



G A O

Accountability * Integrity * Reliability

United States General Accounting Office
Washington, DC 20548

June 9, 2003

The Honorable Charles B. Rangel
Ranking Minority Member
Committee on Ways and Means
House of Representatives

Subject: *Department of Health and Human Services: Amounts Charged to the Department for Events Attended by the President*

Dear Mr. Rangel:

You requested information concerning amounts charged to the Department of Health and Human Services (HHS) by the White House for events attended by President George W. Bush. Specifically, you asked that we provide the following information:

- total number of events attended by the President and charged to any department within HHS;
- total amount charged for the events;
- specific offices within HHS that were billed for the events;
- relevant subject matter of each event; and
- number of events that coincided with campaign-related events.

In addition, you asked that we inform you, to the extent information is available, about how many such events have been billed to HHS under the current administration as compared to the previous one.

To address your inquiry, we requested, obtained, and reviewed financial records and other documentation from HHS, interviewed HHS management and staff, and conducted Internet and literature searches. We also compared HHS's procedures for documenting events attended by the President with our *Standards for Internal Control in the Federal Government*.¹ Additionally, we verified the mathematical accuracy of all schedules of events provided by HHS. We did not request information from the White House because our review focused on the proper use of HHS funds. We conducted our work in Washington, D.C. from January 16, 2003, through May 29, 2003, in accordance with generally accepted government auditing standards.

¹ GAO/AIMD-00-21.3.1, November 1999.

Based on information obtained from HHS, we determined that the White House entered into agreements to charge HHS for 15 events attended by President George W. Bush from January 2001 through January 2003.² A memorandum of agreement (MOA) between the White House and HHS was prepared to support each of the 15 events. Each MOA specifies the date of the event and the city where the event occurred. The MOAs also specify the maximum amount that the White House was allowed to charge HHS for each event.

According to the MOAs, the White House was allowed to charge HHS a maximum of about \$523,000 in total for the 15 events attended by the President. Through May 2003, the White House had charged HHS about \$252,000 for 8 of the 15 events.³

HHS could not provide a detailed description of what the White House charges were for because, according to HHS officials, the White House does not provide them with copies of invoices or other records that describe the charges in detail. Our *Standards for Internal Control in the Federal Government* require that all transactions be clearly documented and that documentation be properly maintained and managed and readily available for examination. Further, an agency's management directives, administrative policies, or operating manuals should specify the internal controls and documentation requirements for these transactions. HHS is currently developing written operating procedures that require specific information with each request from the White House for funding an event. However, we noted that these procedures do not currently require HHS to obtain copies of invoices or other itemized statements that provide detailed support for the final charges billed to HHS.

The limited billing documentation provided by HHS included actual amounts charged by the White House to HHS for the events, the specific offices to be billed, and generally brief descriptions of the subject matter covered during the events. For the 8 events billed by the White House, several offices within HHS were charged including the Administration for Children and Families, the Centers for Medicare and Medicaid Services, and the Office of Public Health and Science. The events covered issues such as welfare reform, genetics, and bioterrorism.

We determined and confirmed with HHS officials that the Secretary of Health and Human Services or another HHS official accompanied the President at 12 of the 15 events. We also determined from public records of the President's schedule and other literature searches that the President was involved in what appeared to be campaign-related events that coincided with at least 9 of the 15 HHS events. These campaign-related events were separate from the official HHS events but occurred on the same day in the same city or close by. The enclosure to this report summarizes the information we obtained on events attended by President Bush.

Regarding amounts billed to HHS for events attended by President William J. Clinton, HHS provided a schedule that included events attended by the former President from April 21, 1997, to September 29, 2000. This schedule showed that President Clinton

² HHS officials reported that no additional agreements were established from January 31, 2003, through May 29, 2003, for the White House to charge HHS for events attended by the President.

³ According to HHS officials, there is often a significant time lag between the occurrence of the event and the billing from the White House.

attended 37 events and that HHS was charged about \$101,000⁴ for these events. HHS also provided other information that made reference to 20 potential events attended by President Clinton. However, HHS could not determine if these events occurred. We had planned, as requested, to use the data regarding President Clinton's attendance at events to draw certain comparisons between the current and prior administrations. However, HHS's uncertainty about the potential events discussed above, as well as the fact that HHS was not able to provide us with assurances that it has records for all events attended by President Clinton, led us to conclude that making such comparisons would not be appropriate.

Conclusion and Recommendations

While HHS maintains summary information on events billed by the White House, such as the total amount charged for events, the offices billed for the events, and the relevant subject matter of each event, records that adequately describe the charges to ensure proper accountability were not maintained. Agreements between the White House and HHS do not currently require that HHS receive copies of invoices or other itemized statements as support for the final charges billed to HHS nor do the draft operating procedures that HHS is developing to direct its staff in managing information related to events charged by the White House.

We are therefore recommending that the Secretary of Health and Human Services direct the Assistant Secretary for Administration and Management to

- establish and institute procedures to ensure that HHS obtains adequate documentation from the White House, including itemized statements that explain and support the propriety of charges made by the White House against HHS appropriations, and
- issue a policy on how such documentation will be maintained and managed to ensure that it is readily available for examination.

Agency Comments and Our Evaluation

We requested comments on a draft of this report from the Secretary of Health and Human Services or his designee. On June 5, 2003, the Assistant Secretary for Administration and Management provided us with oral comments on the draft. In his comments, the Assistant Secretary agreed with our recommendations and indicated that when finalized, HHS's processing procedures for the White House events discussed in this report will provide directives on processing requests from the first contact with the department through final payment and closeout of the event, including requesting itemized invoices from the White House. The Assistant Secretary also noted that under prior administrations there was no centralized

⁴ HHS also provided information for 13 events attended by either Vice President Gore or Mrs. Gore from April 1997 through September 2000. The costs billed to HHS for those events were reported as \$142,900. However, because the scope of our review focused on events attended by Presidents Bush and Clinton, we did not request detailed information concerning these events. HHS officials stated that they are not aware of any charges to the department for events attended by Vice President Cheney, Mrs. Bush, or Mrs. Cheney.

process similar to what HHS currently has implemented to handle the processing of the Presidential events. The Assistant Secretary stated that HHS's current centralized process allows for closer review and follow-up of each event in order to ensure proper closeout of the events. We did not verify how prior administrations processed these events as this was outside the scope of our review.

As agreed with your office, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from its date. At that time we will send copies to the Secretary of Health and Human Services and interested congressional committees. We will also provide copies to others on request. This report will also be available at no charge on the GAO Web site at <http://www.gao.gov>.

If you have any questions about this report, please contact me on (202) 512-9508. Key contributors to this assignment were Kimberly Brooks, Phil McIntyre, and Gina Ross.

Sincerely yours,



Linda M. Calbom
Director, Financial Management and Assurance

Enclosure

Enclosure

Events Attended by President Bush (January 2001- January 2003)

| Event Date | Destination | Funding Agency | MOA Amount | Bill Amount (and Date) ¹ | Subject of Event | HHS Official At Event | Campaign Event Day of HHS Event ² |
|--------------|----------------------|---|---------------------|-------------------------------------|---|--|---|
| 1 2/5/2002 | Pittsburgh, Pa. | Office of Public Health Preparedness | \$25,000.00 | \$20,646.16 (12/4/2002) | Tour of medical center/ bioterrorism | Secretary | Could not determine |
| 2 2/11/2002 | Milwaukee, Wis. | Centers for Medicare and Medicaid Services | 25,000.00 | 18,041.50 (12/4/2002) | Genetics | Secretary | Scott McCallum for Governor Reception: Pfister Hotel |
| 3 2/27/2002 | Charlotte, N.C. | Administration for Children and Families | 60,000.00 | 58,012.11 (12/4/2002) | Welfare reform & job training | Secretary | Robin Hayes Congress & Elizabeth Dole Senate GOP Luncheon: Charlotte Convention Center |
| 4 4/29/2002 | Albuquerque, N. Mex. | Substance Abuse and Mental Health Services Administration | 20,000.00 | Not Yet Billed | Mental health | Information not provided | Heather Wilson for Congress Luncheon: Crowne Plaza Pyramid Hotel |
| 5 5/10/2002 | Columbus, Ohio | Administration for Children and Families | 35,000.00 | 20,960.57 (2/3/2003) | Welfare reform | Secretary | Bob Taft for Governor Luncheon: Hyatt Regency Hotel |
| 6 5/13/2002 | Chicago, Ill. | Administration for Children and Families | 55,000.00 | 42,563.33 (2/3/2003) | Welfare to work | No HHS official | Jim Ryan for Governor Luncheon: Sheraton Chicago Hotel |
| 7 6/3/2002 | Little Rock, Ark. | Administration for Children and Families | 40,000.00 | 27,726.07 (2/3/2003) | Welfare to work | Secretary | Could not determine |
| 8 6/20/2002 | Washington, D.C. | Office of Public Health and Science | 20,877.77 | 20,877.77 (8/15/2002) | White House Fitness Expo | Secretary | Could not determine |
| 9 6/21/2002 | Orlando, Fla. | Office of Public Health and Science | 26,000.00 | Not Yet Billed | Fitness | No HHS official | Jeb Bush for Governor Republican Party Majority Dinner: Universal Studios Portofino Hotel |
| 10 7/2/2002 | Milwaukee, Wis. | Faith-Based and Community Initiatives | 20,000.00 | Not Yet Billed | Faith based | Secretary | Could not determine |
| 11 7/11/2002 | Minneapolis, Minn. | Centers for Medicare and Medicaid Services | 36,000.00 | Not Yet Billed | Prescription drugs | Secretary | Norm Coleman & John Kline Minnesota Republican Party Victory 2002 Dinner: Target Center Arena |
| 12 7/25/2002 | Greensboro, N.C. | Centers for Medicare and Medicaid Services | 35,000.00 | Not Yet Billed | Medical liability reform | Secretary | Elizabeth Dole for Senate Finance Dinner: Grandover Resort and Conference Center |
| 13 7/29/2002 | Charleston, S.C. | Administration for Children and Families | 45,000.00 | 43,544.02 (2/3/2003) | Welfare to work, abstinence, and marriage | Secretary | Mark Sanford for Governor Luncheon: North Charleston Convention Center |
| 14 8/8/2002 | Waco, Tex. | Assistant Secretary for Planning and Evaluation | 50,000.00 | Not Yet Billed | Economic forum | Bobby Jindal Assistant Secretary Planning & Evaluation | Could not determine |
| 15 1/29/2003 | Grand Rapids, Mich. | Centers for Medicare and Medicaid Services | 30,000.00 | Not Yet Billed | Medicare, Prescription Drugs, Expanded Senior Health Care | Secretary | Could not determine |
| Total | | | \$522,877.77 | \$252,371.53 | | | |

Source: HHS data and GAO research

¹ Events billed as of May 29, 2003.

² For some events, we could not determine from available information whether a campaign related event coincided with the HHS event. (190084)