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DECISION



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

FILE: B-200007

DATE: September 17, 1981

MATTER OF: Army Self-Service Supply Centers—Sales of replacement items

DIGEST: Proposed Army program which would permit a member of the service who loses, damages, or destroys an item of Government property issued for personal use to purchase a replacement at an Army Self-Service Supply Center for a sum equivalent to the depreciated value of the item, and would automatically obligate the Government for the difference between the full purchase price and the depreciated price, is acceptable. GAO sees no violation of 31 U.S.C. § 628 since Army appropriations are available to pay such replacement costs wholly or partially. The proposed program does not violate the Antideficiency Act, 31 U.S.C. § 665, per se, but Army must establish adequate funding controls to assure that no replacement purchases are authorized unless Army has sufficient funds available to cover its share.

The Acting Assistant Secretary of the Army (Installations, Logistics and Financial Management) asks whether a proposed Army program is consistent with the intent of Title 31, U.S.C. §§ 628 and 665(a). The program would permit a member of the service, who loses, damages, or destroys an item of Government property issued to him or her for personal use, to purchase a replacement at an Army Self-Service Supply Center for a sum equivalent to the value of the depreciated item. Appropriated funds would be obligated for the difference between the purchase price of the replacement item and the amount paid by the individual soldier. The Army asks specifically whether the payment of such a "depreciation allowance" by the Government would constitute an unauthorized augmentation of private funds with appropriated funds in violation of 31 U.S.C. § 628. The Army also questions whether the procedure would violate subsection (a) of the Antideficiency Act, 31 U.S.C. § 665, since a soldier's purchase of a replacement item would result in an automatic obligation of appropriated funds for the amount of the depreciation.

The proposed scheme of payment would not violate 31 U.S.C. § 628. Section 628 limits the availability of appropriations to the objects for which they are made. Under the Army proposal, the appropriated funds would be used for acquisition of replacement property, a purpose for which they are clearly available, even at full cost. Moreover, in

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recognizing depreciation of the lost property as a cost when the property is replaced in kind, the Army would not be "augmenting" the private funds of the service member who lost the property, just as it is not doing so now when it collects the depreciated value from him in cash. It has merely determined that the total amount of his debt to the Government is the lesser amount.

The proposed program does not inherently violate the Antideficiency Act, although conceivably, in practice, the "automatic" obligation of appropriated funds could occur at a time when the procurement account has insufficient funds remaining in its allotment to cover the obligation. We assume that the Army will develop fund control procedures to ensure that sufficient appropriated funds are available before authorizing the service member's purchase from the Self-Service Supply Centers. (See also the restriction in 10 U.S.C. § 2208(f).)

In this connection, we note that the Army intends to reimburse the stock fund on a quarterly basis. While this is a matter for administrative determination, stock fund billings and reimbursements are usually accomplished more frequently than quarterly, affording tighter financial controls on the amount of obligations incurred.



Acting Comptroller General
of the United States