

**U.S. DEPARTMENT OF ENERGY
OFFICE OF INSPECTOR GENERAL**

REPORT ON
**INSPECTION OF THE SECRETARY OF ENERGY'S
FOREIGN TRAVEL**

Report No: DOE/IG-0397
Date Issued: October 7, 1996

Office of Inspections
Washington, D.C. 20585

**REPORT ON
INSPECTION OF THE SECRETARY OF ENERGY'S
FOREIGN TRAVEL**

TABLE OF CONTENTS

	PAGE
I. INTRODUCTION AND PURPOSE	1
II. SCOPE AND METHODOLOGY	2
III. EXECUTIVE SUMMARY	4
IV. BACKGROUND	14
V. INSPECTION RESULTS	18
A. Authority and Planning	18
1. Introduction.....	18
2. Legal Authority for the Trade Missions	18
3. DOE's Trade Promotion Strategy.....	21
4. DOE Trade Missions	21
5. Planning the Trade Missions	26
B. Trip Participants	36
1. Introduction.....	36
2. Identifying Who Participated.....	41
3. Selection of Non-Federal Participants	47
4. Invitational Travel.....	60
5. Support Personnel.....	65
C. Trip Costs.....	78
1. Introduction.....	78
2. Travel Costs.....	80
3. Embassy Support Costs.....	88
4. Contractor Support Costs.....	143
5. Overtime.....	148
6. Full Cost Recovery.....	153

D. Source of Funds	164
E. Aircraft Acquisition.....	176
1. Introduction.....	176
2. Action Taken As Result of a Prior Audit Report	176
3. The DOE Aircraft Acquisition Process.....	177
F. Trade Mission Outcomes.....	190
1. Introduction.....	190
2. Monetary Outcomes.....	191
3. The Department’s Clarification of Monetary Outcomes.....	209
4. Role of the Department in Achieving the Monetary Outcomes	213
5. Non-Monetary Outcomes of the DOE Trade Missions	218
VI. Summary of Recommendations and Corrective Actions	228
VII. Other Management Comments.....	247

Attachments: Copies of Management Comments

1. June 27, 1996, Memorandum
2. July 8, 1996, Memorandum
3. October 3, 1996, Memorandum

I. INTRODUCTION AND PURPOSE

On December 9, 1995, the Secretary of Energy requested that the Department's Inspector General (IG) conduct a thorough examination of all Secretarial foreign travel from 1993 to December 1995 to include the purpose of each trip, the activities of each Federal participant in each trip, the funding of each trip, and claims for reimbursements for expenses by Federal trip participants. The Secretary also requested that the review include an assessment of travel authorization, voucher, traveler reimbursement, and auditing systems employed by the Department to identify steps that could be taken to reduce errors and improve accounting oversight. Additionally, the Secretary requested that the Inspector General conduct a thorough examination of the establishment and filling of the Department's Ombudsman position. The Office of Inspector General (OIG) initiated a review into these matters and assigned primary responsibility for the review to the Office of Inspections. The results of the review regarding the Ombudsman position were discussed in the "Report on Inspection of the Establishment and Filling of the Department's Ombudsman Position" (DOE/IG-0393) issued August 1, 1996.

The purpose of this inspection was to conduct a thorough examination of the 16 Secretarial foreign trips from June 1993 to December 1995. This report focuses on the four trade missions because of their extent and cost. We examined a number of Departmental management systems and processes involved in planning and executing the 16 foreign trips. To determine the actual cost of the 16 trips, it was necessary to determine who participated in the trips and to identify the individual travel costs. We were required to perform extensive reviews of records and conduct a large number of interviews because the Department could not provide any specific documents that could accurately account for who actually participated on the 16 trips. We examined records such as Travel Authorizations, Travel Vouchers, passenger lists, trip reports, Department of State cables, and lists prepared by the Department; and conducted more than 300 interviews. Having identified who participated, it was then necessary to examine key aspects of the Department's management systems involving (1) accounting for costs; (2) authorizing, processing, auditing and paying for official travel; (3) obtaining and paying for overseas support through the State Department; (4) providing Executive protection; and (5) obtaining and using contractor support assistance. Some of the other management systems that we focused on were: (1) procedures for initially capturing and then tracking the status of business agreements associated with the trade missions; (2) processes for procurement of charter air services; and (3) interfaces with other Federal Government agencies to conduct foreign trade missions.

Our objectives were to:

- Identify the authority and purpose for each trip.
- Evaluate the Department's procedures for planning and for controlling the execution of each trip.

- Identify trip participants and evaluate the process for selecting and accounting for participants of each trip.
- Identify sources of funding and determine total costs of each trip.
- Evaluate the Department's procedures for acquiring aircraft for foreign travel.
- Review the Department's travel authorization/reimbursement system and travel vouchers for travelers paid by the Department for each trip.
- Evaluate the Department's process for identifying and reporting outcomes from the four trade missions.
- Follow up on the status of the suggestions in the OIG November 7, 1994, audit report regarding the India and Pakistan trips and the IG memorandum to the then Deputy Secretary (see Section E, "Aircraft Acquisition").

II. SCOPE AND METHODOLOGY

In conducting this inspection, we interviewed Federal and non-Federal employees who had participated in the Secretarial foreign trips, and we reviewed selected records and documents at Department of Energy (DOE) Headquarters and at field locations. We interviewed DOE Federal and contractor employees who had participated on one or more of the Secretary's foreign trips, either as a traveler, as a trip planner, or in both capacities. We also interviewed Federal employees who traveled on a Secretarial foreign trip and represented the following organizations: Department of Commerce, Department of Interior, Department of State, Agency for International Development, Nuclear Regulatory Commission, Export-Import Bank of the United States, Office of Science and Technology Policy, Office of the Vice President, and United States Enrichment Corporation. In addition, we discussed selected travel and trade mission issues with other Federal employees from the Department of Commerce, the Department of State, and the Department of Treasury.

We discussed selected travel and outcome-related issues with selected business participants who traveled on a Secretarial foreign trip. Some of these discussions generated specific information regarding the status of business agreements, the nature of DOE's assistance during the four trade missions, support for DOE's stated position on the outcomes of the four trade missions, and other travel-related issues.

Our review of documents included laws: regulations; and DOE directives, policies, procedures, planning documents, financial documents, and travel management documents. In addition, we reviewed the following records: Time and Attendance, invitational travel, accounting, aircraft procurement, and embassy costs. The review of travel management records allowed us to make observations regarding the Department's procedures for

authorizing, processing, auditing and paying official travel. We also reviewed documents supporting the Department's reported outcomes that resulted from the trade missions.

On June 27, 1996, and July 8, 1996, the Department provided comments on our Initial Draft Report. These comments were signed by the Acting Chief Financial Officer and are attached verbatim to this report. In addition, on August 1, 1996, Department officials provided us a written update on the status of corrective actions regarding our recommendations. This update stated that a redraft of DOE Notice (N) 551.1, "International Travel" had been finalized and issued July 31, 1996, as DOE Manual (M) 551.1, "International Trips," and DOE Policy (P) 551.1, "International Trips." Also, in response to recommendations in the Initial Draft Report, the Office of General Counsel issued three opinions on July 31, 1996: (1) "Inspector General Recommendations - Reception and Representation Fund Issues"; (2) "Inspector General Recommendations - Miscellaneous Receipts Issue"; and (3) "Authority and Financial Liabilities of the Department and of Executive Protection Personnel When Carrying Weapons in a Foreign Country." On October 3, 1996, the Department also provided comments on our Official Draft Report. We discuss management's comments throughout the report and have made changes to the report where appropriate. In addition, Section VII of the report discusses management comments that are not specifically addressed elsewhere in the report.

This inspection was conducted in accordance with the Quality Standards for Inspections issued by the President's Council on Integrity and Efficiency.

III. EXECUTIVE SUMMARY

Secretary Hazel R. O’Leary traveled overseas on 16 occasions between June 1993 and December 1995. We identified \$4.58 million, excluding salaries and overtime, spent by DOE for these trips: \$3.37 million for travel costs, \$819,091 for embassy support costs, and \$387,292 for contractor support costs. Four of the 16 trips were trade missions to India, Pakistan, China, and South Africa. We determined that \$3.42 million of the \$4.58 million was spent on these four trade missions: \$2.56 million for travel costs, \$523,634 for embassy costs, and \$336,736 for contractor support costs. According to DOE officials, the purpose of these trade missions was to help advance important U.S. international economic and policy objectives, and help create business for U.S. firms.

The Department has identified numerous non-monetary outcomes resulting from the trade missions. However, the Department has not always been clear in describing the monetary outcomes. For example, the monetary outcomes reported by DOE include the signing of 143 business agreements, with a potential value of \$19.7 billion. These agreements are not all firm contracts and they do not represent the actual dollars going to U.S. companies. Also, we identified a number of internal control deficiencies regarding the administration of the Secretary’s foreign trips in such areas as embassy support costs, overtime costs, and chartering aircraft.

We have made a number of recommendations to improve DOE’s management and administration of the Secretary’s foreign travel, particularly for foreign trade missions. The following information summarizes selected results of our review.

Authority and Planning

DOE’s Office of General Counsel has cited two statutes that delineate the Secretary of Energy’s authority to conduct trade promotion activities: the Energy Policy Act of 1992 and the Export Enhancement Act of 1992. The Energy Policy Act of 1992 states the Secretary of Energy shall consult with government officials in host countries and, as appropriate, with representatives of utilities or other entities in host countries, to determine interest in and support for potential projects. In writing about the Export Enhancement Act of 1992, DOE’s Deputy General Counsel said: “The statutory mission that was enacted here includes ‘delivery of services to United States businesses, including * * * representation of United States business interests abroad.’”

Our inspection determined that Secretary O’Leary relied on four key staff members to plan and execute the trade missions. These key staff members were (1) the then Chief of Staff; (2) the then Special Assistant to the Secretary for Policy; (3) the then Director, Office of Scheduling and Logistics; and (4) a Management Assistant from the Office of Policy. The Management Assistant, referred to as an “International Trip Coordinator” (Trip Coordinator), arranged the transportation and schedules for the U.S. business representatives who accompanied the Secretary on the trade mission to India. For the subsequent trade missions to Pakistan, China, and South Africa, the Trip Coordinator

assisted the Special Assistant for Policy with the day-to-day planning for the trade missions. The Trip Coordinator said she was “the only DOE employee who was assigned full time on a day-to-day basis” to plan for these trade missions; and that she had no prior experience in this type of work.

The four key staff members were assisted by a trip planning team consisting of between 30 to 40 DOE employees. The trip planning team met once or twice a week for 1/2 hour to two hours to discuss the logistical and substantive plans for the respective trade mission. After the trade mission to India, DOE planning for the subsequent trade missions also consisted of sending a “preadvance” team to the host country to perform substantive and administrative work with the U.S. Embassy and host country officials. For the trade mission to Pakistan, for example, two DOE employees were in Pakistan before the main body arrived. Five individuals were on the preadvance team to China, and eight were on the preadvance team to South Africa.

In addition to the preadvance teams, DOE also sent advance teams to each of the four countries about a week in advance of the main body. Advance teams were responsible for security, communications, administration, press, graphics, and substance arrangements in preparation of the main body. We determined that 25 individuals were advanced to India, 35 to Pakistan, 56 to China, and 30 to South Africa.

The main body of the trade missions consisted of support personnel and the “Official Delegation,” which included designated DOE employees and those individuals listed as “Business Delegates.” The Business Delegation included individuals from U.S. businesses, non-governmental organizations, other Federal agencies, and DOE management and operating contractors. Some of the business delegates used Government-arranged air transportation while others traveled to the host country on their own.

Trip Participants

We found that DOE could not accurately account for who actually participated on the Secretary’s 16 foreign trips. It was especially difficult to account for the Federal and non-Federal participants on the Department’s four trade missions. In order to determine who participated on the trips, we reviewed passenger lists for chartered flights, DOE’s official trip reports, travel authorization listings, travel voucher listings, and other lists prepared by DOE. We identified 256 Federal participants and 188 non-Federal participants on the four trade missions who used Government-arranged air.

In response to requests from the Chairmen of two Congressional subcommittees, written criteria for selecting non-Federal participants were provided by DOE for each of the four trade missions. Also provided was a list of 28 people who DOE said participated in the selection of non-Federal participants. Seven of the 28 told us they were not involved with the selection of non-Federal participants for the trade missions. Further, 12 of the 28 told

us they had not seen the written criteria. In addition, the written criteria for India was prepared after the requests were received.

Invitational Travel

Under Federal travel regulations, DOE can pay the transportation, lodging, subsistence, and other related travel expenses of private individuals who perform a direct service for the Government. Based on information and documentation provided by DOE, the Department extended invitational travel to participants on as many as 27 occasions in association with the Secretary's foreign trips. We determined that on 5 of these occasions invitational travel was inappropriately extended, and that on 19 occasions prior written approval and justification had not been prepared by a principal Department official. We also determined that invitational travel policy was not fully understood by some DOE officials.

Travel Costs

DOE spent \$3.37 million in travel costs supporting the Secretary's 16 overseas trips. For the four trade missions, DOE spent \$2.56 million in travel costs: \$670,912 for the trade mission to India, \$488,360 for Pakistan, \$799,573 for China, and \$601,390 for South Africa.

Travel Vouchers

We reviewed 220 travel vouchers filed as a result of the four trade missions and determined that almost all DOE participants claimed full per diem. Yet, based on interviews and a review of official itineraries for the trade missions, we identified 30 functions in which breakfast, lunch, or dinner was provided. Of the 220 vouchers reviewed, only one person had reduced their per diem costs as required by Federal travel regulations. In some cases, the meals provided were paid for by the U.S. Embassy, potentially causing the U.S. Government to pay twice for the same meals.

Embassy Support Costs

We identified several internal control weaknesses in the process used by DOE officials to obtain support from U.S. Embassies and to control embassy support costs. DOE officials were unable, in some instances, to validate the appropriateness of specific embassy support costs for the four trade missions or provide records to support all costs incurred for these missions. Also, DOE officials incurred embassy support costs prior to obligating funds for the trade mission to India. The first DOE memorandum requesting DOE accounting officials to obligate funding for the India trip occurred one month after DOE officials had returned from India.

As of May 1, 1996, DOE accounting system records showed Department officials had identified \$819,091 in embassy support costs with 12 of the Secretary's foreign trips. These costs included \$523,634, which were identified with the four trade missions, leaving

a balance of \$295,457 for the eight other foreign trips. Of the \$523,634 identified with the four trade missions, \$325,828 was still in an embassy cost suspense account until Office of Human Resources and Administration (Human Resources) officials could determine the validity of these costs. Further, an additional \$279,155 in embassy support costs, not identified with specific trips, also had been applied to the suspense account.

As a separate effort, we reviewed documents other than the accounting system records and identified, through this approach, embassy support charges totaling \$549,299. These charges were identified by review of "1221 Summaries" prepared by DOE accounting officials, records provided by Human Resources officials, and other documents. The \$549,299 in embassy support charges are comprised of \$44,549 for India; \$101,903 for Pakistan; \$201,445 for China; and \$201,402 for South Africa. Following is a listing of the type and amounts of embassy support costs charged by U.S. Embassies in support of the four trade missions:

- "Ground Transportation" costs amounted to \$159,798 for the rental of automobiles, minivans, trucks, buses, and drivers. These costs were incurred to transport the Secretary, her staff, and business delegates. Rental cars were also used by security, communications, and administrative advance personnel.
- "Air Transportation" costs amounted to \$27,666 and included costs for airline tickets, costs relating to procurement of airline tickets, and air freight costs. For example, DOE paid the airfare for U.S. Embassy employees flying between Shanghai and Beijing. Air freight costs were charged for transporting containers that held computers, printers, and other supplies used during the trade missions.
- "Lodging" costs amounted to \$16,217 for hotel rooms purchased through an embassy to house DOE employees, invitational travelers, and embassy employees.
- "Meal" costs amounted to \$3,969, which included food and beverages at official functions, as well as embassy staff meals for personnel assigned to the Secretary's visit.
- "Phone and Facsimile" costs of \$91,781 were for rental charges for cellular telephones and standard telephone service charges for the Secretary, her staff, and the security, communications, and administrative advance teams.
- "Phone Installation" costs of \$15,205 were for telephone lines installed in hotel rooms used by the Secretary, her staff, security, and administrative personnel.
- "Business Center" costs of \$57,568 were for the rental of a hotel suite for a command post and a hotel suite for a staff room to conduct staff meetings and staff work.

- “Conference Rooms” costs of \$42,346 were for such items as the rental of large meeting rooms and smaller breakout rooms used by the Secretary and delegation.
- “Catering (Reception/Banquet)” costs of \$36,489 were for official receptions and banquets.
- “Embassy Costs/Overtime” of \$40,559 were for embassy employees who worked overtime or on holidays while on detail to assist the Secretary’s visit.
- “Photography” and “Video” costs of \$17,228 were for photographs and video photography to document the various meetings, events, and signing ceremonies that took place during the four trade missions.
- “Other” costs of \$40,473 were for such items as miscellaneous labor and supplies, petty cash, printing, and reproduction.

Following are some specific examples of embassy support costs charged during the four trade missions.

A local phone company charged the U.S. Embassy in India \$6,609 to install eight telephones in the Maurya Sheraton Hotel. DOE was also charged \$4,706 for embassy support costs for embassy employees assigned to support the Secretary’s trade mission to India and \$462 by the Tajmahal and Maurya hotels for room services for meals and beverages.

Of the \$101,903 in embassy support costs charged for the Pakistan trade mission, DOE did not provide invoices describing the nature of \$53,564 of these costs. We noted that these costs were primarily incurred during the Secretary’s trip to Vienna, Austria, to attend an International Atomic Energy Agency General Conference before traveling on to Pakistan.

At the time of our fieldwork, the Department did not provide invoices or other documentation that identified the nature of \$38,212 of the total \$201,445 in embassy support costs for the China trade mission. Charges for the China trade mission included telephone service costs of \$53,878 and business center costs of \$38,898. DOE was also charged \$2,277 for reserving a block of rooms at the China World Hotel in Beijing even though some of the rooms were not used.

Charges for the South Africa trade mission included transportation charges of \$102,739, a \$7,085 charge for a reception, which was apparently double-billed by a hotel, and a \$6,346 charge for an erroneous payment by the U.S. Embassy to an oil company. Other charges included \$4,785 paid to the American Chamber of Commerce for hosting a dinner and \$7,104 for a reception hosted by the Secretary at the Carlton Hotel in Johannesburg, which included food for 300 people and an open bar.

In addition to the \$201,402 identified above as being paid through the U.S. Embassy for the trade mission to South Africa, our review disclosed an additional \$20,440 paid to the Carlton Hotel for the Energy Summit Conference: \$8,121 for meeting rooms; \$1,470 for miscellaneous food and beverages; \$7,522 for a luncheon for 324 people; and \$3,327 for three breakfasts for 120-145 people. To fund these costs, 44 non-Federal travelers were each assessed a fee of \$400, for a total of \$17,600.

Our review of embassy support costs also disclosed that DOE funds were used for “reception and representation” type expenditures from the Departmental Administration appropriation when specific funding for such activities was not available. At the time of the trade mission to South Africa, the Department’s Fiscal Year 1995 “reception and representation” fund, amounting to \$35,000, had a balance of \$1,772. All but \$142 of this remaining balance was subsequently expended or obligated. According to a DOE official, prior to the trip commencing, trip organizers were told that no money from the “reception and representation” fund would be available to fund trip activities or events. The Department was charged, however, an additional \$17,417 of “reception and representation” type costs in South Africa. The Department also failed to properly charge its reception and representation account for events held during the trade mission to China.

We believe that the “reception and representation” type expenditures, which have been charged to DOE’s Departmental Administration appropriation and which are in excess of its \$35,000 Fiscal Year 1995 “reception and representation” fund, may have represented a misuse of appropriated funds. In addition, we believe that the Department’s payment of these expenditures after the exhaustion of the “reception and representation” account, possibly may have resulted in an Antideficiency Act violation.

In response to our recommendation in the Initial Draft Report, the Office of General Counsel issued an opinion on July 31, 1996, regarding “reception and representation” fund issues. The opinion concluded that “reception and representation” funds were not “one-year” funds, despite the Department having treated them as such in prior years. The opinion also identified \$49,008 of unobligated “reception and representation” funds available from the past 11 years for use in paying for the \$35,086 of “reception and representation” expenses it identified in its review. Based upon this, the Office of General Counsel’s concluded that the Department’s “reception and representation” expenditures would not constitute either a misuse of appropriated funds or a violation of the Antideficiency Act. The Office of Inspector General has requested a Comptroller General opinion concerning the issue whether the Department’s reception and representation funds are “no year” funds, available until expended, or whether the annual expenditures are limited by the stated appropriation act amount.

We also identified a possible procurement integrity issue regarding the August 23, 1995, reception for the Secretary in South Africa hosted by the I Can Foundation. At the time the Department agreed to accept the reception from the I Can Foundation, the Department was initiating a procurement to pay them for activities in support of the Secretary’s South Africa trip. We recommended that the Office of General Counsel determine whether the

procurement integrity provisions of the Office of Federal Procurement Policy Act were violated by the acceptance of the reception by the Department and the attendance of Department personnel at the reception. On October 1, 1996, the Office of General Counsel issued an opinion that concluded that there was not a violation of procurement integrity prohibitions.

Contractor Support Costs

We identified support services contractors and subcontractor employees who participated in some of the Secretary's foreign trips. The National Renewable Energy Laboratory, a management and operating (M&O) contractor-operated laboratory, used a subcontractor to perform advance support on the India, China, and South Africa trade missions. The Department incurred \$52,842 in costs for this subcontractor: \$18,867 for the India trade mission; \$7,000 for the China trade mission; and \$26,975 for the trade mission to South Africa. Computer Data Systems Incorporated (CDSI) and The Mitchell Group, support service contractors, also assisted with some of the Secretary's foreign trips. Per DOE officials, CDSI was paid \$222,403 from January to September 1995 for support of the Secretary's foreign travel and for support of a trip to Mexico by the then Deputy Secretary.

DOE's Golden Field Office executed a contract with The Mitchell Group on July 25, 1995, for \$110,000 to identify local enterprises in South Africa that would become candidates for immediate partnerships with similarly interested and diverse U.S.-based energy related firms. Funds were transferred to the Golden Field Office from DOE's Office of Economic Impact and Diversity to help fund this effort. The Office of Economic Impact and Diversity subsequently wrote a letter to The Mitchell Group stating that it would increase its share of The Mitchell Group fees by \$6,000 so the "I Can Foundation" could arrange a tour for DOE of the Northern Transvaal Technikon in South Africa; convene a meeting of 2,000 students for the Secretary to address concerning DOE's commitment to education; and distribute books and computers donated to South Africa. The Mitchell Group was also paid \$50,000 by the Golden Field Office on January 10, 1996, to provide "logistics and support of South African visitors to Oak Ridge Manufacturing Research Technology Training."

Overtime

The Secretary was provided executive protection for the 16 foreign trips by couriers from DOE's Transportation Security Division (TSD) and by personnel from DOE's Headquarters Office of Security Affairs (OSA). Our review identified \$276,442 that was spent for 10,839 hours of overtime for executive protection personnel. For the four trade mission trips, other support personnel were paid for 3,932 hours of overtime at an estimated cost of \$89,749. Our review also identified a lack of management controls regarding verification and certification of overtime claimed by executive protection personnel in support of the Secretary's foreign trips.

In addition to traveling with the Secretary, executive protection personnel performed advance work in-country in preparation for the Secretary's arrival. Advance work included such activities as arranging for ground transportation, becoming familiar with the roads from the airport to the hotel and other sites to be visited by the Secretary, and making security arrangements at the hotel and meeting sites.

We noted the Secretary traveled to St. Petersburg, Russia, on the afternoon of December 16, 1994, as an intermediate stop between official business that was conducted in Moscow and Stockholm, Sweden. The Secretary departed St. Petersburg for Stockholm on the following afternoon. We identified that executive protection personnel charged 147 hours of overtime in support of the Secretary's one-day visit to St. Petersburg. Two executive protection personnel were in-country about a week before the Secretary arrived and departed St. Petersburg the morning after the Secretary departed.

Full Cost Recovery

Our November 1994 report entitled, "Audit of Department of Energy International Charter Flights," noted that DOE officials had not implemented a full cost recovery policy and procedures for its foreign travel costs. DOE officials advised us, at the time, that they believed non-Federal passengers should pay for their full pro-rata share of air transportation costs in advance. For the trade mission to India, however, DOE officials had decided to charge non-Federal passengers the round-trip coach fare of \$2,800 instead of the full pro-rata cost of the charter flight estimated at the time to be \$12,860.

For the trade mission to Pakistan, the Department did attempt to collect in advance the full pro-rata air transportation cost of \$6,477 from non-Federal passengers. However, DOE had been unable to collect from all passengers in advance and had not established accounts receivable for these amounts at the time of our audit -- more than a month after the Pakistan trade mission was completed.

Consistent with the suggestion in our November 1994 report, in February 1995 DOE established 13 accounts receivable totaling \$75,486 for the Pakistan trade mission; and in March 1995, established 44 accounts receivable totaling \$95,200 for the India trade mission. We determined that as of April 26, 1996, approximately \$37,000 of these accounts receivable remained outstanding--\$19,831 for Pakistan and \$16,700 for India. We also determined that DOE did not pursue collection of the accounts receivable as aggressively as allowed by DOE policy.

Unlike the trade missions to India and Pakistan, the Department attempted full cost recovery of air travel costs for the trade missions to China and South Africa. For the trade mission to China, the Department told non-Federal travelers to make an estimated \$9,200 payment for charter airlift services directly to Omega World Travel (Omega), the Department's centralized travel service, prior to the flight. Omega, however, was unable to collect all the amounts due and sought reimbursement from DOE for \$93,626. DOE

assisted Omega in collecting from the non-Federal passengers and, as of May 1996, \$9,881 was still owed.

For the trade mission to South Africa, the charter company apparently collected pro-rata amounts of \$7,553 due from non-Federal passengers in advance of the trip. We found, however, other costs that DOE did not recover from non-Federal passengers. For example, non-Federal travelers were not required to pay for their share of the Kimberly and Cape Town portions of the trip, and administrative fees collected from non-Federal travelers did not cover administrative costs associated with delegation activities.

Source of Funds

The Department used funds from 12 appropriation accounts to pay for costs of the four trade missions. The majority of the trade mission costs--\$2.25 million or 66 percent--were funded by the Departmental Administration, Operating Expenses appropriation.

Aircraft Acquisition

We determined the cost of charter aircraft for the Secretary's four trade missions was \$2,158,237. The net cost to DOE for use of charter aircraft was \$1,328,529; and collections from non-DOE passengers amounted to \$897,008. DOE deposited \$67,300 collected for the India trip into the U. S. Treasury, as required, and thus this amount did not reduce the cost to DOE.

DOE did not use the least expensive method for air travel for the four trade missions. Analysis performed by a DOE official prior to the trade mission to India, for example, determined that commercial air travel would cost \$165,200, a chartered aircraft would cost \$355,495, and use of a Department of Defense (DOD) aircraft would cost \$643,464. The Secretary authorized the use of a DOD aircraft for the trip to India because of the "inability of commercial scheduled air services to meet my travel plans" and because she was "advised that use of the Department of Defense aircraft is preferable for security reasons." For the three trade missions to Pakistan, China, and South Africa, however, DOE used a charter aircraft. We were told that Department officials generally justified the use of charter aircraft instead of commercial aircraft because the Secretary wanted the entire group to travel together and because of physical security needs.

Department officials used four different methods of acquiring aircraft charter services for the four trade missions. They stated that three factors influenced their decision on which type of aircraft to use: (1) inadequate lead times to compete the acquisition effectively; (2) lack of information on the number of passengers; and (3) aircraft configuration limitations. We determined DOE tried different methods for each of the four trade missions to acquire aircraft in order to reduce the use of DOE appropriated funds as much as possible. After using a DOD aircraft for the trade mission to India, DOE used a service contract for the trade mission to Pakistan, a contracted centralized travel service for the trade mission to China, and a Government Transportation Request for the trade mission to South Africa.

Also, as a result of administrative errors, DOE paid \$7,492 for a flight in South Africa that should have cost \$1,347. DOE also paid \$5,287 for a canceled flight to Mozambique because the Mozambique government canceled the signing ceremony on the date of the ceremony. Consequently, the Department was required to pay for the charter airline.

Trade Mission Outcomes

The Department has used both monetary and non-monetary outcomes to report on the success of its trade missions. The monetary outcomes reported include the signing of 143 business agreements, with a potential value of \$19.7 billion; and an estimate of tens of thousands of new jobs created in the United States. The non-monetary outcomes reported include policy and regulatory structure reforms intended to promote investment in the host countries, the breaking down of barriers that inhibit investment, cooperation on nuclear and energy policy issues, and the signing of various official documents.

The Department has not always been clear, however, in describing the outcomes of its trade missions. This situation has created opportunity for misinterpretations of the outcomes and the Department's role in achieving the outcomes. For example, the 143 business agreements used in the development of the \$19.7 billion are not all firm contracts, and the \$19.7 billion does not represent the actual dollars going to U.S. companies. In addition, the Department has used wording in its press releases and testimony before Congress, which suggests that the Department's trade missions caused the 143 business agreements to be signed. The more accurate description is that the Department helped move many of these agreements forward and accelerated the signings of many of these agreements. The Department has also used wording in its reporting that is misleading. For example, DOE described some of the business agreements as contracts even though they were actually Memorandums of Understanding, and described some business agreements as being finalized when, in fact, they were not.

Management Comments. Management stated that:

"The Department consistently resisted claiming exclusive credit for 'causing' the business deals. Our press statements and one letter to Congress used the term 'resulted in,' which some critics assail as a claim of causality. But our intended meaning was Webster's second definition, 'to end in a given way.' The business signing signified the culmination of much work before and during our missions. In addition, most of the time, our press statements were accompanied at the time of their release with a listing of the specific agreement by type of project, type of agreement and estimated values using information provided by the companies so that reporters could describe them as they saw fit. Further, the Secretary's oral remarks at the signing events made clear that the deals were signing [sic] represented a variety of stages of business developments, from initial MOU's to power purchase agreements to a variety of other business agreements."

Also, the Department has not always been able to document its reported outcomes. In one case, for example, although the Department reported \$1.8 billion as the value of business agreements signed, it could not provide documentation to support fully what agreements comprised this amount. In addition, the Department's suggestion that the trade missions created tens of thousands of new jobs in the United States was not supported by the Department's records.

We found the Department had a positive impact on many of the business agreements that were signed, worked to achieve policy and regulatory structure reforms intended to promote investment in the host countries, and had numerous non-monetary outcomes relating to trade promotion and cooperation on trade issues. However, the Department cannot quantify the value of its role in helping to bring business agreements to signing; and cannot quantify the value of its role in breaking down barriers for U.S. companies or in helping U.S. companies build a foundation for future business that may have developed after the missions.

Recommendations and Management Comments

Section VI of the report summarizes our recommendations for improving the Department's internal controls over the planning and execution of the Secretary's foreign travel. We discuss management's comments throughout the report and have made changes to the report where appropriate. In addition, management comments on our recommendations are presented in the report and are consolidated in Section VI. Section VII of the report discusses management comments that are not specifically addressed elsewhere in the report.

IV. BACKGROUND

The Secretary participated in 16 foreign trips from June 1993 through December 1995. Table 1 shows the locations and dates of the 16 trips.

TABLE 1
FOREIGN TRAVEL BY SECRETARY O'LEARY

	<u>TRIP NUMBER</u>	<u>DATES OF TRIP</u>	<u>COUNTRY</u>
<u>1993</u>	1	June 1-5	France
	2	Sept 24-Oct 2	Austria Russia
	3	Oct 22-26	England
	4	Dec 12-17	Russia
<u>1994</u>	5	Feb 5-8	Ivory Coast
	6	July 7-15	India
	7	Aug 31-Sept 5	Belgium
	8	Sept 16-25	Austria Pakistan
	9	Dec 12-19	Russia Sweden
<u>1995</u>	10	Feb 9-25	India Hong Kong China
	11	May 17-27	France Azerbaijan Italy
	12	June 7-11	Costa Rica
	13	June 26-July 1	Russia
	14	August 18-28	South Africa
	15	Sept 13-20	Czech Republic Austria
	16	Nov 29-Dec 7	South Africa

A November 7, 1994, Office of Inspector General audit report found that controls over the acquisition and financing of international air services needed strengthening. Specifically, the audit suggested that the Department:

- (1) prepare formal procedures for the acquisition of international air services;
- (2) implement the full cost recovery policy for non-Federal passengers as provided for in Title 10, Code of Federal Regulations (C.F.R.) Part 1009;
- (3) establish a procedure which ensures that the Department collects passenger air fares before the trip occurs; and,
- (4) establish accounts receivables for non-Federal passengers on the India and Pakistan flights and aggressively pursue collection of air fare costs from those passengers.

Department officials agreed with the audit's findings but advised us that they would not be able to implement corrective actions before the scheduled February 1995 trip to China. The Inspector General then wrote a December 20, 1994, memorandum to the then Deputy Secretary recommending that the Department's processes for international travel be addressed before any additional trips were contemplated.

In an April 9, 1996, memorandum to the Department's Deputy Chief of Staff, the Inspector General provided comments on the Department's implementation of the audit report suggestions. Regarding Suggestion 1, the Inspector General stated that formal procedures had not been implemented, but that he understood draft interim procedures were to be circulated throughout the Department for comment. Regarding Suggestion 2, the Inspector General stated that the Department had adopted an informal full cost recovery policy for non-Federal passengers but needed to clarify "what exactly is full cost recovery." Regarding Suggestion 3, the Inspector General stated that we did not believe that the procedure implemented by the Department to collect passenger air fares before a trip occurred would ensure that all collections would be made. Regarding Suggestion 4, the Inspector General stated that accounts receivable were established for non-Federal passengers participating in the India and Pakistan trips, however, the Department had not aggressively pursued collection from those passengers.

Management Comments. In response to the April 9, 1996, memorandum from the Inspector General, management stated that the Deputy Chief of Staff provided three memorandums to the Inspector General which provided further information on the Department's implementation of the audit report suggestions.

On April 15, 1996, the Department issued DOE Notice 551.1, "International Travel," "for simultaneous use and coordination." A memorandum issuing the Notice stated that DOE Notice 551.1 was developed to address the need for new international travel policies and procedures and included key issues to improve advance planning, cost control, aircraft

acquisition, acquisition of goods and services through U.S. embassies, recoupment of costs from private sector participants, and accountability.

In 1995, Congressional and media interest raised concerns about the extent and costs of the Secretarial foreign trips. The United States General Accounting Office (GAO) was asked to review expenditures for selected foreign trips. The GAO subsequently reviewed the India and South Africa trade missions and published their findings in a December 28, 1995, report.

V. INSPECTION RESULTS

A. Authority and Planning

1. Introduction

Table 2 identifies the purpose of each of the 16 trips. This section of the report will discuss in more detail the four trade missions led by Secretary O’Leary; specifically, (1) the legal authority for DOE’s trade missions; (2) DOE’s trade promotion strategy; (3) why DOE conducted trade missions to India, Pakistan, China, and South Africa; and (4) generally how the trade missions were planned.

2. Legal Authority for the Trade Missions

DOE’s Office of General Counsel has cited two statutes that delineate the Secretary of Energy’s authority to conduct trade promotion activities. The first statute, the Energy Policy Act of 1992 (Public Law 102-486), became law on October 24, 1992. The second statute, the Export Enhancement Act of 1992 (Public Law 102-429), became law on October 21, 1992.

The Office of General Counsel concluded in a memorandum dated December 13, 1995, and provided by the General Counsel to the Chairman, Subcommittee on Oversight and Investigations, House Committee on Commerce, on January 23, 1996, that the Secretary of Energy’s export promotion responsibilities described in the Export Enhancement Act of 1992 and the Energy Policy Act of 1992 complement the foreign and defense policy responsibilities identified in the Department of Energy Organization Act, 42 U.S.C. 7101 et seq. Those responsibilities included national security functions under the Atomic Energy Act, 42 U.S.C. 2011 et seq., and authorities under the Energy Policy and Conservation Act, 42 U.S.C. 6271-6275.

Energy Policy Act of 1992

The Energy Policy Act of 1992 states that the Secretary of Energy shall consult with government officials in host countries and, as appropriate, with representatives of utilities or other entities in host countries, to determine interest in and support for potential projects. Section 1607 of the Energy Policy Act of 1992 (the Act) requires the Secretary of Energy to develop policies and programs to encourage the export and promotion of domestic energy resource technologies, including renewable energy, energy efficiency, and clean coal technologies to developing countries. The Act also requires the Secretary to establish an innovative renewable energy technology transfer program and an innovative clean coal technology transfer program. The purposes of the technology transfer programs are to:

TABLE 2
PURPOSES OF SECRETARY O'LEARY'S FOREIGN TRIPS

<u>TRIP NUMBER</u>	<u>DATES OF TRIP</u>	<u>COUNTRY</u>	<u>PURPOSE</u>
<u>1993</u>			
1	June 1-5	France	International Energy Agency Ministerial Meeting
2	Sept 24-Oct 2	Austria Russia	International Atomic Energy Agency General Conference Gore-Chernomyrdin Commission on Energy and Space Energy Policy Committee
3	Oct 22-26	England	Keynote address to the "Oil & Money" Conference
4	Dec 12-17	Russia	Gore-Chernomyrdin Commission on Energy and Space
<u>1994</u>			
5	Feb 5-8	Ivory Coast	Head of the Presidential Delegation for the Funeral of President Houphouet-Boigny
6	July 7-15	India	Presidential Mission on Sustainable Energy and Trade
7	Aug 31-Sept 5	Belgium	50th Anniversary of the Liberation of Belgium
8	Sept 16-25	Austria Pakistan	International Atomic Energy Agency General Conference Presidential Mission on Energy Investment
9	Dec 12-19	Russia Sweden	Gore-Chernomyrdin Commission on Energy and Space Tour of Swedish Nuclear Waste Facility
<u>1995</u>			
10	Feb 9-25	India Hong Kong China	Return Journey to India Prelude to Presidential Mission to China Presidential Mission on Sustainable Energy and Trade
11	May 17-27	France Azerbaijan Italy	International Energy Agency Ministerial Meeting Principal Speaker at International Caspian Oil & Gas Exhibition Keynote Speaker at the 1995 World Geothermal Congress
12	June 7-11	Costa Rica	Joint Implementation Workshop/Signature of Agreement
13	June 26-July 1	Russia	Gore-Chernomyrdin Commission on Energy and Space
14	August 18-28	South Africa	Clinton Administration Delegation on Sustainable Energy and Empowerment to South Africa
15	Sept 13-20	Czech Republic Austria	U.S. Country Studies Workshop; Center for Clean Air Policy Joint Implementation Project International Atomic Energy Agency General Conference
16	Nov 29-Dec 7	South Africa	Gore-Mbeki Binational Commission

- reduce the United States balance of trade deficit through the export of United States energy technologies and technological expertise;
- encourage the export of United States technologies to those countries that have a need for developmentally sound facilities to provide energy derived from renewable and coal resources;
- ensure the introduction of United States firms and expertise in foreign countries;
- better ensure that United States participation in energy-related projects in foreign countries includes participation by United States firms; and
- assist United States firms, especially firms that are in competition with firms in foreign countries, to obtain opportunities to transfer technologies to, or undertake projects in, foreign countries.

Export Enhancement Act of 1992

In a December 4, 1995, letter to an Assistant General Counsel, United States General Accounting Office, DOE's Deputy General Counsel referred to the Export Enhancement Act of 1992 and said: "The statutory mission that was enacted here includes 'delivery of services to United States businesses, including * * * representation of United States business interests abroad.' "

Title II of the Export Enhancement Act of 1992 directed the President to establish the Trade Promotion Coordinating Committee. On September 30, 1993, President Clinton signed Executive Order 12870 establishing the Committee. The purpose of the Trade Promotion Coordinating Committee is "to provide a unifying framework to coordinate the export promotion and export financing activities of the United States Government; and to develop a Government-wide strategic plan for carrying out Federal export promotion and export financing programs."

The Trade Promotion Coordinating Committee (TPCC), chaired by the Secretary of Commerce, coordinates the development of trade promotion policies and programs of the United States Government. The TPCC, in addition to other responsibilities, coordinates official trade promotion efforts to ensure better delivery of services to United States businesses and represents United States business interests abroad.

The TPCC consists of members from 19 Federal departments and agencies, which include the Departments of State, Defense, Treasury, Agriculture, Transportation, as well as the Department of Energy. Under the auspices of the TPCC, the Department of Energy chairs two working groups comprised of representatives from 14 Federal departments and agencies that work with trade associations comprised mainly of small to medium sized energy companies. These working groups, the Committee on Renewable Energy

Commerce and Trade, and the Committee on Energy Efficiency Commerce and Trade, promote the exports of renewable energy technologies and energy efficiency products and services.

3. DOE's Trade Promotion Strategy

In a September 11, 1995, letter to the then Deputy Chief of Staff, the then Acting Assistant Secretary for Policy outlined the four elements of DOE's trade promotion strategy:

First, Presidential missions by the Secretary of Energy to the Big Emerging Markets (BEMs) as well as to other countries;

Second, providing political support for U.S. companies by written and personal intervention with foreign leaders;

Third, providing ongoing and longer term support for U.S. industry to break into or expand in foreign markets; and

Fourth, actively promoting policy reforms by foreign governments in such fields as regulation, accelerated project approvals, open procurement, and finance.

The Acting Assistant Secretary for Policy stated that DOE's trade promotion efforts were to support U.S. energy, environmental, and related technology exports, and to support U.S. energy companies' export and international investment objectives. The Acting Assistant Secretary for Policy's September 11, 1995, letter was dated two weeks after the last trade mission was completed in South Africa.

4. DOE Trade Missions

Secretary O'Leary led four trade missions. These trade missions were to India on July 7-15, 1994; to Pakistan, including an earlier stop in Austria, on September 16-25, 1994; to China, including earlier stops in India and Hong Kong, on February 9-25, 1995; and to South Africa on August 18-28, 1995.

Secretary O'Leary told us it was clear that she would lead a trade mission to China based on two events that occurred in 1993. Both events occurred as a result of a two-week mission in June 1993 organized and sponsored by the Departments of Energy and Commerce, and led by the then DOE Acting Assistant Secretary for Fossil Energy, to promote use of U.S. electric power technologies and services in China's electric power development program. Twenty-four firms in the U.S. electric power and fossil fuel industry were included in the 12-day mission to Beijing, Shanghai, and Guangzhou, China. The mission met with 500 Chinese electric power officials.

The first event cited by Secretary O'Leary was a meeting with the then Acting Assistant Secretary for Fossil Energy upon his return from China. Secretary O'Leary stated that the

Acting Assistant Secretary urged her to lead a trade mission to China. The Secretary said it was clear after her meeting with the Acting Assistant Secretary that she would lead a delegation to China.

The second event was a meeting held with industry representatives who had participated in the June 1993 mission to China. On August 6, 1993, 21 representatives sent a report addressed to Secretary O'Leary with a courtesy copy to the then Secretary of Commerce. The report cited an urgent need for (1) changes in U.S. policies affecting commercial relationships with China, and (2) formation of a U.S. Government/industry partnership to promote electric power industry trade with China. On August 9, 1993, industry representatives on the mission presented their report to the Secretaries of Energy and Commerce and other senior U.S. Government officials. Secretary O'Leary stated that as a result of this meeting and the report provided by the industry representatives, she realized there had to be a coordinated strategy in DOE to export energy technology. She also said she realized there was no U.S. Government strategic plan for exporting energy technology to foreign markets.

At the August 9, 1993, meeting with the industry representatives, it was agreed that a Department of Energy/Department of Commerce-led working group would act on the issues and reconvene a meeting within a month to present their findings. The working group presented their findings to industry representatives on September 20, 1993. One of the findings presented was to plan several missions to China.

It was after these two events, according to Secretary O'Leary, that DOE began an orderly process to take a "slow track" to plan for a trade mission to China.

Presidential Mission on Sustainable Energy and Trade to India

While DOE was planning a trade mission to China, Prime Minister Rao of India conducted a State Visit to the U.S. During the May 19, 1994, State Visit, President Clinton committed that Secretary O'Leary would visit India. During a news conference with Prime Minister Rao, the President said he had asked Secretary O'Leary "to visit India in July to further our talks on renewable energy." An invitation to Secretary O'Leary had previously come from India's Minister of Power, Mr. Narendra Salve, on May 4, 1994. Mr. Salve wrote that a: "number of steps have been initiated by the Government of India which include . . . distribution facilities in . . . the country A large number of US based firms have evidenced interest in participating in the development of . . . the Indian power industry. Such mutually beneficial cooperation between our countries could facilitate direct investment" Mr. Salve also wrote: "I extend to you . . . a personal invitation to visit India and to witness for yourself the dramatic changes that are occurring in the Indian power industry."

Secretary O'Leary said DOE then began planning trade missions to both China and India. She said she soon realized that the Department could not do two trade missions at the same time so it was decided to focus on India alone.

On July 5, 1994, President Clinton signed a letter to the trade mission delegates welcoming them as members of the “Presidential Mission on Sustainable Energy and Trade to India.” The President wrote that: “On May 19, 1994, Prime Minister Rao and I set a new course in Indo/U.S. relations, one guided by the shared vision of stronger economic and commercial cooperation. Your mission marks the first major milestone toward realizing that vision, and it represents a significant part of our efforts to promote sustainable development and free trade throughout all of Asia.”

Presidential Mission on Energy Investment in Pakistan

The Special Assistant (Economic Sector) to Prime Minister Bhutto sent a formal invitation to Secretary O’Leary on June 19, 1994. The letter made reference to a June 10, 1994, invitation for Secretary O’Leary to visit Pakistan from Secretary Salman Faruqi, Pakistan Ministry of Water and Power, on behalf of Prime Minister Bhutto. The June 19, 1994, letter stated that the “Government of Pakistan has undertaken significant measures to accelerate the development of the energy sector This has led to the emergence of new investment opportunities for foreign investment in power generation. You will be pleased to learn that out of the first four power projects being undertaken in the private sector four of them are sponsored by the US based firms.” The U. S. Ambassador to Pakistan wrote Secretary O’Leary on June 9, 1994, encouraging her to visit Pakistan and to bring U.S. companies along with her.

In a message from President Clinton signed on September 17, 1994, introducing the members of the “Presidential Mission on Energy Investment in Pakistan,” the President wrote that: “The United States highly values our rich history of friendship with the people of Pakistan. I hope that this mission will strengthen our mutual ties and advance free trade, sustainable development and private investment in South Asia.”

Presidential Mission on Sustainable Energy and Trade to China

As mentioned earlier, Secretary O’Leary was planning to lead a trade mission to China. On November 24, 1993, the Acting Assistant Secretary for Fossil Energy reported in a memorandum to the Secretary that he had traveled to Beijing to represent her at the China/U.S. Energy Conference on November 15-17, 1993. In the memorandum, the Acting Assistant Secretary said that he had met with Vice Premier Zhao Jian Hua, “. . . a powerful man with broad policy oversight responsibilities including China’s energy policies and programs. He was very positive about the interest of China to expand imports of U.S. energy technology.” The Acting Assistant Secretary also said that the Chinese were anxious for her to visit China and that the U.S. Embassy was assessing the best time for her visit. He concluded by stating: “China is anxious to purchase more U.S. energy equipment. In my opinion, they are waiting for positive signals from senior Clinton Administration officials before they open the floodgates (as they did for Helmet (sic) Kohl when he visited China this week).” The Secretary annotated the Acting Assistant

Secretary's memorandum by stating that: "we need to take immediate action on trip to China"

On April 13, 1994, the Chairman of the State Science and Technology Commission invited the Secretary to attend a July 1994 Round Table Conference on China's Agenda 21 from July 7-9, 1994.

The Secretary also received a December 13, 1994, invitation from the President of the United States-China Business Council to address the Council's first In-Country Annual Meeting, "China Operations '95," on February 24, 1995.

On February 6, 1995, President Clinton signed a letter to each delegate welcoming them as members of the "Presidential Mission to China on Sustainable Energy and Trade." The President wrote that: "Your mission will help to strengthen ties between our two nations, advance sustainable development, and promote U.S. investment in China."

Clinton Administration Delegation on Sustainable Energy and Empowerment to South Africa

We were told by DOE officials that in an October 1994 State Visit to the United States, President Mandela asked Secretary O'Leary to visit South Africa. President Mandela's visit culminated in establishment of the U.S.-South Africa Binational Commission headed by Vice President Gore and Deputy President Mbeki. Secretary O'Leary serves as a member of this Commission. A record of President Clinton's October 5, 1994, News Conference with President Mandela includes a statement by President Clinton that the United States would send people to South Africa to help it address many of its challenges.

A February 17, 1995, letter from Minister R. F. Botha, Minister of Mineral and Energy Affairs, to Ambassador P. N. Lyman, U.S. Ambassador to South Africa, provided information on possible "areas of cooperation with the USA" regarding Secretary O'Leary's visit to South Africa. One area cited was: "Support towards the development of energy management consulting activities, including partnerships or collaborative agreements with USA companies."

On August 15, 1995, President Clinton signed a letter to each delegate welcoming them as members of the "Mission on Sustainable Energy and Trade Development to the Republic of South Africa." The President wrote: "Your work will strengthen our ties with South Africa, promote private investment, assist in building capacity, and facilitate economic growth and efforts to protect the environment."

Management Comments. Management stated that host country Ambassadors located in Washington, D.C., directly extended invitations from their governments and provided assistance to prepare DOE for the respective trade missions. Specifically:

- India's Ambassador Ray personally visited Secretary O'Leary to reiterate the invitation from the Prime Minister and to inform her that Minister Salve would be her official host.
- Pakistan's Ambassador Lohdi visited Secretary O'Leary to convey the Prime Minister's invitation personally.
- Vice Premier Zou Jiahua of the People's Republic of China first invited the Secretary to China during a visit to the Department, and Chinese Ambassador Li confirmed the invitation on behalf of the official host, Chen Jihua, Chairman of the State Planning Commission.

Secretary O'Leary's Reasons for Leading These Trade Missions

In an "Insight on the News" article in Insight magazine dated March 11, 1996, Secretary O'Leary wrote that the trade missions to India, Pakistan, China, and South Africa helped advance important international economic and policy objectives and served vital U.S. financial and strategic trade needs. The Secretary also wrote that the trade missions encouraged economic, legal, and policy reforms that spurred investment and access by U.S. energy firms.

Secretary O'Leary cited five specific reasons for picking India, Pakistan, China, and South Africa for trade missions:

First, because of the opportunity for U.S. firms;

Second, the trade missions fulfilled congressional intent of the Energy Policy Act of 1992 and the Export Enhancement Act of 1992;

Third, because DOE was asked both by the White House and the highest officials of the host nations to dedicate its expertise to their energy needs;

Fourth, the United States has vital economic, energy, environmental and security interests in each of these nations; and

Fifth, DOE's nuclear and energy policy expertise advances U.S. interests in these countries.

Secretary O'Leary also wrote that India, Pakistan, and South Africa sought the Department's assistance in helping to establish a market-based policy and regulatory structure for what have been government-controlled energy sectors.

5. Planning the Trade Missions

We were told by several senior DOE officials that Secretary O’Leary relied on certain key staff members to plan the trade missions. These key staff members included (1) the then Chief of Staff; (2) the then Special Assistant to the Secretary for Policy; (3) the then Director, Office of Scheduling and Logistics; and (4) a Management Assistant from the Office of Policy. The Management Assistant was identified by the Secretary as an “International Trip Coordinator” (Trip Coordinator) in letters sent to trade mission delegates.

We interviewed each of these staff members to determine their respective role in planning for the trade missions. The Chief of Staff said his responsibilities for the trade missions were to make sure that (1) the right private sector people were involved with the trade missions; (2) the issues were clearly identified and covered; and (3) the trade missions communicated what DOE wanted accomplished. The Chief of Staff also said he was responsible for liaison with White House officials in planning for the trade missions. He identified himself, along with the three employees identified in the preceding paragraph, as the employees involved in the “day-to-day” planning for the trade missions. He also said no one individual had responsibility for planning the trade missions. Secretary O’Leary said the Chief of Staff oversaw the planning process but that the planning process was a team effort.

The Special Assistant to the Secretary for Policy (Special Assistant for Policy) said he had the “substantive lead” for the trade missions. He said substantive outcomes drove the trade missions in terms of who was taken on the trade missions, scheduling, and what was to be accomplished. The Chief of Staff and the Director, Office of Scheduling and Logistics, characterized the Special Assistant for Policy as being “overall in charge” of the trade missions on a daily basis. The Special Assistant for Policy said this was a “fair assessment.” He also said he chaired trip planning team meetings for the trade missions.

The Director, Office of Scheduling and Logistics, said no one person was responsible for planning the trade missions. She said the Chief of Staff was responsible for the policy portion of the trade missions, the Special Assistant for Policy was the day-to-day coordinator, and the Trip Coordinator was responsible for arranging participation by businesses. The Director, Office of Scheduling and Logistics, said she was responsible for arranging the Secretary’s schedule and ensuring that the Secretary’s requirements were included on the schedule. She also said the Secretary was a “hands-on” Secretary and that she and the Chief of Staff would go to the Secretary if a decision was needed from the Secretary concerning a trade mission.

The Trip Coordinator said for the trade mission to India she was assigned to arrange the business delegation’s transportation and schedule. She also said she was in charge of assisting the Special Assistant for Policy with day-to-day planning for the subsequent trade missions to Pakistan, China, and South Africa. She also said she was “the only DOE employee who was assigned full-time on a day-to-day basis” to plan for the trade missions to Pakistan, China, and South Africa. She said she had no prior experience in this type of work, learned on the job, and had no procedures to follow for her duties.

Management Comments. Management stated that the role of Trip Coordinator did not exist for the India mission; that the Chief of Staff did not attend the India mission; and that the Special Assistant did not attend the South Africa mission.

Inspector Comments. We acknowledge that the role of Trip Coordinator did not exist for the India trade mission even though she was involved in preparing for the trip. It should also be noted that the Chief of Staff was involved in the planning for the India trade mission and the Special Assistant was involved in the planning for the South Africa trade mission even though neither individual attended the respective trade mission.

Trade Mission Trip Planning Teams

For each trade mission, DOE established a trip team of 30 to 40 people to plan and discuss trip details. We were told by the Trip Coordinator that these teams would meet once or twice a week for 1/2 hour to two hours to discuss the logistical and substantive plans for the respective trade mission. The Trip Coordinator also said she and the Special Assistant for Policy gave assignments to the trip planning team members. The trip planning teams were also responsible for developing a proposed list of non-Federal participants from industry and non-governmental organizations to be included on the trade missions. A more detailed discussion of the process used in making these selections is described in Section B-3, "Selection of Non-Federal Participants."

The trip planning teams for the four trade missions were mainly comprised of DOE employees from various program offices and employees involved in arranging the logistical portion of the trade missions. Several DOE officials told us that the Special Assistant for Policy led the meetings for each of the planning groups established for the four trade missions. The Trip Coordinator said that attendance at the planning meetings was not mandatory and that team members might not attend some meetings.

The trip planning groups did not have a formal title but were referred to as "trip teams." In a letter dated March 29, 1996, to the Chairman, Subcommittee on Oversight and Investigations, House Committee on Commerce, DOE's General Counsel wrote that the "International Coordinating Committee" was a name coined during the trade missions for a group otherwise known as the trip team. He also wrote that there was no formal date when the "International Coordinating Committee" was established.

We were provided documents by the Trip Coordinator that listed the members of the trip planning teams for the four trade missions. The organization and composition of the trip planning teams varied for each trade mission. For the trade mission to India, the trip planning team was comprised of a "Chairperson," "Coordinators," "DOE members," "Non-DOE USG (United States Government) members," and "Stakeholders." The document shows the names of the individuals assigned but does not identify any responsibilities of the individuals. Under the "Chairperson" heading, two DOE employees were listed: the Special Assistant to the Secretary for Policy, and the Assistant Secretary for Policy. Under

the “Coordinators” heading, two DOE employees were listed: an employee in the Office of International Energy Relations, Office of Assistant Secretary for Policy; and a Special Assistant in the Office of the Secretary.

Based on documents provided by the Trip Coordinator, the trip planning team for the trade mission to Pakistan consisted of a “Management Team,” a “Logistics Group,” and a “Substance Group.” The “Management Team” included five DOE employees: the Special Assistant to the Secretary for Policy; the Director, Office of Scheduling and Logistics; the Director, Office of International Energy Relations, who was identified as the “Substance Lead;” an employee in the Office of Administrative Services, who was identified as the “Logistics Lead;” and the Trip Coordinator assigned to assist the Special Assistant to the Secretary for Policy. The Trip Coordinator is identified as the “Glue.” Individuals listed under the heading “Logistics Group,” are listed under their respective DOE office heading. Ten employees listed under the “Logistics Group” had logistics functions such as administration, budget, security, or communications identified after their name. Four individuals did not have a logistics function associated with their name.

For the trade mission to China, the document identifying the trip planning team contained two pages. The first page lists 11 DOE employees without a general heading and identifies their respective organization affiliation, phone number, and facsimile number. The second page lists 31 DOE employees under the heading “SUBSTANCE/POLICY” and also includes their organization affiliation, phone number, and facsimile number. There was no breakout of responsibilities.

For the trade mission to South Africa, the trip planning team consisted of a “Management Team,” a “Logistics Group,” and a “Substance Group.” The “Management Team” included nine DOE employees and identified the same two individuals, as shown above on the Pakistan trip planning team, as being assigned as the “Logistics Lead” and the “Glue.” Under the “Logistics Group” were listed six DOE offices, but no DOE employee names were identified. Under the “Substance Group” were listed 12 DOE offices. At least one DOE employee’s name was identified under each office heading.

Management Comments. Management stated that each trade mission trip “had a team that included a lead staff member for administration, a lead on communications, a lead on security and a lead on advance. We have provided organization charts to this effect.”

Inspector Comments. We had been provided one organization chart which was for the China trade mission trip. It was a block and line diagram identifying 10 names who comprised the “Management Team,” with four blocks shown under the Management Team. These four blocks were: Logistics, Advance Team, Business Liaison, and Substance/Policy. One name was listed in each of the four blocks. We contacted a DOE official to determine if this chart was the “organization charts” cited in DOE’s comments. The DOE official subsequently provided us a chart for the Pakistan trade mission trip, which was entitled “Draft-Trip Team Structure.” The chart identified a central block entitled “Team Leader,” with lines leading from this block to other blocks that were entitled:

Advance, Business Liaison, Logistics, Security, Communications, Administration, and Substance. No names were included on the chart.

POD Establishment, Organization, and Activities

One aspect of trade mission planning was the pre-trip planning for trade mission subgroups called “PODs.” PODs were organized into energy sector subgroups with individual delegates assigned to subgroups to develop common outcomes, common themes, and common issues for the mission. For example, trade mission participants whose area of expertise was in, or whose companies did business in, the financial area would typically be assigned to the “Finance POD.” The PODs for each of the four trade missions were as follows:

- India: Independent Power, Renewable Technology, Energy Efficiency and Planning, Project Finance and Trade Development, Environmental Issues, and Clean Coal and Technology Deployment.
- Pakistan: Finance, Electric Generation, Transmission and Distribution, Renewable Resources, Energy Efficiency and Demand Side Management, Oil and Gas, and Coal.
- China: Finance, Environment, Clean Coal, Oil and Gas, Renewable Energy, Electric Power, and Energy Efficiency.
- South Africa: Electricity, Oil and Gas, Renewables, Efficiency, Research and Development, and Finance.

PODs were placed under the leadership of senior DOE technical experts. POD membership typically included the leader, and between five and eight representatives from Government agencies and private businesses. We were told PODs worked together toward common outcomes under the guidance of their leader. We were also told this work began prior to departure of the trade mission, at which time PODs were tasked to identify goals to be accomplished during the in-country portion of the trip. These goals were recorded in a chart referred to as a “Matrix” within the Department.

As an example of POD goals, on the first trade mission to India, the Renewable Technology POD matrix contained three goals: (1) “Increase the role of renewables in India’s sustainable energy plan,” (2) “Reduce the risks of doing business in India,” and (3) “Begin the Partnership.” Anticipated benefits of accomplishing these goals were identified on the matrix as were key events leading up to accomplishment of the goals. For the first goal, an example of one of the key events listed was “Sign the Renewable Energy Agreement.” For the second goal, an example of one key event was “Reduce tariffs on renewable energy equipment.” For the third goal, the key event was to “Announce 8 U.S. Indian joint ventures.”

POD goals were developed and other POD business discussed during conference calls between the various POD representatives, which took place prior to the trade missions' departures. In some cases, POD meetings were conducted in Washington, D.C., in advance of the trade missions. However, we were told that problems with conducting all necessary POD business prior to trade mission departure were that: (1) conference calls and meetings held before a trade mission were not always well attended; and (2) companies would send their Washington, D.C., representatives to the POD meetings rather than the principal who was traveling on the trade missions.

Prior to departure, PODs were met at the airport by the Secretary and her staff. (For the trade mission to China, the Secretary met the PODs in Shanghai.) At the airport, the PODs would receive a counterintelligence briefing, discuss itineraries, and receive a delegation pin from the Secretary. We were told by the Secretary that key reasons she wanted POD members to accompany her on the aircraft were because itineraries were always changing, PODs were focusing on four or five POD-specific policy issues during in-flight POD discussion meetings, and POD members could discuss who would be the POD spokesperson and decide on what message to convey during in-country presentations.

We were told, that for the first trade mission, several business representatives were assigned to several different PODs, which made simultaneous participation of in-flight POD meetings on-board the delegation's aircraft difficult. For the China mission, DOE provided an agenda to guide in-flight POD discussions. According to this agenda, in-flight POD work assignments included an hour-long delegation meeting in which DOE representatives described the overall trip purpose, trip schedule, "POD" approach, and availability of materials to POD members. During an approximate nine-hour segment of the flight from Anchorage, Alaska, to Shanghai, China, POD members were tasked, based on the agenda, to "Try to accomplish" 10 items, as shown in Exhibit 1, which reproduces the agenda.

EXHIBIT 1

EXHIBIT 1

Once in country, the Secretary said she held daily morning meetings with the PODs to discuss the day's upcoming schedule. Other in-country POD activities included signings, breakout sessions, site visits, and bilateral meetings with host country officials.

We were told by DOE officials that PODs working together in-country toward common outcomes resulted in nonmonetary trade mission benefits. For example, during the Pakistan mission, each POD made policy recommendations to the Government of Pakistan on how to improve the climate for U.S.-Pakistan cooperation in their specific areas. These recommendations were presented at a closing plenary session that served as a basis for a presentation to Pakistan President Farooq Leghari in Islamabad. The nonmonetary outcomes of the four trade missions are discussed in greater detail in Section F, "Trade Mission Outcomes," of this report. The Secretary told us the effectiveness of the PODs is evidenced by the fact that some POD teams "still have a relationship and their work is continuing."

Preadvance and Advance Planning

For the trade missions to Pakistan, China, and South Africa, DOE sent a preadvancel team to the host countries to perform substantive and administrative work with U. S. Embassy and host country officials in advance of the trade missions. For the trade mission to Pakistan, two DOE employees were in Pakistan before the main body arrived. Six individuals were on the preadvancel team to China, and eight were on the preadvancel team to South Africa. We were told by DOE officials that the preadvancel teams were in daily contact by telephone and facsimile machine with DOE trip planners in Washington, D.C. Their responsibilities were to help set the final agenda with the U.S. Embassy and the host country and physically inspect the hotels, meeting sites, and other locations that the main body of the trade mission would be visiting.

In addition to the preadvancel teams, DOE also sent advance teams to India, Pakistan, China, and South Africa. The advance teams would travel to the host country generally about a week in advance of the main body. Advance teams were responsible for security, communication, administration, press, graphics, and substance arrangements in preparation of the main body. We determined that 25 individuals were advanced to India, 35 to Pakistan, 56 to China, and 30 to South Africa.

Size of the Trade Missions

The "Official Delegation" for the trade missions included designated DOE employees and those individuals listed as "Business Delegates." The Business Delegation included individuals from U.S. businesses, non-governmental organizations, other Federal agencies, and DOE management and operating contractors. The trade missions also included advance teams to support the Official Delegation. In addition, other businesses that were not part of the Business Delegation could attend certain in-country functions such as energy summit meetings open to the general public; business signing ceremonies; and

press conferences. Section B, "Trip Participants," of this report identifies the size of each of the Secretary's international trips, including the trade missions, and discusses how we determined the number of trip participants.

The Chief of Staff said the size of the trade missions was dependent on the "major substantive issues" being discussed on the trade missions. He said support people were needed to "move 100 people around" to all the separate events. He also said that for each of the trade missions he "cut back the size of the security detail." The Chief of Staff said they "took too many business folks" on the trade missions and that "Secretary O'Leary just did not want to say no" to anyone.

The Special Assistant to the Secretary for Policy said DOE's trade missions, unlike Department of Commerce trade missions, were "deep into policy." He said specific recommendations were provided to each of the host countries to improve their energy business environment through identification of policy, legislative and regulatory barriers, and this process required additional staff.

Regarding the size of delegations, the Director, Office of Scheduling and Logistics said "we wanted as many people as we could." She also said that the processes of determining the number of delegates, and which aircraft to procure, were occurring simultaneously.

Management Comments. Management stated that the Director's use of the term "people" meant business delegates, not Federal employees or any other participants on the trips.

The Trip Coordinator said that after the trade mission to India, DOE officials knew they wanted approximately 50 to 60 business delegates on the Government-chartered aircraft and about 10 to 15 DOE officials on board. She said her obligation was to ensure that the plane was full.

In an "Insight on the News" article in Insight magazine dated March 11, 1996, Secretary O'Leary wrote that the number of staff involved on the trade missions "was related directly to the policy objectives and logistical demands of each mission." For example, she wrote that, in India, working sessions were held with eight senior government officials and the agenda included a two-day energy summit with more than 500 participants; a finance roundtable; a government-to-government roundtable to address recommendations emerging from the energy summit; eight bilateral meetings; a briefing for U.S. business representatives by the U.S. Embassy; five site visits; seven working meals; and two signing events. The Secretary wrote that each of the activities required staff-level policy expertise from the Department. She also wrote that the trade missions could have been completed with fewer Federal workers, but the same accomplishments and level of substantive exchange could not have been achieved if the numbers had been cut significantly.

Internal Control Procedures

We found that DOE lacked written internal control procedures for planning, coordinating, and executing international trade missions. As a result, the roles and responsibilities of those DOE employees involved in planning and executing the trade missions were not always clearly defined. In addition, no one in DOE was assigned responsibility for all the planning, coordination, and execution of the trade missions. Specifically, we found the process used for the trade missions resulted in a lack of control, primarily in the areas of administrative and logistical support. For example:

- Participation: No one in the department could provide an accurate list of trip participants. None of the available records from DOE could individually identify who actually participated on the Secretary's foreign trade missions. We found inaccuracies on each list. We were unable, therefore, to rely on any one trip participant list and had to develop a composite list by comparing several lists.
- Invitational travel: Procedures for invitational travel were not followed. Procedures for invitational travel require that travel to other than a DOE post of duty be approved in writing by a principal officer. We found travelers who were designated as invitational travelers, but for whom prior written approval and justification had not been prepared by a principal officer of the Department.
- Obtaining embassy support: DOE did not identify a single individual who would be responsible for ordering goods and services. As a result, funds were obligated and costs incurred without adequate internal controls. In addition, DOE is unable to apply all of the costs to the trips based on the documentation provided by the Department of State.
- Full cost recovery: DOE had established draft policy and procedures that would require full cost recovery of air transportation and other common travel costs of the Department's international travel. For the trade mission to India, however, non-Government travelers were charged the coach-fare equivalent for air services provided. The Chief Financial Officer has issued interim policy and procedures, which state that all private sector participants will be required to fund their full share of the trip costs including air and ground transportation, lodging, and administrative and other expense costs.
- Procurement of aircraft: Different procurement processes were used for each of the trade missions for acquiring aircraft charter services. We found travelers were not scheduled for the flight until late in the planning process, and multiple aircraft were booked for a single in-country trip in South Africa.

Each of these areas will be discussed in detail in the remaining sections of the report.

RECOMMENDATION 1: We recommend the Secretary assign to a senior official the responsibility for developing and implementing written international travel procedures for planning, coordinating, and executing all facets of international travel.

In a letter dated March 22, 1996, to the Chairman, Subcommittee on Oversight and Investigations, House Committee on Commerce, DOE's Office of General Counsel wrote that the Department began preliminary work on a new travel policy after the India trip and that the first complete draft of the policy was completed in January 1996, and an interim policy issued in March 1996. On April 15, 1996, the Department issued DOE Notice (N) 551.1, "International Travel," "for simultaneous use and coordination." The Office of General Counsel also wrote to the Chairman that the Department hoped to complete and issue the final international travel policy this summer.

Management Update on Status of Corrective Actions. Management stated that a redraft of DOE N 551.1, "International Travel," has been finalized and issued July 31, 1996, as DOE Manual (M) 551.1-1, "International Trips," and DOE Policy (P) 551.1, "International Trips." DOE P 551.1 states that all international trips by the Secretary, Deputy Secretary, and Under Secretary (Principal Department Officers) as well as all international trips by others at Department expense costing at least \$50,000 (together covered trips) will require the assignment of a Senior Trip Official who is responsible for all aspects of the trip.

Inspector Comments. We consider management's actions to be responsive; therefore, this recommendation may be closed.

B. Trip Participants

1. Introduction

We sought to identify who traveled on the Secretary of Energy's foreign trips via Government-arranged air. We defined Government-arranged air travelers as travelers who flew on the chartered aircraft regardless of whether the Government paid for their seats, and travelers who flew via commercial air paid for by the Government. Identification of the trip participants was necessary in order to (1) determine the total number of trip participants, (2) determine their justification for participation on the trips, and (3) include applicable DOE travel-related costs as part of the cost of each trip.

Table 3 shows the number of Federal and non-Federal participants we identified who traveled as part of, or in support of, the Secretary's foreign travel. Federal participants included DOE and other Federal agency employees. Non-Federal participants included DOE M&O and support services contractor employees, non-Federal invitational travelers, and business and non-profit organization participants who used Government-arranged air. However, we excluded from the non-Federal business participants those business travelers who arrived at a foreign trip destination on their own, without Government-arranged air.

TABLE 3
NUMBER OF FOREIGN TRAVEL PARTICIPANTS

TRIP NUMBER	DATES OF TRIP	COUNTRY	PURPOSE	PARTICIPANTS	
				FEDS	NON-FEDS
<u>1993</u>					
1	June 1-5	France	International Energy Agency Ministerial Meeting	8	0
2	Sept 24-Oct 2	Austria Russia	International Atomic Energy Agency General Conference Gore-Chernomyrdin Commission on Energy and Space Energy Policy Committee	35	0
3	Oct 22-26	England	Keynote address to the "Oil & Money" Conference	13	0
4	Dec 12-17	Russia	Gore-Chernomyrdin Commission on Energy and Space **	6	0
<u>1994</u>					
5	Feb 5-8	Ivory Coast	Head of the Presidential Delegation for the Funeral of President Houphouet-Boigny **	7	0
6	July 7-15	India	Presidential Mission on Sustainable Energy and Trade	42	38
7	Aug 31-Sept 5	Belgium	50th Anniversary of the Liberation of Belgium	6	0
8	Sept 16-25	Austria Pakistan	International Atomic Energy Agency General Conference Presidential Mission on Energy Investment	65	47
9	Dec 12-19	Russia Sweden	Gore-Chernomyrdin Commission on Energy and Space ** Tour of Swedish Nuclear Waste Facility	19	0
<u>1995</u>					
10	Feb 9-25	India Hong Kong China	Return Journey to India Prelude to Presidential Mission to China Presidential Mission on Sustainable Energy and Trade	85	53
11	May 17-27	France Azerbaijan Italy	International Energy Agency Ministerial Meeting Principal Speaker at International Caspian Oil & Gas Exhibition ** Keynote Speaker at the 1995 World Geothermal Conference	30	2
12	June 7-11	Costa Rica	Joint Implementation Workshop/Signature of Agreement	14	1
13	June 26-July 1	Russia	Gore-Chernomyrdin Commission on Energy and Space	14	0
14	August 18-28	South Africa	Clinton Administration Delegation on Sustainable Energy and Empowerment to South Africa	64	50
15	Sept 13-20	Czech Rep. Austria	U.S. Country Studies Workshop; Center for Clean Air Policy Joint Implementation Project International Atomic Energy Agency General Conference	25	8
16	Nov 29-Dec 7	South Africa	Gore-Mbeki Binational Commission **	12	8

*Includes all Federal (Feds) and non-Federal (Non-Feds) individuals identified as using Government-arranged air. For those trips with multiple destinations, the numbers reflect individuals that were at any of the trip destinations.

**Some air transportation paid for by another Government agency.

Our review focused on the four trade mission trips, which were to India, Austria/Pakistan, India/Hong Kong/China, and South Africa. The total number of participants using Government-arranged air for each of the four trade missions is displayed in Table 4.

A comparison of business participants who paid for transportation with the participants for whom the Government paid is shown in Table 5. The number of participants used in making this comparison is different from the number of participants in the other participant tables. This comparison includes not only the business participants who traveled via Government-arranged air, but also business participants listed in the Department’s official trip reports who made their own air transportation arrangements. For those business participants who made their own air transportation arrangements, we did not verify to any source other than the trip reports that they actually participated in the trade mission trips.

**TABLE 4
TRADE MISSION
PARTICIPANTS IDENTIFIED BY OIG**

Country Destination	Participants*		
	Feds	Non-Feds	Total
India	42	38	80
Austria/Pakistan	65	47	112**
India/Hong Kong/China	85	53	138***
South Africa	64	50	114

*Includes all Federal (Feds) employees and non-Federal employees (Non-Feds) identified as using Government-arranged air.

**Department commented that 19 participants who went to Austria did not go on to Pakistan on the Trade Mission.

***Department commented that 14 participants who went to India did not go on to China on the Trade

**TABLE 5
TRADE MISSION PARTICIPANTS
WHO PAID FOR TRANSPORTATION
COMPARED TO TOTAL PARTICIPANTS**

Country Destination	Business Participants Who Paid For Transportation*	Participants That Federal Government Paid For	Total Participants**
India	37	52	89
Austria/Pakistan	69	75	144***
India/Hong Kong/China	71	101	172***
South Africa	54	78	132

*Business participants including those identified in respective trip reports who did not use Government-arranged air.

**Note that the total participants in this chart do not agree with total participants in other participant charts because we included travelers who did not use Government-arranged air.

***Department commented that 19 participants who went to Austria did not go on to Pakistan on the Trade Mission and 14 participants who went to India did not go on to China on the Trade Mission.

We identify in Table 6 the mode of travel for the Federal and non-Federal participants who traveled on the four trade mission trips via Government-arranged air. We categorized the modes of travel as chartered flights, scheduled commercial flights, or both. The “both” modes of travel category applies if the participant traveled one-way via chartered air, and one-way via scheduled commercial air.

**TABLE 6
TRADE MISSION PARTICIPANTS
BY MODE OF GOVERNMENT-ARRANGED AIR TRAVEL**

CATEGORIES OF PARTICIPANTS	INDIA			AUSTRIA/ PAKISTAN			INDIA/HONG KONG/CHINA			SOUTH AFRICA		
	Charter	Comm.	Both*	Charter	Comm.	Both*	Charter	Comm.	Both*	Charter	Comm.	Both*
FEDS	16	19	7	21	38	6	15	52	18	20	33	11
OTHER TRAVEL PAID BY DOE**	5	2	2	8	1	1	8	8	-	6	5	3
NON-FEDS	13	-	16	29	1	7	25	-	12	30	-	6
TOTAL ***	34	21	25	58	40	14	48	60	30	56	38	20

*Participants traveled one way by charter air, one way by commercial air.

**Includes M&O contractors, Invitational Travelers, and Support Services contractors and subcontractors.

***Department commented that 19 participants who went to Austria did not go on to Pakistan on the trade mission and 14 participants who went to India did not go on to China on the trade mission.

2. Identifying Who Participated

In order to identify trip participants, we reviewed passenger lists for chartered flights, the Department's official trip reports, travel authorization listings, travel voucher listings, and other lists prepared by DOE.

Basis for Inclusion of Participants

Secretarial foreign trip participants included in our tabulation were individuals who traveled by Government-arranged air to one or more foreign destinations of the trip. Participants included business delegates, Federal employees, and management and operating and support services contractor employees. Secretarial foreign trip participants were included in our tabulation if (1) they traveled to a foreign destination visited by the Secretary because of the Secretary's trip or (2) they spent at least half of their time at the foreign destination supporting the Secretary's trip even if they would have traveled to the foreign destination for other reasons.

We grouped the travelers into the preadvance trip or main trip as appropriate. Participants on the preadvance trip included Federal employees and M&O and support services contractor employees who traveled to a destination and returned to the U.S. prior to the Secretary's departure from the U.S. Even if the preadvance participants did not return to the trip destination while the Secretary was there, these individuals were included in our charts as trip participants. Note that some preadvance participants returned to the trip destination while the Secretary was there. These participants were counted twice, since they were on two distinct trips, preadvance and main.

Main trip participants were categorized into one of two phases: advance phase or the main body phase. We grouped Federal and non-Federal participants who traveled on a Secretarial trip prior to the Secretary's arrival at a particular foreign destination, and remained there during the Secretary's visit, into the advance phase. For example, during all of the foreign trips, security personnel traveled in advance of the Secretary's arrival, were present when she arrived, and provided security during her visit.

We grouped Federal and non-Federal participants who traveled on a Secretarial trip during the same time frame that the Secretary traveled to a particular foreign trip destination into the main body phase. For example, during the trip to China, some participants traveled on the Secretary's commercial flight from Hong Kong to Shanghai, and others flew to Shanghai on the same day on a charter flight from Washington Dulles Airport. The charter flight made a stop at a San Francisco, California, airport to pick up West Coast travelers. Table 7 shows the number of participants for each of the four trade mission trips by phases as described above.

**TABLE 7
TRADE MISSION
PARTICIPANTS BY PHASE OF TRIP***

PHASE	INDIA		AUSTRIA/PAKISTAN**		INDIA/HONG KONG/ CHINA****		SOUTH AFRICA	
	Feds	Non-Feds	Feds	Non-Feds	Feds	Non-Feds	Feds	Non-Feds
PREADVANCE	0	0	2***	0	5	0	8	0
ADVANCE	22	3	32	3	49	7	25	5
MAIN BODY	20	35	31	44	31	46	31	45
TOTAL	42	38	65	47	85	53	64	50

*Participants used Government-arranged air.

**Department commented that 19 Participants who went to Austria did not go on to Pakistan on the trade mission.

***One of the two Federal employees who performed preadvance work returned to the U.S. before the Secretary's departure from the U.S. The other participant did not return the U.S., but went instead to England and Austria prior to returning to Pakistan to do advance work.

****Department commented that 14 participants who went to India did not go on to China on the trade mission.

Function of Participants on Trips

The specific functions of the participants were security, communications, administration, substance, and business delegate. Table 8 identifies the number of participants on each of the four trade missions according to their trip functions. Where possible, we used the functions of the participants as shown on the trip participant lists that DOE had previously provided to the House Subcommittee on Oversight and Investigations, Committee on Commerce.

**TABLE 8
TRADE MISSION
PARTICIPANTS BY TRIP FUNCTIONS**

FUNCTION	INDIA		AUSTRIA/ PAKISTAN		INDIA/HONG KONG/ CHINA		SOUTH AFRICA	
	Feds	Non-Feds	Feds	Non-Feds	Feds	Non-Feds	Feds	Non-Feds
SECURITY	9	-	15	-	17	-	7	-
COMMUNICATIONS	3	-	7	-	8	4	2	3
ADMINISTRATION	5	-	10	-	15	-	8	-
SUBSTANCE	17	5	29	3	37	4	39	4
'BUSINESS DELEGATE	8	33	4	44	8	45	8	43
TOTAL*	42	38	65	47	85	53	64	50

*Department commented that 19 participants who went to Austria did not go to Pakistan on the trade mission and 14 participants who went to India did not go on to China on the trade mission.

Security employees provided executive protection for the Secretary on the 16 foreign trips. Some of these security personnel advanced to the destinations and investigated prior to her arrival the potential security threats at airports, hotels, and the travel routes of the Secretary. Upon her arrival, these advance personnel, along with the security person who accompanied the Secretary from the U.S., provided physical protection for the Secretary at the destinations.

Advance participants set-up and coordinated the use of computers, direct telephone lines, fax machines, and other equipment as part of the communications function. Communications participants set-up a command post and staff rooms in order, for example, to facilitate the Secretary in communicating directly with DOE Headquarters and with the embassy. Individuals who made and/or coordinated logistical and other trip arrangements with the embassies, foreign government officials, and hotel management were listed as administration. Other administrative activities included arranging for working rooms, local transportation for the official and business delegations, cellular phones, and command post rooms. Administration personnel traveled as preadvance and advance, and may also have traveled as part of the main body phase.

DOE and contractor employees who provided expertise concerning the scheduled trip agenda's topics were classified as substance participants. Other substance participants may have included POD leaders, policy experts, and persons with specific expertise relative to the foreign countries visited. As previously noted, where possible, we used the functions of the participants as listed on the Department's trip participant lists submitted to

the House Subcommittee on Oversight and Investigations, Committee on Commerce. On the China trade mission, included among the substance participants was a DOE employee who is an expert on the agenda topic of joint implementation concerning the reduction of atmospheric pollutants. Substance participants on the South Africa trade mission included Federal employees who had been appointed to the Gore-Mbeki Binational Commission. Some of the Commission personnel subsequently traveled with Vice President Gore and the Secretary on the South Africa Gore-Mbeki trip, which was later in 1995. Also, it should be noted that preadvance participants often included substance participants. For example, contractor personnel on the preadvance trip for the Gore-Mbeki Commission to South Africa provided substantive support.

Management Comments. Management stated that:

“The support personnel on any Secretarial foreign trip are some of the most experienced personnel in dealing with these matters. They offer particular insight into ‘doing business’ internationally and confirm that it is not easy or simple.

* * * * *

“Contractor participants in the South Africa trip of November 29, 1995 are mischaracterized in Table 3 - Number of foreign Travel Participants. Five contractors were incorrectly associated with the trip as ‘pre-advance’. Their efforts were part of the ongoing work of the Sustainable Energy Committee and had no direct relevance to the Secretary’s trip.”

Inspector Comments. Management’s comment regarding the contractor participants in the South Africa trip was discussed with the Office of International Policy official who drafted the comment. She said that she meant to say that the contractors had no direct relevance to the preadvance for the Secretary’s Gore-Mbeki trip because she thought preadvance meant logistical support, such as selecting appropriate hotels. She said she thought that preadvance work did not include substance support. She also said that she told the contractors that they were to provide substance support for the Secretary’s Gore-Mbeki’s trip to South Africa. She also said that as substance people, she agreed with our inclusion of the contractors as preadvance support, but said that the report should be changed to clearly indicate that preadvance work included substance support.

In addition to the above functions, participants were also identified as business delegates. These included business and non-profit organization participants, invitational travelers, and DOE, M&O contractor, and other Federal agency employees who were identified in the Department’s official trip reports as business delegates.

Problems Associated with Identifying Trip Participants

As previously stated, in order to identify trip participants, we reviewed passenger lists for chartered flights, the Department's official trip reports, travel authorization listings, travel voucher listings, and other lists prepared by DOE.

In general, we found that passenger lists for chartered flights had names crossed out, names written on the sides of the lists, and illegible handwritten names. For example, the passenger list from Cape Town to Johannesburg contained 15 names that were crossed out, and several names written in the margins of the list.

We could not use the Department's official trip reports by themselves to identify who participated on the 16 trips. Official trip reports, according to DOE Order 1500.3 titled, "FOREIGN TRAVEL AUTHORIZATION," are required to be completed within 30 days after the trip. We found that the Department's official trade mission trip reports did not include in the list of participants the preadvance or advance participants. The Department's official India trade mission trip report also did not include a list of DOE or support services contractor employees who were part of the trip's main body phase. We also found that the Department's official trip reports for the trade mission trips only listed the official delegation, who were primarily substance participants.

DOE Order 1500.3 requires summary data from foreign travel authorizations for DOE and contractor employees to be entered into the current Office of International Technology Cooperation's foreign travel information system. We obtained and reviewed trip specific travel authorization lists that were prepared from this system. We noted that one of the problems with these lists is that the Secretarial staff and executive protection personnel have been exempted from the requirement to provide summary foreign travel authorization data for inclusion in the Office of International Technology Cooperation's system. An Office of International Technology Cooperation official confirmed the Foreign Travel Management System currently does not apply to the Office of the Secretary of Energy and its support for foreign trips. We also determined that travel authorization lists included travel authorizations issued to individuals who traveled to the same destinations as the Secretary, but who were not there as part of the Secretary's trips. For example, the travel authorization list for the Costa Rica trip included several individuals who would have gone to Costa Rica even if the Secretary's trip had not occurred, and spent less than 50 percent of their time supporting the Secretary's activities.

During our review of the travel authorization listing for the Gore-Mbeki trip to South Africa, we identified three National Renewable Energy Laboratory (NREL) employees and two NREL subcontractor employees whose stated purpose for travel appeared to be related to the Gore-Mbeki Binational Commission. We interviewed four of these people and reviewed their trip-related documents, and confirmed that all of them had provided preadvance support for the South Africa Gore-Mbeki trip. We also determined that their services were paid for by DOE. These personnel were not identified by the Department on any other lists that we reviewed for this trip. While the travel authorization lists presented problems in identifying trip participants, in this case, the travel authorization list for the South Africa Gore-Mbeki trip was beneficial.

We were told that the initial travel voucher lists provided to us might be incomplete because some trip participants had a first destination point different from the scheduled destinations for a particular trip. Since the traveler's first destination is the only destination entered into the travel voucher data base, the query based on the scheduled travel destinations, therefore, failed to include some trip participants whose first stop was elsewhere. For example, during the review of the list for the South African trade mission, we noted that some security personnel were not listed. Upon further review, it was determined that these personnel made an intermediate stop in London, England. London was shown as the first destination on their travel authorizations, even though their final destination was one of the South African destinations. Since their South African destinations were not entered into the computer data base, they did not initially show up on the travel voucher list for this trip.

We reviewed trip participant lists that DOE had previously provided to the House Subcommittee on Oversight and Investigations, Committee on Commerce, and determined through review of travel voucher listings and interviews of participants that these lists were not comprehensive. For example, an NREL support services contractor told us that he traveled on behalf of DOE to selected destinations on the trade mission trips to India, China, and South Africa. However, the DOE lists prepared for the Subcommittee did not list this contractor employee for the China trip. Although the NREL subcontractor had a travel authorization processed by the Office of International Technology Cooperation's foreign travel information system for the India destination on the China trip, the stated purpose was written in a way that did not allow us to identify his participation on this Secretarial trip.

Management Comments. Management stated that "the final list submitted to the Inspector General by the Trip Coordinator accurately reflects the members of the Official Delegation."

Inspector Comments. The Trip Coordinator subsequently told us the "final list" was the list of trip participants provided to the Chairman of the Oversight and Investigations Subcommittee, House Committee on Commerce, on January 19, 1996. She also said that the list did not represent the "official delegation" but actually represented the "trip participants."

The basic point we were addressing in our Initial Draft Report was that when we had begun our review in December 1995 the Department could not provide us with an accurate list of who had participated in the foreign trips the Secretary had taken. The list provided to the Subcommittee over a month later was, we understand, the result of a considerable amount of effort by the Trip Coordinator and other staff.

Based on the Department's comment, however, we did a comparative analysis between the "final list" provided by DOE and our list of participants. We found:

- three DOE Federal employees on the “final list“ did not go on trips with the Secretary as indicated on the “final list.”
- 21 DOE Federal employees who went on trips with the Secretary were not on the “final list” for the trips. In discussing our results with the Trip Coordinator, we found that subsequent to providing the “final list” to the Subcommittee she had handwritten the names of 15 additional DOE Federal employees to the “final list.” These names were included in the 21 DOE Federal employees we had identified.
- two DOE Federal employees on the “final list” were not included on our list because, although they were at the locations for the indicated trips, they did not meet our criteria for inclusion as a participant because they traveled for other reasons and spent less than 50 percent of their time supporting the Secretary’s mission.
- two DOE Federal employees and one contractor employee on the “final list” were not on our list. We reinterviewed these individuals and determined that they did go on the trips indicated on the “final list.” We have, therefore, added these individuals to our list.
- There are a number of contractor personnel who went on various trips to directly support the Secretary’s foreign trips who are on our list but do not appear on the DOE “final list.”

This analysis is evidence that the Department’s “final list” was not accurate and we reemphasize that our basic point is that in December 1995 when we began this review the Department could not provide an accurate list of participants.

3. Selection of Non-Federal Participants

The term “non-Federal participant” includes non-Federal invitational travelers, representatives of private business, and employees of non-governmental organizations who were invited to participate as business delegates on the trade missions. Examples of non-governmental organizations who have had employees participate in trade missions include representatives from public interest groups, colleges, and universities.

In the Secretary’s Insight article referenced earlier, she wrote that DOE’s trade missions were an “alliance with American business and international partners.” According to the Secretary, Secretarial-led trade missions “brought leading U.S. business, financial and energy-policy experts together with high-level government and private-sector officials of the various nations to discuss substantive issues and advance concrete opportunities.” In that regard, we were told by officials involved with non-Federal participant selection that representatives of U.S. businesses were screened, prioritized, and selected to accompany the Secretary on the trade missions.

The Selection Process

The methods used by DOE to identify non-Federal participants have been generally the same for each of the four trade missions. We were told that employees from various program offices within the Department were involved with identifying potential non-Federal candidates for each trade mission. This identification was accomplished through what was described to us as an “outreach” effort. We were told that DOE’s outreach efforts included: (1) DOE’s program offices contacting their program stakeholders to determine level of interest; (2) DOE personnel mentioning trade missions during speeches; (3) DOE contacting the business councils of the mission countries for business recommendations; and (4) DOE contacting business trade associations for nominations of association members.

As a result of the outreach effort, nominations of non-Federal candidates were placed on an initial candidate list, or “matrix,” by a trip planning team. These non-Federal participants included both business candidates and non-governmental organization candidates. As mentioned earlier, the trip planning teams consisted of approximately 30 to 40 representatives from various Department offices who met weekly to bi-weekly during the months immediately preceding a trade mission to discuss trip details. We were told that, through use of selection criteria, the initial non-Federal candidate lists were screened, prioritized, and the individuals were placed on revised shorter lists by a smaller group of senior trip planners who then presented the revised lists to the Secretary for approval. These revised lists usually categorized the non-Federal candidates by “PODs.”

Selection Criteria

DOE officials reported to us that the Department had established selection criteria for use in screening non-Federal candidates for the trade missions. The Department was unable to provide us with written criteria that was prepared before the first trade mission to India. An official in DOE’s former Office of Energy Exports told us she was the person originally tasked with developing the criteria for the India trade mission. The policy official said she began by writing down what seemed to be a “logical” starting point for the criteria, such as “did the company have any business deals in India,” and “did the company have technologies applicable to India.” The policy official said that after she wrote down the “logical” statements, the criteria were revised through brainstorming with the India trip planning team, to arrive at the final criteria. The policy official was unable to provide documentation that written criteria for India existed prior to the mission. A former senior advisor to the Secretary, who was involved with all four trade missions, told us that selection criteria were not developed until after the first trade mission. According to the Trip Coordinator, although she was not involved with trip planning for the first trade mission, she prepared written criteria in response to recent Congressional inquiries, based on her understanding of what the India criteria had been.

For the trade missions after India, we were told the criteria were based upon issues unique to the business and energy needs of the respective countries. In the written criteria we were provided for the mission to Pakistan, the criteria for “Industrial Participation,” in keeping with the mission’s theme of energy investment, included criteria for the inclusion of

utility companies and financial institutions. For example, the utility company selection criteria we were provided for Pakistan were:

- “utility companies that can assist Pakistan in developing strategies to meet future power demand. (There may be international utilities which are members of Edison Electric Institute and, as such, may already have ‘interests’ in Pakistan.)”

In addition, the financial institution selection criteria we were provided for Pakistan were:

- “financial institutions which may have some type of agreements or deals with businesses already involved in ‘energy development’ in Pakistan. (This is one way of overcoming obstacles to make money available.)”

The criteria for China provided for inclusion of “companies without established business contacts in China.” For South Africa, we were told by a DOE official that training and educational needs were a key point considered by trade mission planners. As such, we were told that a new heading, titled, “Capacity Building/Training & Education,” was included as a selection criterion for this mission. We were provided with written criteria, that had “bullets” under this new heading that read: (1) “interest in partnering with South African businesses (majority and minority),” and (2) “focus on training, education and capacity building within their long term company plans.”

Selection Criteria Were Not Always Used

On August 4, 1995, the Chairman, Subcommittee on Energy and Environment, House Committee on Science, in a letter to the Secretary of Energy, requested that the Secretary provide the Chairman with documents related to trade missions that had been led by the Secretary since January 20, 1993. Documents requested in the Chairman’s August 4, 1995, letter included a list identifying all persons who were involved in selection of non-Federal participants for the trade missions, and also a list of the selection criteria used by those persons. On January 11, 1996, the Chairman, Subcommittee on Oversight and Investigations, House Committee on Commerce, in a letter to the Secretary, also asked for information about how non-Federal participants were selected for the trade missions, including what criteria were used to determine who was invited. The same response was provided by DOE to both requests. The response consisted of a list of 28 persons involved in non-Federal participant selection, and also written selection criteria for each of the four trade missions. As stated previously, we found, however, that the selection criteria that were provided to the Committees for the India trade mission were not in writing before the trip.

We interviewed 26 of the 28 people who had been identified by DOE in the response to the above Congressional requests. These officials included senior DOE representatives from the Office of the Secretary, Office of General Counsel, Office of Energy Exports, Office of Fossil Energy, and field locations.

Seven of those that we interviewed told us that they had not been involved with the selection of non-Federal participants for the trade missions. Of the remaining 19 who said they were involved, 12 who were involved in trade missions which had written selection criteria prepared before the trip told us that they had not seen written criteria for non-Federal participant selection. We asked these people what criteria they had used in making selection decisions. The two major criteria most often referred to were diversity status and whether a non-Federal candidate had reported having a deal to sign during the trade mission. The Department defined diversity as size of company, characteristics of potential delegate, and energy sector representation.

None of the DOE officials that we interviewed regarding the selection of non-Federal participants told us that there was any discussion of candidates' political affiliation or political contribution status during the selection process.

We were told by key officials involved with the selection of non-Federal participants that the Secretary placed emphasis on the diversity status of non-Federal participants in trade missions. One DOE program office official who was involved with non-Federal participant selection, and who did not see any written criteria, told us that the only guidance she ever received from the Secretary was to make the business delegation "look like society." Another DOE official involved with non-Federal participant selection, who did not see any criteria, told us that when she selected non-Federal participants, she selected "minorities and environmental energy companies" to be non-Federal participants.

According to key planners, the Secretary sent her senior trip planners "back to the drawing board" several times after she reviewed lists of proposed non-Federal participants, due to her displeasure with the diversity mix. The Secretary told us that when she saw the proposed list of non-Federal participants for the India trade mission, she noticed that the list contained no women, minorities, non-governmental organizations, or independent power producers. The Secretary told us that, while she does not recall ever asking her staff to include any particular person or business on any trade mission, she did tell her India mission trip planners that she needed "diversity" in the delegation of non-Federal participants.

We were also told by a former DOE official who worked with the Secretary that the Secretary places much emphasis on "deliverables," and that, as a result, during the selection of non-Federal trade mission participants, emphasis was placed on whether a potential candidate reported having business deals to sign during the mission. A DOE national laboratory official, who was involved with non-Federal participant selection and who did not see any written criteria, told us that it was known the main deciding factors in selection were "deals and minority status." We asked the former senior advisor to the Secretary, who told us criteria were developed after India, what the selection criteria were for the three subsequent missions. The advisor explained that the criteria for selecting businesses for the last three trade missions were: (1) top priority was assigned to businesses already actively established in the host country; (2) second priority went to businesses with an on-going deal; (3) third priority went to diversification, which he said

meant whether the business had expertise in the mission's theme area, whether the business was large with bigger businesses receiving higher priority, and, that this priority also considered the gender/race of the business owner; and, (4) last priority was assigned to intangible benefits, such as whether the potential business delegate represented a nonprofit environmental organization.

Records provided by the Department indicate that, during the outreach effort, information was collected by the Department concerning the value of existing and/or potential deals as reported by trade mission candidates. These records reflect that the deal information collected by the Department was compiled in various ways during the selection of non-Federal participants for trade missions. For example, the initial candidate matrix prepared prior to the India mission contained a "Dollar Value" column for business deal information that reflects dollar values for 21 companies. One page of this matrix illustrates that one oil and gas company reported a dollar value of "2,650 million."

The initial candidate matrix prepared prior to the Pakistan mission also contained a "Dollar Value" column, which reflected that three companies had reported business-deal dollar values of "several billion." An internal Department memorandum prepared during the screening, prioritization, and revision of candidate lists for the Pakistan mission listed potential non-Federal candidates. Attached to this memorandum was a note handwritten by a senior advisor to the Secretary. The handwritten note indicated that a company should be left on the shorter revised list because: "They have deals."

Prior to the mission to China, in addition to the initial candidate matrix with its dollar column, the Department prepared a tentative "Potential Deal/Signings Matrix," which reflected one company had reported to DOE that "Dollar values are very sensitive. Total value of all orders outstanding exceeds \$1.2B." The initial candidate matrix prepared prior to the mission to South Africa contained columns for "Past Project" and "Current Project" information. The "Current Project" column indicated one non-Federal candidate had reported it was "Seeking to develop \$500m project . . ." while another company reported that it "Has extensive ventures."

One non-Federal participant, a U.S. business executive who was a member of the official delegation on all four trade missions, provided us with information about why and how he was selected to be a participant. According to this business executive, "In each instance [name of his company] was selected to participate in these trade missions because our company either had a project underway or a proposed project under consideration in the host country." Further, the business executive continued that "only those companies with good probabilities of success were selected to accompany the Secretary."

Management Comments. Management commented that:

"This section of the report suggests that business delegates were selected based upon whether they had a deal to sign on the trip. It is more accurate to say that the selection was based on companies that had deals that could be

furthered by the Secretary's direct support, rather than deals that would be signed anyway, as is implied in that section."

RECOMMENDATION 2: We recommend the Secretary establish a nomination process for non-Federal trade mission participants, which includes public announcements of the opportunity to be included in any future trade missions.

Management Update on Status of Corrective Actions. Management stated that: "The Policy office developed a policy, circulated it for concurrence and comment and implemented on July 31."

Inspector Comments. We have been told that the Department plans to incorporate a Policy office recommendation concerning comprehensive public notification/solicitation methods for trip participants into a supplement to DOE M 551.1-1, "International Trips," at a future date. Therefore, this recommendation should remain open until the Policy office recommendation is incorporated into the existing guidance on notification/ solicitation.

Subsequent Management Comments on the Official Draft Report. Management stated that:

"In the Initial Draft Report, you requested that we establish a nomination process for non-Federal trade mission participants. We prepared and circulated such a nomination process with the Department's revised travel policy on July 31, 1996.

"Our subsequent conversations with your staff indicate that you may ask that more formal action be taken. We agree to take such action should our continuing deliberations with your staff call for that result."

Inspector Comments. We believe that a formal issuance of the nomination process is needed. Accordingly, we believe this recommendation should remain open until procedures are issued.

RECOMMENDATION 3: We recommend the Assistant Secretary for Policy establish written selection criteria for non-Federal participants on future trade missions and that such criteria be applied in the selection process.

Management Update on Status of Corrective Actions. Management stated that: "Consistent with DOE P 551.1 and DOE M 551.1-1 the Policy Office developed and implemented 'standard' selection criteria." In addition, for those trade missions covered by the new Department Travel Regulations, the Senior Trip Official will be responsible for developing mission specific selection criteria for selecting non-Federal participants in Department-sponsored trade missions.

Inspector Comments. We consider management's actions to be responsive; therefore, this recommendation may be closed.

Invitation Letters

We were told that after the screening and selection process was completed for each trade mission, non-Federal trade mission candidates who were selected for the official delegation were sent letters by the Secretary inviting them to participate. These invitation letters served as the recipient's official invitation to join the delegation. As such, the letters served as an important control feature to prevent any misunderstandings, regarding official delegate status, between potential non-Federal participants and the Department.

All Secretarial correspondence is supposed to be processed and tracked by the Office of the Executive Secretariat. The Director, Office of the Executive Secretariat, told us that the Office is the repository for the official record of all correspondence signed by the Secretary. The Director also told us that, by definition, the Office of the Executive Secretariat should maintain a copy of all trade mission invitation letters. However, the Office was not maintaining copies of all trade mission invitation letters. For example, according to Executive Secretariat records, the Office at one time had copies of the Secretarial invitation letters for non-Federal participants on the Pakistan mission. However, during our inspection, copies of only three Secretarial invitation letters sent to non-Federal participants for the Pakistan trade mission could be located by the Office.

We found that records pertaining to non-Federal invitees for trade missions were decentralized. The Director told us that the Office of the Executive Secretariat had not been provided with copies of all the Secretary's invitation letters for the India, China, and South Africa trade missions because some copies were being maintained by the Trip Coordinator.

However, the Trip Coordinator told us that not all last-minute non-Federal participant additions to the trade missions, and other official delegates who met DOE in-country, were sent Secretarial invitation letters. For the mission to Pakistan, we were told the chief executive of a business was added to the official delegation as a business delegate on the day of departure and was not provided a Secretarial invitation letter. The Trip Coordinator told us that the business executive was sent facsimile information about the cost of charter aircraft transportation to Pakistan, but that there was not enough time to obtain the Secretary's signature on an invitation letter.

The Trip Coordinator told us, for each trade mission, some non-Federal participants who were selected for the official delegation were already located in the trade mission country and some of these in-country delegates would not have been provided with Secretarial invitation letters. For example, in the case of China, we were told that Secretarial invitation letters were not prepared for seven non-Federal official delegation participants because they were already in-country.

RECOMMENDATION 4: We recommend the Assistant Secretary for Human Resources and Administration implement procedures to ensure that all non-Federal participants on future trade missions are provided with the appropriate official invitations in advance, and that copies of all correspondence pertaining to trade missions are maintained.

Management Update on Status of Corrective Actions. Management stated that the Office of Executive Secretariat has issued a memorandum “reminding all of correspondence policy” and has conducted training and streamlined their archiving processes. Also, the update stated that the Office of Scheduling and Logistics staff have received training to ensure that correspondence is handled correctly.

Inspector Comments. We consider management’s actions to be responsive; therefore, this recommendation may be closed.

Non-Federal Participants Selected Immediately Before Trade Mission Departure

There was a limited number of seats available on the Secretary’s aircraft for non-Federal participants from each POD. We were told by the Trip Coordinator that the lists, which categorized potential non-Federal candidates by POD, usually contained more potential candidates than the typical 5 to 10 seats per POD available on the Secretary’s aircraft. The seats available for each POD were assigned to potential POD members based on their priority on the revised lists. Since the remaining candidates on the revised lists had been through the screening and prioritizing process, these candidates, if interested, would usually be sent a Secretarial invitation letter and could join the official delegation, in-country, by providing their own commercial airline transportation.

The Trip Coordinator told us that potential POD members who had been through screening and wanted to accompany the Secretary on her aircraft, but for whom a seat was not available, comprised a “waiting list.” The Trip Coordinator told us that she generally used the waiting list to look for replacements when a non-Federal participant “dropped out” of the official delegation traveling on the Secretary’s plane at the “last minute.” The Trip Coordinator said that for each trade mission there were, besides the waiting list, about a half-dozen business representatives who, although they had not been through the Department’s screening and prioritization process, were nonetheless interested in being non-Federal participants in the mission’s official delegation.

During our analysis of the selection of non-Federal participants, several issues related to the last-minute selection of POD members became evident. In one case, a traveler to Pakistan was selected for the official delegation by the Trip Coordinator rather than by the Secretary. This traveler was not selected from the waiting list, was not informed in writing of the cost of the chartered aircraft transportation, and has not paid for the plane flight. Further, during the week before the South Africa trade mission, while DOE faced possible cancellation of the trip because of an insufficient number of paying non-Government

passengers, DOE added additional Government-paid passengers to the trip. These issues are discussed below, beginning with the September 1994 mission to Pakistan.

Pakistan

We were told by the Trip Coordinator that, as the departure date for the trade mission to Pakistan neared, some business representatives who were not on the waiting list expressed interest in the trip. The chief executive officer (CEO) of a technology firm was one of the business representatives who had not been through a selection process but was interested in becoming an official delegate. This CEO was planning to travel to Pakistan on his own, via commercial aircraft, and participate in the public events that coincided with the Secretary's mission. When a non-Federal participant dropped out of the Pakistan mission "at the last minute," the Trip Coordinator, who knew that the technology firm's CEO was interested in the trip, contacted the firm at midday on the day of the mission's departure about the CEO's possible participation. The CEO was departing his office to catch a commercial flight from a North Carolina airport when she told one of his employees that, if he could get to Dulles International Airport in Northern Virginia by 10:00 p.m., then he could fly on the Secretary's aircraft as a business delegate of the official delegation.

The Trip Coordinator told us that the technology firm was contacted regarding the CEO's participation in the mission rather than candidates from the trip's "waiting list," because the CEO was the "most able" to get to the Secretary's aircraft by the departure time. She said the CEO was leaving for the airport anyway, could easily divert to Dulles, and she believed those on the waiting list had either already left on their own for Pakistan or would find the available notice too short. Although there is no documentation, the Trip Coordinator said she sent facsimile information on the day of departure to one of the firm's managers that explained the cost of charter aircraft transportation for the CEO. She also said there was not enough time to obtain senior Secretarial staff or the Secretary's approval for the CEO's addition to the official delegation, and therefore, no invitation letter was transmitted along with the facsimile explaining the cost of the charter aircraft transportation.

DOE records reflect that the technology firm was billed \$6,577 for the cost of the CEO's charter aircraft transportation to Pakistan. During our inspection fieldwork, the total balance remained outstanding. The CEO told us he was surprised to receive a bill from DOE following the mission because he was never informed that he would be required to pay for transportation other than from his office location to Dulles International Airport. The CEO also told us he considered his reimbursement to be an open issue. We were informed by the Department, however, that on June 10, 1996, after the issuance of our Initial Draft Report, the technology firm began a payment plan by paying one-third of the total outstanding balance.

South Africa

The trade mission to South Africa departed from Dulles International Airport for Cape Town on August 18, 1995. The delegation traveled on a DC-8 aircraft operated by Champion

Air, a private carrier. Charter arrangements for this aircraft were made by the Department through Flight Time International, a charter agent. A more detailed discussion of charter aircraft acquisition will follow in Section E, "Aircraft Acquisition," of this report.

According to a logistical guide sent with DOE's Secretarial invitation letters to non-Federal participants in late July 1995, DOE had instructed non-Federal participants to forward their payment for the charter flight directly to Flight Time by August 4, 1995. However, we found that no formal agreement existed between Flight Time and DOE regarding the aircraft charter until August 10, 1995.

On August 10, 1995, DOE and Flight Time reached an agreement on the terms of the charter and the cancellation policy by using a Government Transportation Request (GTR) with appendix. This agreement shows that non-Federal participants (other than invitational travelers) were to make payment for the chartered-aircraft transportation directly to Flight Time. However, to ensure that Flight Time realized the full price of the charter, DOE agreed to fill any empty seats on the charter with paying passengers "off its delegation waiting list." Also, according to the agreement, if sufficient paying passengers were not committed for the flight during the final week before departure, Flight Time had the right to cancel the charter. Along with a cancellation penalty assessed against DOE of over \$150,000 by Flight Time, the late cancellation of the charter aircraft would most likely have resulted in the late cancellation of the trade mission. Specifically, the August 10, 1995, charter agreement stipulated that:

"The vendor shall have the right of cancellation: as of close of business on August 14, 1995, if the vendor has not received 90% of the total charter fee (Government and non-Government); as of close of business on August 16, 1995; if the vendor has not received 95% of the total charter fee (Government and non-Government); and as of the scheduled take-off time on August 18, 1995, if the vendor has not received 100% of the total charter fee (Government and non-Government)."

Four days before departure there were 16 or 17 unpaid seats on the aircraft. This information was based on interviews by United States General Accounting Office (GAO) staff of both DOE and Flight Time officials as events were occurring. According to GAO's information, a Flight Time official stated on August 14, 1995, that, due to a shortfall in excess of \$100,000 under what was required to have been received by the established due date, Flight Time was reevaluating the charter agreement pending cancellation discussions with DOE. On August 15, 1995, GAO's information showed that a DOE official assured Flight Time the charter flight would be paid in full before takeoff. The GAO information further showed that two days prior to departure, on August 16, 1995, the shortfall remained in excess of \$100,000 under the amount required to have been received by the established due date. However, by three hours before takeoff, GAO's information showed the shortfall had narrowed to about \$16,000.

During our inspection, we identified and interviewed participants in the South Africa trade mission who were added during the final days before the mission's departure and also were provided Government-arranged air transportation. The information provided to us by these trade mission participants was consistent with the GAO information. Information provided by these trade mission participants is discussed below.

We interviewed a DOE contractor employee who traveled on the South Africa trade mission on Government-arranged air transportation. This traveler told us that she was not scheduled to go to South Africa until about 48 hours prior to departure. The contractor said that she did not know why she was given such short notice for this major overseas trip.

We also interviewed an official of a state utility board who traveled on the South Africa trade mission on Government-arranged air transportation as an invitational traveler. This official told us he was first contacted about being a participant only about 10 days prior to departure. Also, the official said that he did not commit to be a participant on the trade mission until three or four days prior to the mission's departure. Further, the official said he was not certain exactly why DOE selected him as a participant in the trade mission.

The original August 10, 1995, GTR discussed earlier in this section specified that 21 Government-paid passengers would be on the charter flight. Following the trip, on September 15, 1995, DOE modified the original GTR to cover the transportation expenses of five additional passengers. This modification raised the number of Government-paid passengers to 26. Therefore, the number of actual Government-paid passengers increased between the time of DOE's original agreement with the charter agent on August 10, 1995, and the date of departure on August 18, 1995. Based on Departmental records, we were unable to specifically determine which of the travelers were added by the modified GTR.

In addition to the above travelers paid for by the Department, we also identified three business delegates whose travel to South Africa was not paid by DOE who were invited to participate in the South Africa trade mission during the final days before the mission's departure. The travelers were (1) a senior vice president with a small Michigan energy firm; (2) a pension fund specialist from a Louisiana based pension fund consulting firm; and (3) a board member of the United States Enrichment Corporation (USEC). The following is a discussion of the addition of these travelers.

The Michigan energy firm's senior vice president had participated in both the India and South Africa missions. On June 12, 1996, the senior vice president testified during a hearing before the Subcommittee on Oversight and Investigations, House Committee on Commerce, concerning DOE travel issues. During the question and answer portion of the hearing, the senior vice president provided information pertaining to her addition to the South Africa mission. Specifically, the senior vice president stated that she had not received a Secretarial invitation letter for the South Africa trip, nor had she been invited to participate in the mission until the last minute.

The pension fund specialist participated in the Finance POD on the South Africa Mission but was not included in either the initial candidate list or shorter revised list mentioned earlier in this section. Additionally, neither the Office of the Executive Secretariat nor the Trip Coordinator could provide us with a copy of the Secretarial invitation letter for the pension fund specialist. The Finance POD leader told us that the pension fund specialist was not on the potential non-Federal candidate lists because he did not identify the need for a pension fund specialist in the POD until late in the trip planning process. The Finance POD leader told us that when he realized the need for pension fund experience on the mission, he met with the pension fund specialist based upon the recommendation of another non-Federal candidate.

The Finance POD leader told us the non-Federal candidate who recommended the pension fund specialist also attended the meeting, as did a senior advisor to the Secretary. He told us that following the meeting he personally decided that the pension fund specialist should be added to the trade mission, and recommended this to the Secretary's senior advisor. Further, the Finance POD leader told the pension fund specialist that, based on space availability, a Secretarial invitation might be forthcoming. The POD leader told us that a week prior to departure, because space had become available, the Secretary's Office informed him that the pension fund specialist could be a non-Federal participant and fly on the chartered aircraft with the Secretary. The Finance POD leader did not know why, as late as one week from departure, additional space had become available.

The board member of USEC, a Texas medical doctor, participated in the Oil and Gas POD on the South Africa mission. The board member told us that USEC paid for his air transportation, including the chartered aircraft and connecting commercial flights between Texas and Washington, D.C., and also reimbursed him for related travel expenses. The Oil and Gas POD was led by the then Deputy Assistant Secretary for Gas and Petroleum Technologies, who has since left the Department. The Oil and Gas POD leader told us that he knew the board member through contacts in the oil and gas industry, and that the board member was selected for the Oil and Gas POD due to his entrepreneurial interest in the Texas energy business.

Our analysis of an initial candidate list for South Africa prepared May 2, 1995, from the outreach effort of the Office of Fossil Energy, found no mention of the board member. Further, the board member was not on a June 16, 1995, list that contained the non-Federal participant candidates identified by all Department offices involved with the outreach effort.

A DOE official provided us with a July 12, 1995, revised list that had been developed by a smaller group of Department employees for approval by the Secretary. We found that the board member was not included on this July 12, 1995, revised list. However, we were also provided with other revised lists of potential non-Federal participants, which did include the board member. One such revised list, also dated July 12, 1995, included the board member in the "Capacity Building" POD and had a handwritten question mark beside the board member's name. A July 13, 1995, revised list did not include the board member in any POD. Another undated, revised, potential non-Federal candidate list assigned the

board member to the Capacity Building POD, and contained handwritten notations both deleting the board member from the trip and “Fold[ing] back in” the board member. The Trip Coordinator told us they were her handwritten notations, but she also told us that she could not recall who told her to delete and add back the board member, or why.

The Oil and Gas POD leader told us that the board member contacted him “months” prior to the South Africa mission and expressed interest in participating, and also in accompanying the Secretary on her chartered aircraft. Based on the board member’s inquiry, the POD leader said he unilaterally made the decision to include the board member in the POD as an official delegate. However, according to the POD leader, the Oil and Gas POD was already full and there were no more seats available for Oil and Gas POD members on the chartered aircraft. At that point, the POD leader said that the board member made plans to take a commercial flight to South Africa and meet the other trade mission participants. The POD leader also told us that while some small businesses were concerned about the cost of the charter flight, the board member wanted to be on the chartered aircraft regardless of the cost involved.

The Oil and Gas POD leader told us he received word that space had become available on the chartered aircraft for the board member about two days before the mission to South Africa departed. An employee on the POD leader’s staff, who relayed this word to the POD leader, confirmed that the Trip Coordinator had called him with the news about the seat for the board member. Neither the POD leader, nor his employee, could tell us why space had become available for the board member. When we discussed this with the Trip Coordinator, we were told that she had added the board member to the Secretary’s aircraft during the “chaos” of the last few days before the trade mission. At that time, the Trip Coordinator said she called the above mentioned employee of the POD leader because space had become available on the chartered aircraft, but she no longer recalled how or why the opening occurred.

We asked the Trip Coordinator whether any Departmental policy or procedure dictated who she called, and in what order, to fill such openings. The Trip Coordinator told us that, while she was not required by policy or procedure, she attempted to look for replacements from the same POD section on the waiting list. However, in the case of the board member, the Trip Coordinator told us that a certain amount of “chance” was involved, because she happened to call the Oil and Gas POD leader’s employee first about the South Africa opening and the employee suggested the board member.

Management Comments. Management commented that the Department had to turn away businesses that wanted to travel as part of the official delegation to South Africa.

Inspector Comments. We identified travelers who went to South Africa who did not know well in advance that they were being considered for participation in the trip.

4. Invitational Travel

Under Title 5 U.S.C. Chapter 57, "Travel, Transportation and Subsistence," a private individual is allowed to be invited by a Federal agency to a meeting or conference, at Government expense, if that individual is performing a direct service for the Government such as making a presentation, or advising in an area of expertise. Under this arrangement, the Federal agency may pay transportation, lodging, subsistence, or other travel expenses.

Using this authority the Department invited a number of individuals to accompany the Secretary on the four trade missions. Based on information and documentation provided by Department officials, it appears that on as many as 27 occasions, invitational travel was extended to non-Federal employees and contractor personnel to participate in the four trade missions. This number is based on (1) a listing of 22 travelers initially provided to us by the Department; (2) an April 8, 1996, Office of General Counsel listing of invitational travelers prepared in response to a Congressional request, which identified one instance in which invitational travel was extended to a contractor; and, (3) travel authorizations/vouchers and other correspondence provided by program offices, which identified four invitational travelers, three of whom were contractors. Table 9 shows the sources used to determine the number of invitational travelers on the four trade missions.

**TABLE 9
IDENTIFICATION OF THE
INVITATIONAL TRAVELERS
FOR THE FOUR TRADE MISSIONS**

Country/Destination	Initial List	OGC List	Program Data	Total
India	4	0	0	4
Austria/Pakistan	6	0	3	9
India/Hong Kong/China	6	1	0	7
South Africa	6	0	1	7
Total	22	1*	4	27**

*The OGC list incorrectly indicated that in five instances invitational travel had been provided to Federal employees. Because Federal employees may not travel under invitational travel procedures, we did not include these instances in our list of invitational travelers.

**All travelers went to the indicated trade mission country.

Management Comments. Management commented that the Department agreed that invitational travel did not apply to Federal employees. The Department advised us, however, that the procedures for travel of Federal employees who travel at Department expense are the same as for invitational travelers, “with the only difference being that they are not called invitational.” With regard to the one Federal traveler referenced in the Department’s comments, an Energy Research (ER) official advised that although this traveler’s name had been included in error in an invitational travel memorandum to the Secretary, this individual’s travel orders were issued correctly as standard Government travel authorizations and were properly approved and signed by ER officials.

Inspector Comments. After considering these comments, we concluded the Department incorrectly designated other Federal employees as invitational, but otherwise processed the travel correctly for those individuals. We therefore excluded these other Federal employees from our list of invitational travelers.

Title 10, Code of Federal Regulations Part 1060, "Payment of Travel Expenses of Persons Who Are Not Government Employees," (10 C.F.R. 1060) governs invitational travel within DOE. The regulation provides that payment may not be authorized or approved for

transportation, lodging, subsistence, or other travel expenses from DOE funds to, or on behalf of, a person who is not a Government employee unless such payment is made pursuant to an invitation to confer with a DOE employee on matters that are essential to the advancement of DOE programs or objectives. In the case of a person invited to confer at the post of duty of the conferring DOE employee, a designated official must approve and must state the reasons for the invitation in writing. In instances where individuals are invited to confer at a place other than the post of duty of the inviting official, the approval and statement of reasons must be made in writing by a principal Department official. This official is defined as either the Secretary, Deputy Secretary, or Under Secretary of Energy. The authority of the designated official or a principal Department officer to provide approval of an invitation to travel may not be delegated.

Title 10, C.F.R. Part 1060 also allows payment of travel expenses of contractor personnel provided the expenses are incurred with respect to matters outside the scope of the contract. However, 10 C.F.R. 1060 specifically states that its provisions are not applicable to the authorization or approval of payment of travel expenses of Government employees, including DOE employees.

The purpose for the OIG's review of invitational travel for the trade missions was to determine whether those persons extended invitational travel were eligible for such travel and whether the travel was properly approved. Based on this review, we found that (1) invitational travel may have been inappropriately extended to 5 travelers and (2) prior written approval and justification had not been prepared by a principal Department official in 19 of the 27 instances in which invitational travel was provided. Further, the review disclosed that invitational travel policy was not fully understood by Department officials. It is likely that this lack of understanding of the policy caused the deficiencies identified during the review.

Inappropriate Invitational Travel Process

During the review, we identified five travelers to whom invitational travel may have been inappropriately extended. In the majority of these instances, invitational travel had been extended to contractor personnel. Although it may have been appropriate to include these persons on the trade missions, invitational travel was not the appropriate mechanism for paying their travel costs. Following is a discussion of each of those instances that is based on information provided by cognizant Departmental officials and our review of relevant Department documents.

Traveler 1: Initially the Department arranged for this non-Government business delegate to fly round-trip to Pakistan on the charter flight. However, officials advised that after arriving in Washington, D.C., this traveler inadvertently left his briefcase in a taxi and was unable to fly on the charter flight. In order for the Department to acquire a one-way commercial airline ticket for this traveler, he was improperly classified as an invitational traveler. However, according to a Department official, this traveler was expected to reimburse the Department \$2,123, the cost of the commercial airline ticket, as well as \$6,477, the cost of the seat

reserved for him on the charter flight. Despite expecting reimbursement from this traveler, more than 19 months after the Pakistan trade mission, this individual had not reimbursed the Department for the commercial ticket, nor had the Department billed the traveler for the \$2,123. The Department, however, had billed this traveler \$6,477, the cost of the charter flight seat, and \$100 in administrative fees associated with the trip. As of April 26, 1996, this bill had not been paid.

Traveler 2: A management and operating contractor employee from the Lawrence Berkeley Lab, considered an expert in the field of electricity management, was invited to travel to Pakistan and provide services related to his field of knowledge. This individual's travel was not approved in advance by a principal Department official nor was justification provided. However, in an October 25, 1994, memorandum a Department official requested program office officials "complete the travel authorizations for certain individuals extended invitational travel by the Department." This traveler was listed as one of the invitational travelers for whom a travel authorization was needed. During the Pakistan mission, the Department arranged for this individual to fly on the charter flight and arranged for hotel accommodations to be paid by the U.S. Embassy. This traveler advised that the labor costs for services provided to the Department while in Pakistan were charged to the Department's contract with the laboratory. However, 10 C.F.R. 1060 states that payment of travel expenses of contractor personnel are allowed provided the expenses are incurred with respect to matters outside the scope of their contract. According to a Department official, this invitational travel arrangement was inappropriate and all labor and travel costs should have been paid through the laboratory's contract.

Traveler 3: DOE invited this subcontractor to provide expert technical assistance and advice related to oil and gas matters during the Pakistan trade mission. A subcontract was awarded for this service. Additionally, the Department arranged and paid for this traveler's round-trip air travel to Pakistan on the charter flight. The Department also arranged for hotel accommodations to be paid by the U.S. Embassy. However, the invoice submitted by this subcontractor to the prime contractor subsequent to the mission showed that the subcontractor's labor costs during the trip were charged to the subcontract. Based on 10 C.F.R. 1060, this arrangement was inappropriate, and as stated above, all labor and travel expenses due contractors should be paid through the contracts. In this case, the Department may have paid lodging costs for this traveler twice. Based on a review of this traveler's invoice, it appears that hotel costs during the trade mission were charged to the subcontract even though lodging costs had been paid by the U.S. Embassy. The OIG was advised that the prime contractor and DOE procurement officials are working to resolve this matter.

Traveler 4: A Deputy Assistant Secretary approved a subcontractor's invitational travel to China after the subcontractor advised of having been invited on the trip by the Secretary, but not having money for the travel. The Department arranged to pay this subcontractor's travel and hotel costs. Additionally, the Department issued a purchase order and statement of work for this subcontractor to provide support services in developing and maintaining technology transfer processes and systems. The deliverable from the China

mission was a document entitled: "Identifying Minority Businesses in the Environmental Field." This traveler was not eligible for invitational traveler under 10 C.F.R. 1060.301 since during the China mission, she was to conduct work required by her subcontract. According to a Department official, all costs associated with this subcontract should have been paid through the subcontract.

Traveler 5: An M&O contractor employee from the Pacific Northwest Laboratory (PNL) was asked to participate in the South Africa trade mission. During the mission, this contractor employee was to provide substance support. While the Department did not classify this participant as an invitational traveler, it arranged and paid airfare and hotel costs for this trip. However, PNL paid this contractor's salary during the South Africa mission. According to 10 C.F.R. 1060, these arrangements were improper. The Department is allowed to pay travel expenses of contractor personnel only if the services provided by the traveler are outside the scope of the contract. In this case, the contractor's travel costs should also have been paid through the contract.

Approval Documentation Lacking

During the review, we were unable to obtain documentation to support that all invitational travel had been approved in advance by a principal Department official. In 19 of the 27 instances in which invitational travel was provided, we found no evidence of a principal Department official's advance approval of the travel. In eight instances, we found a principal Department official had approved invitational travel. In five of these eight instances, however, justification consisted of a general statement that "the non-government personnel will be conferring with Department officials and the Mission Delegation on policy matters in their areas of expertise throughout the trip and are essential to the advancement of DOE programs and objectives," In two instances, a principal Department official's approval had been provided on the travel authorization forms. In these two cases, the purpose of travel was "for the special Presidential mission on sustainable development," with no additional justification provided. In the final instance, a principal Department official's approval was provided on September 20, 1994; however, the trade mission began on September 19, 1994. The justification for this travel was "to confer on energy investment opportunities being arranged between his company and the Pakistan and United States governments."

Invitational Travel Policy Misunderstood

During the review, we observed that program officials were not fully aware of requirements related to invitational travel. One program officer believed that all

invitational travel, both to DOE sites and non-DOE sites, could be approved at the Deputy Assistant Secretarial level. Further, some program office officials were unsure of the documentation needed to support invitational travel and the need to complete vouchers once travel had been completed.

One official also advised that their office frequently designated contractors as invitational travelers so that travel arrangements could be made by the Department. However, labor costs for these contractors were paid through the contracts. This official believed that contractors' travel expenses were cheaper with this arrangement in that overhead was not applied to travel costs.

To clarify invitational travel policy, the Office of General Counsel issued to all Secretarial officers a reminder on the legal review of aircraft use and invitational travel on April 23, 1996. Department officials were reminded of the Department policy concerning approval of invitational travel and the need to comply with such policy. We believe this is a positive action. However, we believe that the Department needs to provide training to ensure that invitational travel requirements are understood and are properly implemented.

RECOMMENDATION 5: We recommend the General Counsel and the Chief Financial Officer provide training to those individuals responsible for processing invitational travel.

Management Update on Status of Corrective Actions. Management stated that, in addition to issuing an April 23, 1996, memorandum to all Secretarial officers concerning the legal review of aircraft use and invitational travel, the CFO and OGC had developed plans and materials to conduct training classes. Classes have been scheduled to start in August and will continue regularly in an effort to keep DOE employees informed of the regulations and any changes associated with them.

Inspector Comments. We consider management's actions to be responsive; therefore, this recommendation may be closed.

5. Support Personnel

We were told by an official in the Office of Human Resources and Administration (Human Resources) that following establishment of the Office of the Secretary of Energy in 1977, Department personnel provided administrative, communications, and security support to the Secretary of Energy while on foreign travel. He said that although guidelines were established regarding support for the Secretary's foreign travel, there were never any written guidelines concerning the requirement for an advance team to travel in conjunction with Secretarial foreign travel. We also interviewed a retired Human Resources official who assisted in establishing the Office of the Secretary. Both officials told us that the concept of sending an advance team and the composition of the advance team to support the Secretary's foreign travel were modeled after the standard advance team for foreign travel taken by "senior White House officials." Their understanding was that the standard advance team was composed of two administrative specialists, two communications

specialists, and two security officers, who traveled to each destination on the Secretary's itinerary up to five days in advance of the Secretary to prepare for the Secretary's arrival. The retired Human Resources official said that for years he had been "bugged" to put together written guidelines for Secretarial foreign travel. He said, however, that every trip was different, and it was difficult to establish a written set of procedures. Therefore, he had not prepared any written guidelines. The current Human Resources official said that "over the years the advance team support package evolved and was continued without any written guidelines."

Management Comments. Management stated that: "It is our understanding that the advance team was modeled after and is consistent with those for the Secretaries of other Cabinet level departments."

Inspector Comments. We have no further comment.

We reviewed the numbers of personnel that participated in the advance teams for the Secretary's foreign travel. We found, for example, that 16 security, 12 communications, and 12 administrative support personnel traveled in advance of the Secretary on the China trade mission, which included four destinations. We also found seven security, five communications, and seven administrative support personnel traveled in advance of the Secretary on the South Africa trade mission, which included three destinations.

According to personnel who have participated on the administrative support team for the current and former Secretaries' foreign travel, duties of administrative support personnel on the advance team in preparation of the Secretary's arrival at a foreign location included: (1) making all logistical arrangements for hotels, including conference rooms; (2) establishing rooms to be used as a communications/security command post and staff working rooms; (3) arranging ground transportation and translators/interpreters; and (4) coordinating the trip with the U.S. embassy/consulate staff. We were told that prior to departure on their advance trips, administrative support personnel ensured completion of travel authorizations and funding/obligation approval to U.S. embassies/consulates, arranged for charter aircraft, and shipped equipment in support of the Secretary's trip.

Personnel who participated in the advance teams for the Secretary's foreign travel told us that duties of the communications personnel on the advance team included supporting all computer equipment, facsimile machines, cellular phones, hand-held radios, and other equipment used by the advance team and the Secretary's official delegation. The communications team, with the assistance of U.S. embassy staff, set up the command post and staff room(s), and set up and checked out all associated equipment that had been shipped to the host country. The communications team also ensured that the Secretary and staff had the capability to have direct contact with the Department. We were told that prior to the Secretary's departure for foreign travel, the communications team assembled, checked-out, packed, and shipped all necessary equipment in support of the Secretary's trip. An official from the Office of Information Management (Information Management) also

told us that the communications team staffed the command post 24 hours a day “to handle any situations that may arise.”

Administrative/Communications Support

We found that the Department does not have written criteria for determining the number of administrative/communications personnel required to support the Secretary’s foreign travel. We also found that on several occasions the number of administrative/communications support personnel for the trips was reduced by the Secretarial staff. According to a Human Resources official, there were never any written guidelines concerning the requirement for an administrative advance team to travel in conjunction with Secretarial foreign travel, nor any written guidelines concerning the size of an administrative advance team. He said that over the years the administrative advance team “support package” evolved and continued without any written guidelines. He said factors that affected the size of the advance team included size of the official delegation, stability of the foreign country, length of stay and number of destinations, and type of equipment that was needed to support the trip.

In describing the process for finalizing the size of the administrative support team, the Human Resources official said that he would make a verbal recommendation to his supervisor regarding who should be part of the administrative advance team. If the supervisor approved the recommendation, the official said that he would coordinate the recommendation with individuals on the Secretary’s staff. He said that on several occasions, the Secretary’s staff reduced the number of individuals recommended for the administrative advance team. He said that, typically, two staff members were sent to each location.

According to an Information Management official, although there were no written criteria for determining the size of the communications support team required for Secretarial travel, there were considerations that were used to determine the size of the communications team and the types and amount of support equipment. The size of the team was based on the size of the Secretary’s official delegation; the level of communications support needed; the location(s) to be visited; and the amount and type of equipment needed at each location. An individual from the Secretary’s office who was coordinating a planned trip would alert him that communications support was needed. Depending on what communications staff was available, he would make a verbal recommendation to his supervisor regarding who should be part of the communications team. If the supervisor approved the recommendation, he passed the recommendation on to the Human Resources’ Administrative Specialist who was coordinating the administrative support package for the trip with the Secretary’s staff. Several times the Secretary’s staff reduced the number of individuals on the communications team. Typically, two staff members were sent to each location to be visited by the Secretary, with an occasional trainee added to the team when the communications team deemed it appropriate to train additional personnel and the workload was expected to be unusually heavy. He said that on recent foreign trips, contractor support personnel were used to provide communications/computer support.

The Information Management official said support equipment configurations evolved over time and were influenced by prior trip experience, so various configurations were used from trip-to-trip. He said that currently a basic configuration list is used in planning equipment needed on specific trips. He said this basic list was established and implemented in May 1995 based on prior travel experience.

The Information Management official also said that with former Secretaries, his office would get at least 30-days notification from the Secretary's office of scheduled foreign travel. He said that this allowed his office time to pack equipment needed to support the Secretary and ship it via diplomatic pouch to the U.S. Embassy in the country to be visited. He said, however, that it was difficult to send equipment via diplomatic pouch to support the Secretary's travel because his office sometimes received notification of an upcoming trip anywhere from one day to a week in advance. This resulted in members of the support team having to transport equipment as excess baggage aboard the aircraft. Exhibit 2 lists equipment that was transported to Johannesburg, South Africa. A similar list of equipment was also transported to Cape Town, South Africa, during this trip. He further said that this method of shipping equipment was very expensive because, depending on the size of the delegation to be supported, there could be 15 to 25 crates of equipment, weighing from 60 to 80 pounds each, shipped as excess baggage. This excess baggage would weigh between 900 to 2,000 pounds.

RECOMMENDATION 6: We recommend the Assistant Secretary for Human Resources and Administration evaluate the level of administrative and communications support required for Secretarial foreign travel.

Management Update on Status of Corrective Actions. Management stated that DOE N 551.1 requires the Senior Responsible Official to develop a logistical staffing plan as part of each trip plan. It also stated that the Offices of Administrative Services and Information Management have developed written criteria for use by the Senior Responsible Official in determining the appropriate number of administrative/ communication personnel.

Inspector Comments. We consider management's actions to be responsive; therefore, this recommendation may be closed.

EXHIBIT 2

EXHIBIT 2

EXHIBIT 2

EXHIBIT 2

Security/Executive Protection

According to the Office of Security Affairs (OSA) Executive Protection Procedural Guide (Guide), dated April 1995, “the purpose of the DOE Executive Protection Program is to provide personal protection to the Secretary and the Deputy Secretary, when designated by the Secretary.” The Guide states that:

“. . . the program strives to prevent injury or embarrassment to the protectees from acts by terrorists, criminals, violent dissident groups, or unstable/irrational individuals. Additionally, executive protection personnel should take precautions to reduce the exposure of the Secretary and Deputy Secretary to hazardous or life threatening accidents.”

According to an OSA official, in January 1993 OSA issued the Executive Protection Procedural Guide, which was an attempt to consolidate executive protection procedures into one document. He said, however, that the Guide was not complete and was only a “discussion of what needs to be done, not how to do it.” Although a separate order was not issued for the Executive Protection Program, in February 1995 the Department issued a revision to DOE Order 5632.7A, “PROTECTIVE FORCE PROGRAM,” which contained the policy and concept of operations for executive protection of the Secretary and the Deputy Secretary. The OSA official said that, in April 1995, following issuance of the executive protection policy in the revised DOE Order, the Executive Protection Procedural Guide was updated, revised and reissued. He said that written requirements for the Executive Protection Program are contained in the revised DOE Order. However, he also said that although the Executive Protection Procedural Guide does not establish requirements, OSA uses the Guide as “requirements” for the Executive Protection Program.

The OSA official said that OSA is responsible for managing and directing the Executive Protection Program and has appointed an Executive Protection Program Manager to plan, coordinate, and control all executive protective service operations and program activities. The Executive Protection Program Manager, through his management channels, only made security recommendations to the Secretary’s office. He said that the Transportation Safeguards Division (TSD), headquartered in Albuquerque, New Mexico, had employees in Albuquerque; Amarillo, Texas; and Oak Ridge, Tennessee; who provided executive protection support. TSD provided personnel for advance teams, protective details, and other services requested by the Executive Protection Program Manager and appointed an Executive Protection Coordinator to act as the official point of contact on executive protection matters.

According to an OSA official, OSA does not have written criteria/procedures for determining the number of executive protective personnel to support the Secretary while on foreign travel. He said that security recommendations for Secretarial travel were based on knowledge of the threats facing the Secretary, “professional training,” and extensive experience in providing protection services dating back to the first Secretary of Energy.

He said that the following factors were considered when determining the number of executive protective personnel that travel with the advance team, but that the Secretary made the final decision as to her personal security:

- A Departmental Threat assessment, which is provided by the Threat Assessment Division, Office of Emergency Management, Office of Nonproliferation and National Security;
- Threat information provided by the Department of State's Regional Security Officers located at the U.S. embassies/consulates in the countries to be visited or by local police department(s) for domestic trips;
- The number of stops on the itinerary; and
- Input from the Secretary and/or her staff.

We were told by an OSA official that for a number of foreign trips taken by the Secretary the recommended size of the executive protection team was reduced by the Secretary's office. The Secretary told us U.S. Embassy and Department of Energy security personnel handled security for her trips. She also said the Department's Chief of Staff would negotiate the size of the security team with the Director of the Office of Nonproliferation and National Security. The Secretary said that she stayed out of it completely.

As discussed above, threat assessment information played a role in the determination of the number of security personnel required to accompany the Secretary on foreign travel. We reviewed the threat assessments considered by OSA in their determination of the number of executive protection personnel for each of the 16 foreign trips by the Secretary. We compared the threat assessments with the corresponding numbers of executive protection personnel that supported the Secretary's travel on five trips that involved only one destination. We noted, for example, that for the Secretary's October 1993 trip to London, England, the threat was categorized as "negligible/low" and five executive protection persons supported the Secretary's trip. For the Secretary's July 1994 trip to New Delhi, India, the threat was categorized as "low" and nine executive protection persons supported the Secretary's trip. For the Secretary's trip in August/September 1994 to Brussels, Belgium, the threat was categorized as "low" and four executive protection persons supported the Secretary's trip. For the Secretary's June 1995 trip to San Jose, Costa Rica, the threat was categorized as "low" and five executive protection persons supported the Secretary's trip. For the Secretary's May 1995 trip to Moscow, Russia, the threat was categorized as "medium/high" and five executive protection persons supported the Secretary's trip.

DOE Order 5632.7A states that normally, proposed executive protection requirements will be submitted in writing to the Executive Protection Program Manager, who will then forward recommendations to the Secretary or the Secretary's designated representative for approval. The Order, however, does not identify who is responsible for preparation and

submission of the proposal to the Executive Protection Program Manager. Specifically, Chapter VIII, paragraph 3, Concept of Operations, states that:

“Executive protection will not be provided to the Secretary without the knowledge and specific approval of the Secretary Normally, proposed executive protection requirements will be submitted in writing to the Executive Protection Program Manager at least 10 working days prior to implementation of a service. On those occasions when there is less than 10 working days notice of impending travel by the Secretary or Deputy Secretary, executive protection requirements will be submitted as soon as possible. The proposal shall include:

“(1) A description of known or potential threats.

“(2) The nature, extent, and duration of proposed executive protection activities to be conducted.”

The Order also states that: “The Executive Protection Program Manager will forward recommendations to the Secretary, or the Secretary’s designated representative, for approval.”

When we discussed this requirement with an OSA official, we were told that the intention was for the Secretary’s office to provide OSA with detailed information for each trip proposed by the Secretary so that executive protection requirements could be identified. The OSA official said that it has been difficult, however, to obtain this information from the Secretary’s staff prior to her travel and, therefore, this part of the requirement has not been followed. Another OSA official told us that he used the Secretary’s schedule to determine her protection requirements while on travel. He said every two weeks OSA receives a copy of the Secretary’s “block schedule of upcoming events,” which includes the Secretary’s foreign travel. He reviews the Secretary’s agenda, highlights her trips, and uses the block schedule for determining requirements for protection of the Secretary while on travel.

Authority to Carry Weapons For Secretarial Foreign Travel

The authority for executive protection personnel to carry weapons and take actions to protect the Secretary while in a foreign country is granted by the host country. Depending on the limitations of authority granted by the host country, actions by the executive protection personnel may subject them to prosecution under host country criminal laws.

The “Executive Protection Procedural Guide” cites two Federal statutes that provide legal authority for actions by executive protection personnel while protecting the Secretary: Title 18 U.S.C. Section 351, “Congressional, Cabinet, and Supreme Court assassination, kidnapping, assault; penalties,” and Title 18 U.S.C. Section 3053, “Powers of marshals and deputies.” Taken together, these statutes provide for executive protection personnel,

when deputized as Deputy United States Marshals, to carry weapons in the U.S. while protecting the Secretary and to make arrests for violations of Federal law.

In a March 17, 1992, memorandum, subject, "Personal Protection of Secretarial Officers," to the Director, Office of Safeguards and Security, the Assistant General Counsel for General Law stated that:

"U.S. Marshals would be authorized to make arrests without warrant for any offense against the United States committed in their presence, or for any felony cognizable under the laws of the United States if they have reasonable grounds to believe that the person to be arrested has committed or is committing such felony. Section 351, Title 18, United States Code, provides in pertinent part, that it is a federal crime to kill, kidnap, attempt to kill or kidnap, conspire to kill or kidnap, or assault the Secretary (or nominee during pendency of the nomination) or Deputy Secretary It would appear, therefore, that a deputized U.S. Marshal could carry firearms and make arrests without warrant while protecting the Secretary or Deputy Secretary."

We also reviewed Title 18 U.S.C. Section 3053, which states that:

"United States marshals and their deputies may carry firearms and may make arrests without warrants for any offense against the United States committed in their presence, or for any felony cognizable under the laws of the United States if they have reasonable grounds to believe that the person to be arrested has committed or is committing such felony."

These statutes provide authority for executive protection personnel to carry weapons and enforce Federal laws while protecting the Secretary in the U.S. and while on property within the jurisdiction of the U.S. However, it appears that the authorities provided by Federal statute to executive protection personnel while protecting the Secretary overseas are limited to the authorities, if any, granted by the host country. Some foreign countries provided permits for executive protection personnel to carry weapons when protecting the Secretary while in that country. We were not provided a determination that addressed the legal status of executive protection personnel if they used their weapon or took physical action against a citizen of that country in the performance of their protection duties.

We were told by an official in the Bureau of Diplomatic Security, Department of State, that Federal agencies and/or Federal agents have no authority to carry weapons into foreign countries without that country's permission. He said that the only authority for U.S. personnel to carry weapons in a foreign country is granted by that country. He said that Department of State tries to advise all cabinet level protective details not to carry weapons overseas because most countries do not like foreign agents carrying weapons. He said, however, that due to "reciprocity," most countries will give weapons permits to U.S. protective details because the U.S. Government will allow their protective details to carry weapons in the U.S. Normally, the U.S. Embassy's Regional Security Officer will obtain

permits through the host country's foreign ministry prior to the protective detail arriving in country. The permit authorizes the protective detail member to carry a weapon while in that country. We were told that some countries, such as England and Japan, do not allow weapons in their countries and do not issue permits, while other countries, such as France, have limitations on weapons allowed in their country.

We were told by an OSA official that the Assistant General Counsel's March 17, 1992, memorandum was silent concerning the legal aspects of carrying firearms and/or the legal ramifications should a member of the executive protection team use their weapon legally or illegally in a foreign country. This is consistent with our review of the March 17, 1992, memorandum from the Assistant General Counsel for General Law. According to the OSA official, the executive protection personnel are volunteers and have no more authority than other U.S. citizens while traveling overseas conducting executive protection services in a foreign country.

RECOMMENDATION 7: We recommend the General Counsel determine the authority and financial liabilities of the Department and of executive protection personnel when carrying weapons in a foreign country.

Management Comments. Management commented that we should revise Recommendation 7 by deleting the words "in a foreign country" from the end of the recommendation.

Inspector Comments. Our review only addressed executive protection provided to the Secretary while on foreign travel, therefore, we did not revise our recommendation.

A July 31, 1996, memorandum from the Deputy General Counsel to the Acting Chief Financial Officer, contained the Office of General Counsel's conclusions regarding its review of this matter. In summary, the Office of General Counsel concluded that all but two of the 16 jurisdictions visited by the Secretary (the United Kingdom and Hong Kong) authorize personnel assigned to protect Cabinet Secretaries to carry weapons and it is generally understood that physical force or weapons may be used only in self-defense or in the defense of the Secretary.

With respect to liability by the Department or the DOE protection personnel in the event that physical force or weapons are used against a foreign national, the Office of General Counsel concluded that there probably would not be liability where the host country consents to the use of firearms by protection personnel and the use of physical force or weapons is a valid use of self-defense. The Office of General Counsel further concluded that foreign countries might assert jurisdiction over the United States for alleged torts resulting from the use of force. Finally, with respect to DOE protection personnel, they concluded that although these personnel do not enjoy diplomatic immunity, in the event that there is the use of physical force or weapons, the United States might be able to invoke sovereign immunity because protection of the Secretary is an official function carried out

for a public purpose. It must be shown, however, that the DOE protection personnel were acting within the scope of their employment.

In view of the Office of General Counsel's conclusions, it is suggested that DOE consider including a discussion of executive protection personnel potential liability in the executive protection training program. We consider management's actions to be responsive; therefore, this recommendation may be closed.

C. Trip Costs

1. Introduction

As part of this review, we sought to identify the total costs associated with each of the Secretary's 16 trips. The costs were based on accounting reports provided by the Department's Office of Chief Financial Officer, Operations and Field Offices, and documents provided by contractors who supported the trade mission trips. The total cost identified for the Secretary's 16 foreign trips was about \$4.58 million, including \$3.42 million for the four trade missions. The costs for each of the 16 trips are shown in Table 10.