



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON

B-6124-O.M.

October 11, 1939.

Chief, Accounting and Bookkeeping Division:

There is returned herewith file relative to Covering Warrant No. 3982, dated August 30, 1939, on which there appears, among others, an item of \$5,000 for credit to the account "Working Fund, Federal Security Agency, 1940 (.001)." The amount involved represents a reimbursement to the working fund from the appropriation "Salaries and Expenses, Rural Electrification Administration, 1939" for the stated purpose of providing "Partial Reimbursement for production costs of documentary motion picture for the Rural Electrification Administration (1/4 completed)."

Explanation of the proposed transfer of funds is made in letter dated September 11, 1939, from the Acting Administrator, Rural Electrification Administration, as follows:

"In April REA entered into a contract with the U. S. Film Service for a documentary film of the type represented by 'The Flow that broke the Plains' and 'The River.' The contract is embodied in an exchange of letters between former Administrator Carmody and Mr. Lowell Mellett, then Director of REC. The letters are dated April 26 and 27 with an additional letter from Mr. Carmody dated April 28 and copies are on file in the General Accounting Office. The letters show that the U. S. Film Service was to prepare a film for which REA stood ready to pay \$20,000 upon requisitions as the work progressed.

"While it was hoped that the film would be ready by July 1, it was recognized that delays might well occur and for that reason the Film Service did not desire to have the whole \$20,000 set up as a Working Fund at that time. Accordingly, we obligated our 1939 Salaries and Expenses for \$20,000 and stood by.

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"While the attached 1081 looks as though '39 money were being used to set up a 1940 Working Fund, what actually happened is that the Film Service used the only money it could to discharge its obligations and now turns to us for the reimbursement we undertook to make. This is in short a reimbursement and not an advance and it is a reimbursement to carry on a continuing obligation entered into in good order in April."

By letter dated April 28, 1939, referred to in the letter, supra, the Administrator, Rural Electrification Administration, placed an

order with the Executive Director, National Emergency Council, for "the preparation of a film on the conditions and terms you indicate."

It is provided in section 601(a) of the act of June 30, 1932, 47 Stat. 417, in pertinent part as follows:

"Any executive department or independent establishment of the Government, or any bureau or office thereof, if funds are available therefor and if it is determined by the head of such executive department, establishment, bureau, or office to be in the interest of the Government so to do, may place orders with any other such department, establishment, bureau, or office for materials, supplies, equipment, work, or services, of any kind that such requisitioned Federal agency may be in a position to supply or equipped to render, and shall pay promptly by check to such Federal agency as may be requisitioned, upon its written request, either in advance or upon the furnishing or performance thereof, all or part of the estimated or actual cost thereof as determined by such department, establishment, bureau, or office as may be requisitioned; but proper adjustments on the basis of the actual cost of the materials, supplies, or equipment furnished, or work or services performed, paid for in advance, shall be made as may be agreed upon by the departments, establishments, bureaus, or offices concerned: * * *"

Section 601(b) provides that "Amounts paid as provided in subsection (a) shall be credited * * * (2) in the case of payments other than advance payments, to the appropriations or funds against which charges have been made pursuant to any such order, except as hereinafter provided. * * *" And in section 601(c) it is provided:

"Orders placed as provided in subsection (a) shall be considered as obligations upon appropriations in the same manner as orders or contracts placed with private contractors. Advance payments credited to a special working fund shall remain available until expended."

Section 8 of the act of June 22, 1936, 49 Stat. 1648 amended the last sentence quoted above by providing that advance payments under the provisions of the act of June 30, 1932, "shall have no longer period of availability for obligation than the appropriation from which such advance payments are made."

There is first for consideration whether the appropriation-- "Salaries and Expenses, Rural Electrification Administration, 1939"-- proposed to be charged is available for expenses incident to the making of a film as here ordered. Said appropriation was made by the act of May 23, 1938, 52 Stat. 424, to carry out the provisions of the Rural Electrification Act of 1936, 49 Stat. 1363, section 2 of which contains the following provision:

"The Administrator is authorized and empowered to make loans in the several States and Territories of the United States for rural electrification and the furnishing of electric energy to persons in rural areas who are not receiving central station service, as hereinafter provided; to make, or cause to be made, studies, investigations, and reports concerning the condition and progress of the electrification of rural areas in the several States and Territories; and to publish and disseminate information with respect thereto."

Since the dissemination of information with respect to the condition and progress of the electrification of rural areas may be accomplished through the medium of motion pictures, the cost of preparation of such a film or motion picture, the order for which was placed in April 1939, is a proper charge against the appropriation cited. Under the provisions of section 601(a) supra, the Administration availed itself of the services of the United States Film Service of the National Emergency Council (the functions of which were transferred to the Federal Security Agency) in the preparation of a film and, instead of making an advance payment of the amount proposed to be expended by crediting a special working fund, the Administration stated it "obligated our 1939 Salaries and Expenses for \$20,000 and stood by."

Since no advance payment was made to the United States Film Service, that office, in order to render the services for which requisitioned, charged the fund under its control—"Working Fund, Federal Security Agency, 1940 (.001)"—with the expectation of reimbursing said fund under the provisions of subsection 601(b) supra. There appears nothing objectionable to such procedure which apparently is contemplated under said subsection 601(b).

While section 8 of the act of June 22, 1936, supra, restricts the availability for obligation of advance payments credited to a special working fund to the same period of availability as that of the appropriation from which such advance payments are made, said section has no application to a case such as here involved where the available appropriation was obligated by the placing of the order and the requisitioned office is thereafter reimbursed therefrom either by a lump sum payment upon completion of the work or by installments as the services are rendered. In the circumstances the procedure followed by the agencies involved appears proper and no question need be raised with respect thereto.

In view of the foregoing, Covering Warrant No. 3982 may be approved, if otherwise correct, and returned to the Treasury Department in due course.

(Signed) Fred H. Brown
Comptroller General
of the United States

Enclosure