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B-126372, Sep. 18, 1956

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B-126372, SEP. 18, 1956

TO THE HONORABLE JAMES R. DURFEE, CHAIRMAN CIVIL AERONAUTICS BOARD:

YOUR LETTER OF AUGUST 9, 1956, REQUESTS A DECISION ON THE FOLLOWING QUESTION CONCERNING WHAT CONSTITUTES AN UNLIQUIDATED OBLIGATION AGAINST THE APPROPRIATION "13 TIMES 1236 PAYMENTS TO AIR CARRIERS, CIVIL AERONAUTICS BOARD:"

"/A)SHOULD THE BOARD, UNDER THE TYPE OF APPROPRIATION INVOLVED, REPORT ANY AMOUNT AS REPRESENTING UNLIQUIDATED OBLIGATIONS$.

"/B) IF THE ANSWER TO QUESTION (A) IS IN THE AFFIRMATIVE, SHOULD THE AMOUNT TO BE REPORTED AS UNLIQUIDATED OBLIGATIONS REPRESENT ONLY THE UNPAID BILLS RECEIVED FROM THE CARRIERS, OR SHOULD SUCH UNLIQUIDATED OBLIGATIONS ALSO INCLUDE AN ESTIMATE OF BILLS NOT YET RECEIVED?

"/C) ALSO, DEPENDENT UPON THE ANSWER TO QUESTION (A), SHOULD THE AMOUNT REPORTED AS UNLIQUIDATED OBLIGATIONS FOR AIR CARRIERS UNDER TEMPORARY RATES AS OF JUNE 30TH INCLUDE AN ESTIMATE OF WHAT WILL BE DUE THOSE CARRIERS AT SUCH TIME AS THE RATES ARE FINALIZED?

"/D) IF THE ANSWERS TO QUESTIONS (B) AND (C) ARE IN THE AFFIRMATIVE, WILL ESTIMATES OF BILLS TO BE RECEIVED AND OF THE EFFECT OF RATE ORDERS TO BE ISSUED MEET THE DOCUMENTARY EVIDENCE REQUIREMENTS OF SECTION 1311 (A) ? "

THE SPECIFIC LANGUAGE OF THE APPROPRIATION "13 TIMES 1236" FOR 1956 (69 STAT. 228) IS AS FOLLOWS:

"PAYMENTS TO AIR CARRIERS: FOR PAYMENTS TO AIR CARRIERS OF SO MUCH OF THE COMPENSATION FIXED AND DETERMINED BY THE CIVIL AERONAUTICS BOARD UNDER SECTION 406 OF THE CIVIL AERONAUTICS ACT OF 1938, AS AMENDED (49 U.S.C. 486), AS IS PAYABLE BY THE CIVIL AERONAUTICS BOARD PURSUANT TO REORGANIZATION PLAN NO. 10 OF 1953; $52,500,000, TO REMAIN AVAILABLE UNTIL EXPENDED.'

THIS APPROPRIATION IS MADE TO MEET EXPENDITURES FOR THE SUBSIDY PORTION OF THE MAIL RATE AS AND WHEN THE PAYMENTS BECOME DUE. OBLIGATIONS ON THE PART OF THE GOVERNMENT ARE INCURRED WHEN THE CARRIERS CONDUCT OPERATIONS UNDER TEMPORARY OR FINAL MAIL RATE ORDERS ESTABLISHED BY THE CIVIL AERONAUTICS BOARD UNDER THE PROVISIONS OF SECTION 406 OF THE CIVIL AERONAUTICS ACT OF 1938, AS AMENDED. 34 COMP. GEN. 158. THE AMOUNT OF THE APPROPRIATION IS NOT A DOLLAR LIMITATION ON OBLIGATIONAL AUTHORITY.

THE BOARD DOES NOT RECORD ANY OBLIGATION IN ITS FORMAL ACCOUNTS PRIOR TO

PAYMENT. WHILE THE BILLS ARE RECORDED AS RECEIVED PRIMARILY FOR SUPPLEMENTAL ACCOUNTING PURPOSES, THEY ARE NOT RECORDED AS OBLIGATIONS UNDER THE APPROPRIATION. NO OBLIGATION AGAINST THE APPROPRIATION IS RECORDED UNTIL A VOUCHER AND SCHEDULE OF PAYMENTS IS CERTIFIED TO THE DISBURSING OFFICER FOR PAYMENT. THAT VOUCHER IS RECORDED SIMULTANEOUSLY AS AN OBLIGATION AND EXPENDITURE SO THAT THE BOARD'S FORMAL CONTROL ACCOUNTS DO NOT AT ANY TIME REFLECT AN UNLIQUIDATED OBLIGATION UNDER THE APPROPRIATION.

IN THESE CIRCUMSTANCES WE HAVE NO OBJECTION TO THE PRESENT PROCEDURES USED FOR RECORDING OBLIGATIONS IN THE FORMAL CONTROL ACCOUNTS. YET, SECTION 1311 (B) OF THE SUPPLEMENTAL APPROPRIATION ACT, 1955, 68 STAT. 830, CONTEMPLATES THAT UNLIQUIDATED OBLIGATIONS OF THE GOVERNMENT AGAINST EACH APPROPRIATION OR FUND UNDER THE CONTROL OF EACH FEDERAL AGENCY SHALL BE INCLUDED IN THE REPORT REQUIRED BY THAT SECTION. ALL OF THE UNLIQUIDATED OBLIGATIONS AS OF JUNE 30 OF EACH FISCAL YEAR, THEREFORE, SHOULD BE REPORTED EVEN THOUGH SUCH OBLIGATIONS ARE NOT RECORDED IN THE FORMAL CONTROL ACCOUNTS AND THEY MAY EXCEED THE AMOUNT OF CASH IN THE APPROPRIATION OR FUND.

THE UNLIQUIDATED OBLIGATIONS TO BE REPORTED ARE NOT RESTRICTED TO THE UNPAID BILLS RECEIVED AT THE DATE OF THE REPORT IF YOU OTHERWISE CAN ESTABLISH THAT THE CARRIER HAS PERFORMED SERVICES UNDER TEMPORARY OR FINAL RATE ORDERS IN EFFECT AND HAVE WRITTEN EVIDENCE FROM WHICH REASONABLY ACCURATE ESTIMATES CAN BE MADE.

AN ESTIMATE OF WHAT MIGHT BE DUE CARRIERS OPERATING UNDER TEMPORARY RATE ORDERS IN SUBSEQUENT FISCAL YEARS WHEN RATE ORDERS ARE FINALIZED-- IN EXCESS OF THE AMOUNT DUE UNDER THE TEMPORARY RATES--- IS NOT AN OBLIGATION AS DEFINED IN SECTION 1311 (A) (5). THE ONLY SUBSIDY PAYABLE ,PURSUANT TO AGREEMENT AUTHORIZED BY, LAW," PRIOR TO THE ISSUANCE OF THE FINAL ORDER IS THE SUBSIDY DUE UNDER THE TEMPORARY RATE ORDERS.

THE DOCUMENTARY EVIDENCE REQUIRED BY SECTION 1311 OF THE SUPPLEMENTAL APPROPRIATION ACT, 1955, UNDER THIS TYPE OF PROGRAM WOULD BE THE CIVIL AERONAUTICS ACT OF 1938, AS AMENDED, THE TEMPORARY OR FINAL RATE ORDERS ISSUED THEREUNDER, AND WRITTEN EVIDENCE REASONABLY ESTABLISHING THE AMOUNT OF SUBSIDY PAYMENTS EARNED BY THE CARRIERS.