal Service, General Government Subcommittee. Sen. Lawton Chiles.**

**Authority: P.L. 90-331. 18 U.S.C. 3056. DOD Directive 3025.13.**

The Presidential Protection Assistance Act of 1976 required the Secret Service, the Department of Defense (DOD), and the Coast Guard to submit semi-annual reports to six congressional committees on expenditures made pursuant to the act. A review of the reports of the three agencies disclosed several problems in implementing the act's reimbursement and reporting requirements. Most of these problems involved uncertainties concerning which expenditures incurred by other agencies are reimbursable by the Secret Service and which expenditures are to be included in the reports submitted to the congressional committees. As the focal point for the act's implementation, the Director of the Secret Service should: consult with cognizant congressional committees to determine whether they want the reports of expenditures restricted to costs incurred for protection at non-Government properties or information on the total cost of protection; resolve misunderstandings as to which costs are reimbursable by the Secret Service; advise the agencies which provide protection assistance as to the understanding reached with the committees concerning reporting requirements and provide model guidelines which agencies can use in issuing instructions to personnel; and resolve agency accountability and settlement of accounts by encouraging timely billing for reimbursable services. (RRS)

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COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D.C. 20548

B-155950

MAY 22 1977

The Honorable Lawton Chiles  
Chairman, Subcommittee on Treasury,  
Postal Service, and General  
Government  
Committee on Appropriations  
United States Senate

Dear Mr. Chairman:

The Presidential Protection Assistance Act of 1976 (Public Law 94-524) established procedures and reporting requirements for protective services provided by the United States Secret Service. This act required the Secret Service, the Department of Defense (DOD), and the Coast Guard to submit semi-annual reports to six congressional committees, including the Senate Committee on Appropriations, on expenditures made pursuant to the act. At your request, we reviewed the reports submitted by the Secret Service, Department of Defense, and Coast Guard for the 6-month periods ended March 31, 1977, and September 30, 1977.

The reports submitted by Secret Service and DOD include information on the costs incurred for each protectee. Because the Secret Service classified its reports as "Confidential" and DOD marked its reports "For Official Use Only," costs shown in those reports have been excluded from the unclassified enclosure.

Our review of the reports of the three agencies disclosed several problems in the implementation of the act's reimbursement and reporting requirements which are detailed in the enclosure. Most of the problems involved uncertainties concerning (1) which expenditures incurred by other agencies are reimbursable by the Secret Service and (2) which expenditures are to be included in the reports submitted to the congressional committees by the three agencies.

To solve the problems identified by our review, we recommend that the Director, Secret Service, as the focal point for the act's implementation,

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(27047)

- consult with the cognizant congressional committees to determine whether they want the reports of expenditures restricted to those costs incurred for protection at non-Government properties or information on the total cost of protection,
- resolve with the agencies misunderstandings which have arisen as to which costs are reimbursable by the Service,
- advise the agencies which provide protection assistance as to the understanding reached with the committees concerning reporting requirements and provide model guidelines including pro forma cost reports which the agencies can use in issuing instructions to their personnel, and
- resolve agency accountability and settlement of accounts by encouraging timely billing for reimbursable services. Each agency which has not furnished a billing within 30 days after the month in which requested assistance has been provided should be given a listing derived from Service records of the nature and date of the assistance provided.

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At your request, we did not take the additional time to obtain written agency comments. The matters covered in the report, however, were discussed with Secret Service and DOD officials. DOD told us that it expected to issue to the military departments by the end of May 1978 its instructions on which protection costs are reimbursable by the Secret Service. Secret Service told us that if it does not agree with the instructions in the DOD directive concerning which costs are reimbursable the matter will be submitted to us for a legal decision.

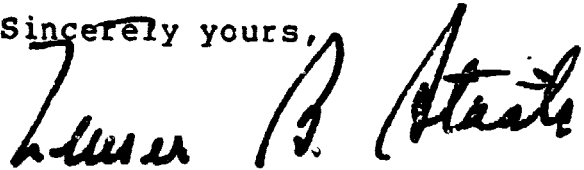
Secret Service told us that it had briefed the staffs of the six committees, to which it is required to submit reports, on the types of items included in its reports. DOD told us that it had resolved with a staff member of the House Government Operations Committee the problems that Committee had with its report for the 6 months ended September 30, 1977, and had received no complaints from the other committees. In view of the inconsistencies in the types of costs included in the reports of the two agencies, we continue to believe there is

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a need for the Secret Service to resolve with the committees the reporting problems noted in our review.

As required by Public Law 94-524, this report is also being sent to the House and Senate Committees on Appropriations, and the Judiciary, the House Committee on Government Operations and the Senate Committee on Governmental Affairs.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Thomas B. Stealy".

Comptroller General  
of the United States

Enclosure

REVIEW OF THE  
REIMBURSEMENT AND REPORTING REQUIREMENTS  
OF THE  
PRESIDENTIAL PROTECTION ASSISTANCE ACT OF 1976

Introduction

The Presidential Protection Assistance Act of 1976, approved October 17, 1976, (Public Law 94-524, 90 Stat. 2475) continued the authority of executive departments and agencies to assist the Secret Service in meeting its protective responsibilities but placed new control and reporting requirements on the agencies. The Government Activities Subcommittee of the House Committee on Government Operations held hearings in October 1973, to determine whether expenditures of Federal funds on Presidential properties were excessive or for unauthorized purposes; whether appropriate management procedures had been instituted to control such expenditures; and whether further legislation was necessary. A need for better controls over expenditures for protection was developed in those hearings, other congressional hearings on the same subject, and our report to the Congress in December 1973 on "Protection of the President at Key Biscayne and San Clemente (With Information on Protection of Past Presidents)." The primary aim of the 1976 legislation was to strengthen control over expenditures for protective services, particularly at nongovernmental property, by centralizing in the Secret Service authority and accountability for such expenditures.

The Secret Service requests assistance from other Federal agencies primarily when one of its protectees <sup>1/</sup> travels or a foreign dignitary visits the United States. Protective services may only be provided at the request of the Secret Service and must be on a reimbursable basis except that the Department of Defense (DOD) and the Coast Guard, are not to be reimbursed for providing temporary assistance directly related to protection of the President, Vice President or other officer next in order of succession to the Office of the President. The types of

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<sup>1/</sup>The persons eligible for Secret Service protection such as the President and Vice President and their families, former Presidents and their wives, widows of former Presidents, foreign dignitaries, and major Presidential and Vice Presidential candidates are set forth in 18 U.S.C. 3056 and Public Law 90-331.

services requested include Air Force aircraft, additional security at airports (Air Force, Federal Aviation Administration), explosive ordnance disposal teams (Army, Navy), domestic waters patrol (Coast Guard), communications (Defense Communications Agency), surveillance, crowd control, and other domestic security help (U.S. Park Police, Internal Revenue Service) and foreign security assistance (State Department).

The act requires the Secret Service, DOD, and Coast Guard to report semiannually on their expenditures made pursuant to the act to six congressional committees. 1/ The reports submitted by Secret Service and DOD include information on the costs incurred for each protectee. Because the Secret Service classified its reports as "Confidential" and DOD marked its reports "For Official Use Only," costs shown in those reports have been excluded from this unclassified enclosure.

Our review of Secret Service, DOD, and the Coast Guard reports for the 6-month periods ended March 31, 1977, and September 30, 1977, and Secret Service and selected other agencies' records, and our discussions with officials of several agencies showed that implementation of the act's reimbursement and reporting requirements is hindered by three problem areas

- uncertainties among the Secret Service and assisting agencies as to the reimbursement of some protective costs;
- failures to bill the Secret Service for reimbursable expenditures; and
- inconsistencies and uncertainties as to requirements for reporting protective costs to congressional committees.

AGENCIES UNCERTAIN AS TO COSTS TO BE REIMBURSED

The law does not specify which costs incurred by other agencies are reimbursable by the Secret Service. The act's legislative history, however, indicates that reimbursement by the Secret Service would not be required if the assistance

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1/ House and Senate Committees on Appropriations, and the Judiciary, the House Committee on Government Operations, and the Senate Committee on Governmental Affairs.

provided by an agency fell within that agency's regular statutory duties and funds for such services were covered in its operating budget.

Nevertheless, uncertainties and differing views among the agencies on the law's requirements for Secret Service reimbursement of certain protective costs have arisen. Some differences have been resolved between the Secret Service and the assisting agencies, but others continue.

The types of costs intended to be reimbursed were discussed in the Senate and House reports accompanying H.R. 1244, which was enacted as the Presidential Protection Assistance Act of 1976. Senate Report 94-1325, September 28, 1976, stated that,

"\* \* \*, the amounts to be reimbursed for services, equipment and facilities shall include identifiable costs over and above the costs to a department or agency of carrying out functions and duties in the ordinary course of their activities. The reimbursement would include salaries of agency personnel providing permanent support to the Secret Service, such as a permanent guard detail, but would not include the salaries of agency personnel providing temporary support but remaining under the overall control of their parent agencies, such as an Army bomb disposal squad assigned to protect a presidential candidate for a short period of time. The reimbursable costs would include aircraft operation and maintenance costs, rental cars, and travel costs incurred by an agency as a direct result of its providing temporary protective services. In addition, all agencies would be reimbursed for the costs of acquiring and installing authorized facilities and equipment, such as fences and electronic devices, which will be used for protective purposes on a permanent basis."

House Report 94-105, March 20, 1975, stated that,

"The information given the committee indicates that since the chargeable costs are incremental, they are in most cases clearly identifiable. They would include items such as per diem, rental cars, and aircraft support for a non-military mission."

The costs to be reimbursed should therefore only be those extraordinary or additional costs (incremental) incurred by an

agency outside of its ordinary activities resulting solely from assistance requested by the Secret Service. Under these ground rules, for example, employees' basic salary costs would rarely be reimbursable except if the protective assistance was of long duration, such as a permanent guard detail. Conversely, employee overtime and travel costs would be reimbursable if directly attributable to the Secret Service request for assistance.

Although the legislative history spells out which protective costs are reimbursable, some confusion and misunderstandings between the Secret Service and some assisting agencies on the reimbursability of certain costs continue.

We believe that the reimbursable obligations recorded by the Secret Service for protective assistance requested of other agencies, were based on a generally correct interpretation of the law. However, the obligations recorded for certain protective services were in dispute. The White House Communications Agency, for example, has included the salaries of personnel in its billings to the Service which the Service does not believe are reimbursable. Conversely, the Service has recorded an obligation for the cost of protective services provided by the National Park Service (NPS) in the District of Columbia which the Park Service believes fall within its normal duties and is therefore not reimbursable. Also, some of the obligations recorded as reimbursable to other agencies may not be accurate because at the time the obligations were recorded insufficient information was available to enable the Service to make a good estimate of the costs.

#### Department of Defense

The most notable cost reimbursement question pertains to the military departments since they, by far, provide the greatest amount of protective assistance to the Secret Service. As of March 1978, almost a year and a half after the law was enacted, DOD had not issued final instructions to the military departments explaining which costs are reimbursable by the Secret Service and its draft instructions in this regard did not comply with the intent of the law.

The draft instructions, DOD Directive (3025.13), stated that reimbursable costs include military personnel costs and applicable indirect costs. House Report 94-105, however, contained the following statement.

"The committee was advised that the Department of Defense would consider the provision for reimbursement to include only incremental costs, that is,



these costs over and above the cost to the Department for maintaining a given capability in support of its military mission. The committee was informally advised that the Department would not ask to be paid for salaries, purchase of airplanes or any other costs that are normally incurred in the operations of the Military Departments."

The draft DOD Directive listed all the various costs that should be recorded and allocated to Secret Service support tasks, including military and civilian personnel costs. The legislative history of the law, however, indicates that salaries would not be reimbursable unless they pertained to a Secret Service request for permanent assistance but the draft DOD Directive did not explain that important distinction. In fact, the Directive implied that all such costs would be reimbursable and instructed the military departments to identify the reimbursable costs and to submit claims for reimbursement directly to the Secret Service.

The DOD Directive needs considerable clarification to distinguish between the total costs of protective services recorded for cost accounting and reporting purposes, and those costs that are reimbursable by the Secret Service. Similarly, the military departments' implementing instructions should distinguish between the costs of tasks they specifically perform that are reimbursable by the Secret Service and those which are not reimbursable but are to be included in the reports required by the act.

In commenting on the draft DOD directive in January 1978, the Secret Service advised the Office of the Secretary of Defense that military and civilian personnel costs would not be reimbursable for tasks performed on a temporary basis.

DOD advised us that it expected to issue the directive by the end of May 1978. The Secret Service advised us that if it does not agree with the instructions in the DOD directive concerning which costs are reimbursable the matter will be submitted to GAO for a legal decision.

#### United States Coast Guard

Until we discussed the reimbursable feature of the act with a Coast Guard official in February 1978 that agency had not billed and was not planning to bill the Secret Service for the security patrols provided off the Georgia coast to protect the President-elect. The billing subsequently prepared included an allocated cost for Coast Guard personnel but Secret

Service told us that it does not consider such costs as reimbursable. However, other costs included in the billing such as boat fuel and oil and travel costs of crews are reimbursable.

#### State Department

Almost the entire amount of the estimated unpaid reimbursable obligation recorded by the Secret Service for assistance provided by the State Department is for estimated overtime of State Department employees. The State Department, however, had not billed the Secret Service for most of the overtime charges. It had billed the Service, and been reimbursed for, certain other incremental costs such as hotel charges incurred by the Secret Service agents accompanying protectees.

#### FAILURES TO BILL FOR REIMBURSABLE SERVICES

Almost half of the total obligations recorded by the Secret Service for reimbursable protective services provided by Federal departments and agencies through September 30, 1977, had not been billed to the Service by the agencies as of February 1, 1978. Several agencies had not submitted any bills to the Secret Service since approval of the act in October 1976, and some agencies had never billed for certain types of cost items recorded as reimbursable by the Secret Service.

For example, as of February 1, 1978, the Army and Coast Guard had not submitted any bills to the Secret Service although they had provided reimbursable protective services since enactment of the law. Although the Air Force and Navy were reasonably current on billings for certain major cost items, as of February 1, 1978, they had not billed for other significant cost items that the Service had recorded as reimbursable obligations at September 30, 1977.

Very often, at the time the Secret Service records an estimated obligation for protective assistance requested from another agency, insufficient data is available to enable reasonable estimates of what the costs may be. Determining costs of services rendered, for accurate accounting and reporting purposes and for settling the accounts with assisting agencies, is made more difficult when the agencies fail to timely submit their detailed bills for reimbursement to the Secret Service.

On October 22, 1976, several days after enactment of the act, the Secret Service Deputy Director sent a message to its various organizational units and field agents announcing the

reimbursement requirements of the law and prescribing interim procedures for obtaining and reporting to headquarters the necessary financial information about protective missions. The interim procedures were formalized into detailed procedures and instructions for implementing the legal requirements in August 1977. Based on the information submitted to headquarters by its field agents who request assistance, the Secret Service records an estimated obligation for the services reimbursable to the agencies involved.

In June 1977 the Secret Service sent letters to about a dozen Federal agencies assisting the Service pointing out the act's general provisions and notifying them of the reimbursement requirements. Secret Service instructions to these agencies require that requests for reimbursement for assistance be prepared monthly and submitted within 30 days after the end of the month.

The following sections discuss the status of the billings to the Secret Service as of February 1, 1978, from the principal Federal departments and agencies providing reimbursable assistance to the Service through September 30, 1977.

#### Department of the Army

The Secret Service requests the Army to provide explosive ordnance disposal teams when protectees travel. The Secret Service records an obligation for the estimated reimbursable travel costs of the disposal teams. At the time the obligations are recorded, the Secret Service very often does not have sufficient information on travel arrangements to make reliable estimates of the costs, such as mode of travel, distance traveled, per diem, and the like. Accordingly, the obligations may differ markedly from actual costs. As of February 1, 1978, the Army had not submitted any bills for disposal teams' expenses incurred through September 30, 1977.

#### Department of the Air Force

About 45 percent of the obligations recorded as reimbursable to the Air Force by the Secret Service through September 30, 1977, had not been billed by the Air Force as of February 1, 1978.

The Air Force furnishes aircraft and crews to transport Secret Service protectees accompanied by Secret Service agents. In addition, the Air Force provides patrol and escort service primarily at Andrews Air Force Base in Maryland.

The Air Force has been current on its billings for the use of aircraft, except for the reimbursable air fares of Secret Service agents accompanying protectees on Air Force flights.

The Air Force, however, had not billed for a substantial amount of other costs that the Secret Service considers reimbursable, such as travel costs of air crews and certain other costs associated with the operation of the Presidential Air Wing at Andrews Air Force Base.

#### Department of the Navy

The Navy furnishes permanent support services at the Vice President's official residence located on the Naval Observatory grounds in Washington, D.C. The Navy also furnished explosive ordinance disposal teams upon request by Secret Service.

The Navy has been billing the Secret Service for the reimbursable costs associated with security at the Vice President's official residence but has not billed for the disposal teams' expenses.

A Navy Department official told us that no billings would be made for the disposal teams until Department of Defense instructions are clarified.

#### U.S. Coast Guard

The Secret Service recorded an obligation to the Coast Guard for the estimated cost of furnishing 24-hour security of the waterways surrounding the residence of the President-elect during his stay at St. Simon's Island, Georgia, in November 1976. The Coast Guard had not billed the Secret Service for these costs as of February 1, 1978. After we discussed this matter with a Coast Guard official, a bill was prepared but it included some costs that were not considered as reimbursable by the Secret Service.

#### Department of State

The Secret Service recorded estimated obligations for overtime of embassy employees such as drivers, interpreters, and others relating to assistance to protectees who traveled abroad.

As of February 1, 1978, the State Department had not billed the Secret Service for most of these costs. We were advised by a Department official that the embassies involved probably considered the costs too insignificant or part of their normal responsibilities for protecting U.S. citizens abroad.

INCONSISTENCIES AND UNCERTAINTIES  
IN REPORTING PROTECTIVE COSTS TO  
CONGRESSIONAL COMMITTEES

The act requires the Secret Service, DOD, and the Coast Guard to transmit detailed reports of expenditures made pursuant to the act during each 6-month period ending March 31 and September 30 of each year. However, each agency has developed its own reporting format and the reports submitted for the first two reporting periods were incomplete. Also, the DOD and Coast Guard reports have included some expenditures that were included in the Secret Service reports.

The act provides that funds may only be expended or obligated for the protective functions authorized by 18 U.S.C. 3056 or Public Law 90-331 from

- DOD or Coast Guard appropriations for providing assistance on a temporary basis to the Secret Service in protecting the President or Vice President or other officer next in order of succession to the Presidency or
- Secret Service appropriations for protection. Other agencies may use their funds to provide assistance to the Secret Service but the Service must reimburse them for such expenditures.

When combined, the three reports should provide the committees with information on the total expenditures from the approved appropriation sources during the previous 6 months. The reports submitted for the first two reporting periods did not provide this information because of omissions and duplicate reporting.

Some of the reporting problems resulted from the uncertainties discussed previously concerning which costs incurred by other agencies were to be reimbursed by Secret Service and the failure of some agencies to bill Secret Service for reimbursable services. Other problems stem from confusion as to which costs are to be included in the reports of each agency as discussed below.

Secret Service Reports

The Secret Service reports submitted to the congressional committees for the periods ended March 31 and September 30, 1977, showed in addition to its costs of providing protective services, the estimated reimbursable obligations for each of the assisting Federal agencies. However, the amounts reported for the Secret Service are almost entirely for salaries and benefits of special officers (uniformed force) assigned to protect the non-Government property of protectees.

Omitted was one of the major costs of protection, the salaries of special agents. We were advised by a Secret Service official that these costs were omitted because they related specifically to protection of the person and not protection provided at non-Government properties. This distinction is not consistent with the other costs reported, because the Secret Service includes costs incurred by other agencies for protection when protectees travel, including the use of military aircraft by Secret Service special agents. Also, the major part of the costs reported by DOD are for protectees when they travel and not for protection at non-Government properties.

To present a complete account of the costs incurred by or for the Secret Service in performing protective duties its reports would have to include (1) the costs it incurs directly in performing its protective tasks, (2) the reimbursable costs incurred by other agencies which assist in this protection, and (3) the nonreimbursable costs incurred by other agencies which do not submit reports i.e., agencies other than the Department of Defense and Coast Guard.

The reports submitted by the Secret Service have not been submitted on this basis. The expenditures and obligations reported only included (1) amounts paid or owed to other agencies for protective assistance and (2) some, but not all, of the costs the Secret Service incurred for protection.

We were advised by the Secret Service that it interprets the act as requiring it to include in its semi-annual reports (1) only those costs which it incurs directly for its protectees at non-Government properties and (2) costs reimbursable to other agencies for requested protection whether at non-Government properties or not. We were also told that it had briefed the staffs of the six congressional committees to which it is required to submit reports on the type of items included and also advised them that the salaries of special agents were excluded.

### Department of Defense Reports

Each of the four DOD agencies included in the consolidated DOD reports, reported protective costs differently for the period ended September 30, 1977.

The Army reported only hotel costs of disposal teams on nonreimbursable Presidential and Vice Presidential assignments. Other costs such as travel and salary for those assignments were not reported, nor were any costs of disposal teams for other Secret Service protectees.

The Air Force and the Navy reported nonreimbursable costs related to travel of the President and Vice President, and reimbursable costs related to travel of some but not all other protectees.

The one DOD agency that appeared to report full costs--both reimbursable and nonreimbursable--for all Secret Service protectee requests was the White House Communications Agency, an arm of the Defense Communications Agency.

Costs reported by DOD were not distinguished as being reimbursable or nonreimbursable. We noted also that the DOD reports cover the semi-annual periods ending February 28 and August 31, whereas the law calls for the reports as of March 31 and September 30, of each year.

DOD told us that it had resolved with a staff member of the House Government Operations Committee the problems that Committee had with its report for the 6 months ended September 30, 1977, and had received no complaints from the other committees.

### U.S. Coast Guard Reports

The Coast Guard's reported costs appear to be full costs, including salary costs both reimbursable and nonreimbursable, although the costs were not so identified.

To present a complete account of DOD and Coast Guard costs their reports would have to consist of and distinguish between (1) costs incurred in providing temporary assistance to the Secret Service on a nonreimbursable basis in protecting the President and Vice President and (2) nonreimbursable i.e., other than incremental costs, incurred in providing assistance to the Secret Service for other protectees. The reports submitted by

both agencies have included some reimbursable costs and duplicate some of the costs included in the Secret Service reports.

The major thrust of Public Law 94-524 was to establish procedures to control the expenditure of Federal funds spent for protection at non-Government properties. However, neither the act nor its legislative history clearly shows whether the required reports are to cover costs just at those locations or were to include other protection costs such as the salaries of Secret Service special agents and the costs incurred by other agencies for protection at other than non-Government properties. As described above, the reports submitted by the three agencies have not adequately presented either.

RECOMMENDATION TO THE DIRECTOR,  
SECRET SERVICE

To solve the problems identified by our review we recommend that the Secret Service, as the focal point for the act's implementation,

- Consult with the cognizant congressional committees to determine whether they want the reports of expenditures restricted to those costs incurred for protection at non-Government properties or to provide information on the total cost of protection.
- Resolve with the agencies misunderstandings which have arisen as to which costs are reimbursable by the Service.
- Advise the agencies which provide protection assistance as to the understanding reached with the committees concerning reporting requirements and provide model guidelines which the agencies can use in issuing instructions to their personnel.
- Resolve agency accountability and settlement of accounts by encouraging timely billing for reimbursable services. Each agency which has not furnished a billing within 30 days after the month in which requested assistance has been provided should be given a listing derived from Service records of the nature and date of the assistance provided.



ENCLOSURE

ENCLOSURE

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Secret Service officials told us that they did not believe it should be involved in resolving with the committees the reporting requirements of DOD and the Coast Guard. In our opinion, to achieve reporting consistency and avoid misunderstandings the Secret Service, as the agency responsible for controlling the protective services covered by the act, should take the lead in determining the reporting requirements of the committees.