

COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON 25

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Mr. William L. Hunt,  
Authorized Certifying Officer,  
Smaller War Plants Corporation.

Dear Mr. Hunt:

I have your letter of November 10, 1944, as follows:

"There has been presented to me for certification a voucher in the amount of \$18.41 submitted by Mr. J. T. Howington, a member of the Board of Directors, to reimburse him for expenses incurred in giving a luncheon at the Roosevelt Hotel, New Orleans, Louisiana, September 10, 1943.

"The Luncheon was attended by eight persons including Mr. Howington, of whom five were employees of the Smaller War Plants Corporation, two were employed by the Maritime Commission, and one a member of the United States Congress. Mr. Howington and two of the guests have been paid the per diem allowance in lieu of subsistence expenses for September 10, 1943, by the Smaller War Plants Corporation. The pay status as to subsistence allowance for the remaining guests is not known.

"In reply to an inquiry by the Smaller War Plants Corporation, dated June 9, 1943, in which your office was requested to rule on the permissibility of paying from Administrative Expenses expenses incurred in holding informal luncheon meetings in various industrial cities in an effort to influence prime contractors to distribute business to small business through subcontracting, your office stated, in Decision No. B35062, dated July 28, 1943, that '.... if it be administratively determined by the Board of Directors that the expenditures referred to in your submission are essential to carry out effectively the authorized functions of the Corporation this office will interpose no objection to the use for that purpose of funds available to the Corporation for its administrative expenses.'

"Your decision is requested as to whether a luncheon meeting of Government employees may be considered in the same category with a luncheon meeting with contractors and manufacturers under the provisions of the Act creating the Smaller War Plants Corporation and the appropriation of funds for its operation and the expenses incurred thereby properly payable from funds available for the administrative expenses of the Corporation.

"The payment of this voucher has been authorized by the Board of Directors of the Smaller Plants Corporation and is considered an essential expenditure.

"If you decide that the voucher may be paid kindly state whether the provisions of Paragraph 47a, Standardized Government Travel Regulations, should apply and the luncheon guests be required to refund one-fifth of the authorized per diem previously paid to them for that day.

"Due to my doubt that such luncheons 'are essential to carry out effectively the authorized functions of the Corporation,' within the meaning of your prior decision, and the probability that there will be other vouchers for a similar purpose, an advance decision is requested. There also appears to be involved the broad question of whether the funds of one Government establishment are available for the entertainment of representatives of another Government agency even though the objective, as in this luncheon, is of official import.

"The voucher is transmitted for your examination."

It is a general rule that expenditures for entertaining individuals by giving luncheons, etc., may be made only when authorized by statute and authorized or approved by proper administrative officers. 5 Comp. Gen. 455; id. 1018. However, exceptions to that rule have been made under certain circumstances and it has been held that appropriated funds are available for expenses for entertainment if the use for that purpose is administratively determined to be necessary in carrying out the object for which the funds were appropriated. Accordingly, it was held in the decision of July 28, 1943, B-35062, to the Chairman, Smaller War Plants Corporation, referred to in your submission, that this office would not object to the contemplated use of the funds available to the Corporation for its administrative expenses upon such an administrative determination by its board of directors. However, said decision was predicated upon the

representations contained in the Corporation's letter of June 9, 1943, that the proposed luncheon meetings were to be held "in various industrial cities in an effort to influence prime contractors to distribute business to smaller manufacturers through subcontracting" and that it was planned "to invite officers of large and small banks, members of leading civic organizations and firms holding prime contracts."

The factual disparity between the instant case and the decision of July 28, 1943, is at once apparent. It is evident that the meetings described in the Corporation's letter were to be participated in principally by members of the public, having no official connection with the Federal service, for the purpose of obtaining their assistance and cooperation in the prosecution of a program of the Government. There can be little doubt that the giving of a luncheon in conjunction with such meetings is a means of attracting the attendance of such individuals and, by the convenience afforded, is designed to induce in them a receptive and cooperative attitude toward the Government's project. Obviously, no such objectives are to be sought in a situation where, as here, there is a meeting of employees of different agencies of the Government in the course of their official employment, presumably for the purpose of exchanging their views and discussing related functions and mutual problems of their agencies and, such being the case, it would seem clear that such a meeting is not of the nature contemplated by the decision of July 28, 1943. I think

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it can hardly be said to be necessary to maintain the prestige of one agency of the Government with another, or to engender good will and cooperation between employees of the Government, by the furnishing of luncheons to such employees at the expense of the United States as an incident to their meetings. In any event there has not come to attention any precedent or statutory authority for such an expenditure.

Accordingly, you are not authorized to certify for payment the voucher accompanying your submission. The said voucher is returned herewith.

Respectfully,

Comptroller General  
of the United States.

Enclosure.