

W. H. Hilton

DECISION



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

FILE: B-222184

DATE: August 18, 1986

MATTER OF: Internal Revenue Service - Imprest Fund
Reimbursement for Advertising Services

- DIGEST:**
1. Imprest funds are available to pay the costs of recruitment advertising so long as that advertising is authorized under 44 U.S.C. § 3702 and the payment otherwise meets applicable requirements for imprest fund payments.
 2. Where the authority under 44 U.S.C. § 3702 to authorize publication of advertisements in newspapers has been properly delegated to Internal Revenue Service contracting officers, exercise of that authority in any written form satisfies the statute even though under internal agency procedures, the wrong form may have been used. In any event, the authorization requirement of 44 U.S.C. § 3702 is not a limitation of the method by which the advertising may be procured.
 3. The handwritten initials of a vendor's agent on a receipt are sufficient to support the reimbursement of an imprest fund. Although a full handwritten signature represents the maximum protection of the Government, the initials were sufficient evidence of the vendor's intent to acknowledge receipt of payment.
 4. Advance payments for advertisements were not authorized by an appropriation act or other law and were therefore improper under 31 U.S.C. § 3324(a). However, upon verification that the advertisements paid for were published, no loss to the Government will have occurred and the imprest fund which made the improper payment may be reimbursed.

An authorized certifying officer of the Internal Revenue Service (IRS) has requested our decision on whether certain employment advertising costs paid out of two IRS imprest funds may be reimbursed out of appropriated funds. We hold that the use of imprest funds for recruitment advertising was proper,

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that the procurement of advertising was properly authorized, and that the receipts submitted by the vendors were legally sufficient. We also hold that the payments for advertising out of imprest funds in advance of the services being provided were improper but that the payments may be reimbursed upon verification that the services were in fact performed.

The payments in question were made from two separate imprest funds, one at the Cincinnati District Office and the other at the Cincinnati Service Center. All of the payments were authorized on a Treasury Form 1334, Requisition for Equipment, Supplies or Services, signed by a contracting officer. The payments made at the Cincinnati District were in the amounts of \$56 paid to the Cincinnati Herald, and \$349.44 paid to the Cincinnati Enquirer. Both of these payments were made on September 24, 1985, for advertisements to run on September 26 and 27. The Cincinnati Herald submitted an invoice which was stamped "paid." A Standard Form 1165, Receipt for Cash - Subvoucher, acknowledging payment was signed by the Herald's agent and was attached to the invoice. The Cincinnati Enquirer did not submit an invoice, but a Standard Form 1165 acknowledging payment was signed by the Enquirer's agent. The payment made at the Cincinnati Service Center was in the amount of \$80, paid to The Northerner, a newspaper at Northern Kentucky University. The payment was made on October 4, 1985 for advertisements which had already run on September 3 and 10. The Northerner submitted an invoice which was stamped "paid" and was annotated "Rec'd \$80.00, JZ, 10-4-85" by an agent of The Northerner.

The IRS first questions whether recruitment advertising is a proper use of imprest funds. The IRS notes that its Small Purchases Imprest Fund Handbook does not specifically provide for or prohibit the use of imprest funds for recruitment advertising. The IRS handbook does provide that imprest funds are available for procurement of supplies or nonpersonal services "when vendors are reluctant to honor small purchase orders * * *" or "when the imprest fund method of small purchase procurement is advantageous to the government * * *." This handbook is consistent with the general regulations on the use of imprest funds. See, GAO, Policy and Procedures Manual for Guidance of Federal Agencies, tit. 7, § 22 (TS No. 7-40, July 14, 1983); Treas. Fiscal Requirements Manual, vol. 1, §§ 4-3000 et seq.; and 48 C.F.R. Subpart 13.4 (Federal Acquisition Regulations). These regulations show that imprest funds may be used to make contract payments so long as they are in small amounts and the applicable documentation of payments is provided. There is no subject matter

limitation on the services which may be paid for out of imprest funds. Therefore, use of imprest funds in the situation presented is not legally objectionable.

The IRS also questions whether the advertising services were properly contracted for. The IRS Fiscal Audit Handbook and Administrative Accounting Handbook require that recruitment advertising "be authorized by SF 147, Order for Supplies or Services, or other contractual arrangement (e.g., oral purchase, formal contract, etc.) signed by a contracting officer." The advertising services here were authorized by using Form 1334. The IRS notes that Form 1334 is typically used to document oral purchases but states that, although the Forms 1334 in this case were signed by contracting officers, the purchases were not oral. The IRS asks what the phrase "formal contract" in its handbook section on authorizing advertising means, and whether the Form 1334 used here was sufficient to authorize the advertising procurement.

In order to respond to these questions we must distinguish between authorizing the use of newspaper advertising and contracting for that advertising. 44 U.S.C. § 3702 (1982) requires all newspaper advertisements placed by an executive department to be authorized in writing by the head of the department. 5 U.S.C. § 302(b)(2) (1982) authorizes the head of an agency to delegate the authority to authorize advertisements to subordinate officials. Treasury Department Order Number 150-51, January 11, 1960, delegated to IRS contracting officers the authority to authorize advertisements for the recruitment of IRS personnel. It is this authorization of advertising under 44 U.S.C. § 3702 (1982) that the IRS handbooks are discussing. The handbooks merely specify that the necessary authorization will be documented by the contract to procure the advertising services. The handbook should not be viewed as a limitation on the form in which contracts for advertising will be awarded. Since the IRS states that the Forms 1334 at issue were properly prepared and signed by a contracting officer, 44 U.S.C. § 3702 has been satisfied. In light of the above, we do not consider the term "formal contract" in the IRS's handbooks to be a limitation on the means that a contracting officer uses to procure advertising. The advertisements were authorized in writing by officials to whom the authority had been properly delegated. This is all that 44 U.S.C. § 3702 requires. The fact that the wrong form may have been used does not, in these circumstances, affect the propriety of what was done.

The IRS further questions whether the advance payments for advertising made to the Cincinnati Herald and the Cincinnati Enquirer were proper. IRS notes that advance payments are allowed for periodical subscriptions and post office box rental and asks if there are other exemptions.^{1/} IRS also asks whether, in the event that the advance payments were improper, it can reimburse the Cincinnati District Imprest Fund because the services have been received.

31 U.S.C. § 3324 (1982) generally prohibits advance payments unless authorized by a specific appropriation or other law. We have held that the prohibition against advance payments applies to contracts for advertising services. B-180713, April 10, 1974. Our research has not revealed any appropriation act or other law which would allow the IRS to make advance payments for advertising. Therefore the advance payments made by the Cincinnati District were improper.

In B-180713, supra, we noted that the purpose of the advance payments prohibition was to avoid losses to the Government which would result if contractors failed to perform the services which had been paid for. In this case, the Cincinnati Herald and Cincinnati Enquirer have apparently performed their obligations by publishing the requested advertisements. If so, there would be no loss to the Government and we would not object to IRS reimbursing the imprest fund. Therefore, upon verifying that the advertisements have in fact been published, the IRS may reimburse the Cincinnati District imprest fund.

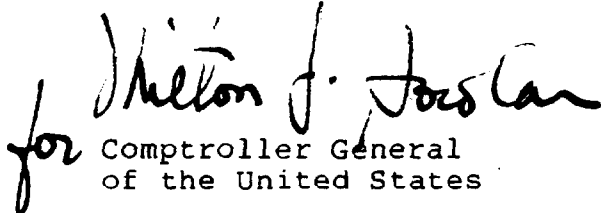
The final question raised by the IRS is whether the receipts executed by the newspapers were adequate to support the imprest fund payments. The IRS imprest fund handbook requires that each payment be documented by a receipt itemizing the supplies or services obtained, the amounts charged, and, for payments over \$15, the signature of the vendor or the vendor's agent. This receipt will normally be noted on the vendor's invoice or, if no satisfactory invoice

^{1/} It is not feasible to discuss in this decision other exceptions which do not relate to the particular case. The certifying officer can find a detailed discussion in our publication, Principles of Federal Appropriations Law, at chapter 4 (1982).

is available, on Standard Form 1165, Receipt for Cash-Subvoucher. The handbook also provides that if any of the required information cannot be noted on the receipt, it should be placed on an attachment.

The invoice of the Cincinnati Herald does not contain the signature of the Herald's agent. That signature is present on a SF 1165 which was attached to the invoice. We believe that these two documents together satisfy the documentation requirements of the IRS handbook.

The invoice of The Northerner does contain the required receipt information but is noted with the initials "JZ" rather than the signature of The Northerner's agent. The IRS asks whether the full signature of the vendor or its agent is required. A signed receipt is necessary in order to protect the Government from a second presentation for payment. The signature of the vendor acts as an acknowledgment of payment and releases the Government from any further obligation to pay. The most universally accepted form of signature in the United States is, of course, the handwritten full name of the person signing. A receipt with a full signature, therefore, represents the maximum protection for the Government and should be solicited from a vendor whenever possible. However, we do not believe that the use of initials in lieu of a full signature on the receipt here is adequate grounds to refuse to reimburse the imprest fund. Our decisions have not dealt with precisely the issue of whether initials are sufficient to act as a signature on a receipt. We have held that a facsimile rubber stamped signature which had been adopted by a vendor was a proper signature on an invoice, 33 Comp. Gen. 297 (1954), and that initials appearing on an unsigned bid were adequate evidence of the bidder's intent to be bound by its bid, B-184488, Oct. 17, 1975. These decisions are applications of the rule, as stated in B-104590, Sept. 12, 1951, that "any symbol adopted as one's signature when affixed with his knowledge and consent is a binding and legal signature." For purposes of interpreting Federal statutes, the rule is codified in 1 U.S.C. § 1 (1982). Based on these authorities, we hold that the initials of The Northerner's agent on the receipt here adequately reflect the intent of The Northerner to acknowledge receipt of payment. The Cincinnati Service Center imprest fund may therefore be reimbursed for the amount of this receipt.


for Comptroller General
of the United States