

COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON 25

EX-111

DIGEST - NO CIRCULATION

MAY 18 1956

D-127949

Honorable Carl Hayden, Chairman
Committee on Appropriations
United States Senate

Dear Mr. Chairman:

Reference is made to your letter of May 15, 1956, acknowledged May 16, with reference to a request of the Saint Lawrence Seaway Development Corporation for authorization of \$1,500 for use as entertainment expenses. Our advice is requested as to whether these expenditures are proper, and whether they may be made without the insertion of specific authorization language in the appropriation legislation. If it is determined such language is required, your letter requests that we propose appropriate language to authorize this item.

As stated in your letter, the Budget for the fiscal year 1957 contains language that would authorize "not to exceed \$1,500 for entertainment expenses, to be expended upon the approval or authorization of the Administrator." The Committee on Appropriations of the House of Representatives omitted this item in reporting out the appropriation bill, H.R. 10879. However, it is stated in your letter that it was explained in testimony before your Committee, requesting restoration of the item, that the Corporation is "authorized and directed" by the language of sections 3 and 12 of the act of May 13, 1954, 68 Stat. 93, 96, to make the necessary arrangements to "coordinate its activities with the Saint Lawrence Seaway Authority of Canada" and the Power Authority of the State of New York, as well as "to negotiate with" the Saint Lawrence Seaway Authority of Canada and the Hydro Electric Power Commission of Ontario, with respect to construction and maintenance of the works and the establishment and collection of tolls. It is further stated that in the discharge of this responsibility, officials of the Corporation are obliged to meet with officials of Canadian and New York State agencies, both in Canada and the United States, under circumstances which require the extension of reciprocal courtesies. An excerpt from the transcript of the hearing held before the Committee on May 14, 1956, indicates the expenditures will primarily consist of costs of luncheons incident to conferences and that similar courtesies are extended by the officials of the Dominion of Canada and of the State of New York when conferences are held in Ottawa, Montreal, Toronto and New York.

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The view of your Committee, based upon the justifications submitted by the Corporation, and the testimony submitted at the hearing, is that such expenses are appropriate and necessary as a part of the statutory functions of the Seaway Corporation. Also, it is stated that the use of the word "entertainment" is perhaps a misnomer, in view of the fact that the expenditures in question are connected with these official functions.

The corporate powers are specified in section 4(a) of the act of May 13, 1954, which provides in part as follows:

33 USC
985
"Sec. 4.(a) For the purpose of carrying out its functions under this joint resolution the Corporation--

* * * * *

"(9) shall determine the character of and the necessity for its obligations and expenditures, and the manner in which they shall be incurred, allowed and paid, subject to provisions of law specifically applicable to Government corporations."

An authorization for administrative expenses of the Saint Lawrence Seaway Development Corporation would necessarily cover all phases of its activities, which, as mentioned above, include necessary arrangements with Canadian and New York agencies. Consequently, if it be determined by the Corporation that the expenditures referred to in your submission are essential to carry out effectively the authorized functions of the Corporation, our Office would interpose no objection to the use for that purpose of funds available to the Corporation for its administrative expenses. See in this connection the attached copy of our decision of July 28, 1943, B-35062, with regard to another Government corporation having substantially similar authority and responsibilities.

If, however, it is desired that specific language be incorporated in the administrative expense authorization for the payment of such expenses it is suggested that the word "official" be inserted before the word "entertainment." While it is noted in the excerpt of the Committee hearings that the word "contingency" rather than "entertainment" was suggested, "contingency" appears to be of broader scope than "entertainment" as originally contained in the Budget. Furthermore, the need of a contingency authorization is not apparent in view of the provisions of section 4(a)(9) of the act, quoted above.

Sincerely yours,

JOSEPH CAMPBELL

Comptroller General
of the United States

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Enclosures