

COMPTROLLER GENERAL OF THE UNITED STATES

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Administrator of Veterans' Affairs,  
Veterans' Administration.

My dear General Bradley:

I have your letter of September 16, 1946, as follows:

"Public Law 636 - 79th Congress, approved August 7, 1946, established within the Veterans Administration an instrumentality of the United States to be known as Veterans' Canteen Service for the primary purpose of making available to veterans of the armed forces of the United States who are hospitalized or domiciled in hospitals and homes of the Veterans Administration, at reasonable prices, articles of merchandise and services essential to their comfort and well-being.

"It is believed that there will arise occasions when the most efficient operation of the Veterans' Canteen Service may best be attained and, in turn, the interests of the Government may best be served, by furnishing the Veterans' Canteen Service from Veterans Administration stocks certain supplies, groceries, ice, and provisions on a reimbursable basis.

"It is believed, further, that such a procedure is within the scope of Title 31 U.S.C. Section 686 governing the purchase or manufacture of stores or materials or the performance of services by one bureau or department for another bureau or department.

"There is respectfully submitted for your decision, therefore, the question as to whether the provisions of Title 31 U.S.C. Section 686 authorize the Veterans Administration to furnish to the Veterans' Canteen Service, on a reimbursable basis, certain supplies, groceries, ice and provisions."

Section 601 of the Economy Act, as amended, 31 U.S.C. 686, cited in your letter, permits any executive department or independent establishment of the Government, or any bureau or office thereof, to requisition materials, supplies or equipment from any other such

department, establishment, bureau, or office which may be in a position to supply them, either upon payment in advance or upon the furnishing of the materials, supplies or equipment.

The enacting clause of Public Law 636, approved August 7, 1946, describes the Veterans' Canteen Service as an "instrumentality of the United States," and it is provided in section 8 of the act that the Service shall function as an independent unit in the Veterans' Administration and shall have exclusive control "over all its activities including sales, procurement and supply, finance, including disbursements, and personnel management." Thus, the status of the Service is that of a bureau or office within the Veterans' Administration. Presumably, your doubt in the matter is as to the applicability of said section 601 of the Economy Act, supra, to a situation where, as here, the supplies or equipment involved are to be furnished by one bureau or office to another bureau or office under the same Government establishment operating under separate appropriations or funds. But, aside from the fact that the terms of said section 601, supra, are sufficiently broad to permit of such intra-departmental procurement, and that a contrary interpretation would defeat the general purpose of the statute, this office in numerous decisions heretofore has recognized the propriety of invoking the procedure contemplated by said statute, where otherwise appropriate, in circumstances substantially identical to those presented here. See 25 Comp. Gen. 322; B-392971, January 20, 1944; B-37273, October 16, 1943; 19 Comp. Gen. 774; 17 id. 748.

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The question presented in the final paragraph of your letter is, therefore, answered in the affirmative.

Respectfully,

(Signed) Frank L. Yates

Acting Comptroller General  
of the United States.