

## DOCUMENT RESUME

06926 - [B214 '165]

[Improvement Needed in Management of Protection and Maintenance Funding]. LCD-78-336 B-101646. July 31, 1978. 2 pp. + 3 enclosures (15 pp.).

Report to Joel W. Solomon, Administrator, General Services Administration; by Richard W. Gutmann, Director, Logistics and Communications Div.

Issue Area: Facilities and Material Management: Operation and Maintenance of Facilities (708).

Contact: Logistics and Communications Div.

Budget Function: General Government: General Property and Records Management (804); National Defense (050).

Organization Concerned: Department of Defense.

Congressional Relevance: House Committee on Public Works and Transportation; Senate Committee on Environment and Public Works.

Authority: Antideficiency Act (31 U.S.C. 665). Federal Property and Administrative Services Act of 1949 (40 U.S.C. 484 (b)). 31 U.S.C. 200. 41 C.F.R. 101. CME Circular A-34.

The General Services Administration's (GSA's) practices for funding the costs to protect and maintain excess and surplus real property were reviewed. GSA has adopted the policy that it will decide the amount of funding needed for the protection and maintenance of surplus Federal real property and that these funds will be provided when GSA assumes financial responsibility for the property. However, GSA is financially responsible to reimburse holding agencies for providing protection and maintenance after a specified time. GSA has not taken the actions necessary to reimburse the military services for protection and maintenance expenditures although the services have provided protection and maintenance at their own expense, sometimes beyond the 12-month to 15-month requirement. During fiscal years 1975 through 1977, GSA entered into 13 formal written protection and maintenance agreements with other agencies but did not record these agreements as obligations against applicable appropriation accounts and subsequently defaulted on payments. Incurring obligations without sufficient financial resources to meet the obligations agreed upon constitutes a violation of the Antideficiency Act. The Administrator of GSA should require that: GSA's budgetary process for acquiring protection and maintenance funds be reviewed and that procedures be established to request sufficient funds to reimburse holding agencies, procedures to be initiated are monitored to ensure that obligations are recorded against appropriation accounts, and a review is made to determine where violations of the Antideficiency Act have occurred. (RRS)



7185

UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

LOGISTICS AND COMMUNICATIONS  
DIVISION

B-101646

July 31, 1976

The Honorable Joel W. Solomon  
Administrator of General Services

Dear Mr. Solomon:

We examined the General Services Administration's practices for funding the costs to protect and maintain excess and surplus real property. In our opinion, practices followed for assuring adequate care for the property have not been effective. We reviewed pertinent files and interviewed agency officials concerned with the cases selected in our audit.

During fiscal year 1976, the transition quarter, and fiscal year 1977, General Services had defaulted on payments for protection and maintenance services performed by other executive agencies even though there were formal written agreements between General Services and other agencies requiring the payments. Because General Services failed to record the written agreements as obligations against appropriations at the time of execution, funds were not set aside and available for payments.

We discussed points included in this report with members of your staff and they advised us that the procedures would be modified.

This report contains recommendations to you on pages 7 and 8. As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the House Committee on Government Operations and the Senate Committee on Governmental Affairs not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

LCD-78-336  
(945292)

B-101646

Copies of this report are being sent to the House Committee on Government Operations, the Senate Committee on Governmental Affairs, and the Director of the Office of Management and Budget.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "R. W. Gutmann".

R. W. Gutmann  
Director

Enclosures - 3

IMPROVEMENT NEEDED IN MANAGEMENT OF PROTECTION  
AND MAINTENANCE FUNDING

BACKGROUND

The Federal Property Management Regulations (FPMR) assigns responsibilities to both the holding agency and to the disposal agency for protection and maintenance of excess and surplus real property. Holding agencies are those Federal agencies which have accountability for the property. The disposal agency is the one designated as such by the Administrator of General Services to dispose of surplus property. The General Services Administration (GSA) is usually the disposal agency for surplus Federal real property.

The FPMR provides that:

"The holding agency shall be responsible for the expense of physical care, handling, protection, maintenance, and repair of such property pending transfer or disposal for not more than 12 months, plus the period to the first day of the succeeding quarter of the fiscal year after the date that the property is available for immediate disposition."

Concerning the expense for the care and handling of such property, the regulations provide that:

"In the event the property is not transferred to a Federal agency or disposed of during the period mentioned--, the expense of physical care, handling, protection, maintenance, and repair of such property from and after the expiration date of said period shall be reimbursed to the holding agency by the disposal agency."

GSA has adopted the policy that it will decide the amount of funding needed for the protection and maintenance of surplus Federal real property and that these funds will be provided when GSA assumes financial responsibility for the property. GSA advises the holding agencies of this amount. If the holding agency provides protection and maintenance at a greater cost, GSA will reimburse the agency only for the amount agreed upon.

FUNDS NOT PROVIDED

Our review of 30 cases included 28 properties which had been reported as excess by the Department of Defense (DOD) and 2 properties reported as excess by other Federal agencies. We found no indications of serious problems in caring for the non-DOD properties.

Problems with protecting and maintaining former DOD properties were mostly attributed to GSA's not taking the actions necessary to reimburse the military services for maintenance costs.

As holding agencies, the military services are required to protect and maintain the properties and to bear the costs for the initial holding period. GSA is required to reimburse the services for costs incurred after that period but has not always done so.

In some instances the military services have continued to care for the property despite GSA's failure to reimburse them. In other instances the services have taken the position that they will protect and maintain the property only to the extent that GSA reimburses them for the costs.

An example of the military services continuing to care for the property despite the absence of reimbursement by GSA is the Army's actions at Fort Wolters, Texas. Disposition of the property was not completed until 20 months after being declared excess, and the Army incurred maintenance costs for that period. GSA was responsible for reimbursing the Army for 6 of the 20 months and signed an agreement to reimburse the Army for actual expenses not to exceed \$20,000 a month. The Army billed GSA \$92,910 for expenses incurred during the 6-month period. GSA reimbursed the Army only \$14,000. Army officials stated that they do not anticipate further reimbursement from GSA. They also stated that GSA had notified them in advance that funds were not available for reimbursement. They stated, however, that as the holding agency, the Army had a responsibility to protect the property.

The Air Force apparently follows an approach similar to the Army's as evidenced by its activities in protecting and maintaining the Matagorda Island, Air Force Range and Dock, Texas. GSA became responsible for reimbursing the Air Force for maintenance expenses on October 1, 1977. In response to

a GSA request, the Air Force estimated the protection and maintenance costs at \$596,400 a year, or \$149,100 a quarter.

GSA notified the Air Force that GSA had not been allocated sufficient funds and could reimburse the Air Force only \$18,000 the first quarter. GSA officials stated that they did not know how much, if any, funding would be allocated in succeeding quarters. Correspondence indicated that the Air Force will perform the necessary maintenance even though GSA is not expected to reimburse it the total amount.

Expenses not reimbursed are referred to by GSA as defaults. For fiscal year 1976, GSA records showed defaults of about \$898,000. Over half of these--\$481,000---pertained to the former Navy shipyard at Charlestown, Massachusetts.

The Navy apparently views GSA's failure to make reimbursement differently than does the Army and the Air Force.

In a March 8, 1977, memorandum, the Naval Sea Systems Command noted that the Portsmouth Naval Shipyard was functioning as a "holding agent" for GSA, and that security, maintenance, and emergency repairs would be provided to the extent that GSA could provide the funds. This approach led to a reduction of protection and maintenance of the shipyard from about \$2.8 million per year to about \$160,000 per year. This reduction in protection and maintenance apparently resulted in vandalism and deterioration of the property.

In an April 28, 1976, letter, the Commissioner, Public Building Service (Wash.. D.C.), commented on maintenance at the Shipyard stating that:

"Due to a shortage of funds we have ceased all maintenance at this facility. We are presently able to provide only a small guard force, patently incapable of protecting the property. As a result the buildings, many of them more than 100 years old, and the utility systems are deteriorating rapidly. Substantial vandalism has occurred and is likely to increase with warmer weather approaching."

GSA estimated that \$2 million in damages would result if the heating power plant on the property was shut down. Since funding was not made available, this plant was shut down and has not been operating since May 1976.

We visited this property in November 1977 and observed that damage apparently due to vandalism had occurred. However, we could not determine the dollar impact of the vandalism. Navy officials stated that the extent of damage to the plant could not be determined unless it was reopened.

GSA officials stated that disposal of properties resulting from DOD base closures presents different problems than the type of property that GSA normally disposes of. According to those officials, GSA does not know in advance how many of these properties it will be financially responsible for and, therefore, cannot estimate their funding needs. We point out that DOD has been closing, consolidating, and realining its bases for many years and it appears that such activities will continue. Accordingly, it appears that GSA will continue to have many DOD properties in its inventory for disposal. Since GSA has 12 to 15 months before it becomes financially responsible for the property, we believe that it should be able to anticipate the funding needs for the protection and maintenance for those properties remaining in its inventory and include an estimate for such costs in its budget.

#### IMPROVEMENT NEEDED IN MANAGEMENT OF PROTECTION AND MAINTENANCE FUNDS

The so-called Antideficiency Act, 31 U.S.C. 665, requires the heads of departments and agencies to conduct their activities within the limits of available appropriations.

During fiscal years 1975 through 1977, GSA entered into 13 formal written agreements with other executive holding agencies to reimburse them for the amount of expenses determined by GSA to be adequate to protect and maintain Federal surplus real property. However, GSA did not record the agreed upon amounts as charges against applicable appropriation accounts. Instead, the obligations were recorded as payments were made, and only in the amount of the payments. As a result, GSA defaulted in payments amounting to \$721,610 for fiscal year 1976 and for the transition quarter, and \$89,500 in fiscal year 1977 on properties involving formal protection and maintenance agreements.

Section 61.3 of OMB Circular A-34 states:

"In cases where direct payments from an appropriation account are made to other appropriations or funds in order to carry out the purposes of the paying appropriation, transactions will be treated in the paying account in the same manner as transactions with the public (i.e., an obligation will be reported when an order is placed, and an accrued expenditure will be recorded when the service is performed or the item provided). When an account or fund accepts an order from another account, it will record the amount as an unfilled customer's order until the amount is earned, at which time it is recorded as an earned reimbursement."

We believe that when GSA incurred obligations under formal agreements for which funds were not available, it violated 31 U.S.C. 665(a) which states:

"No officer or employee of the United States shall make or authorize an expenditure from or create or authorize an obligation under any appropriation or fund in excess of the amount available therein; nor shall any such officer or employee involve the Government in any contract or other obligation, for the payment of money for any purpose, in advance of appropriations made for such purpose, unless such contract or obligation is authorized by law."

We notified the appropriate GSA officials of our preliminary findings in a March 14, 1978, letter (see enc. I). GSA officials formally answered in a May 10, 1978, letter (see enc. II).

In that letter GSA stated:

"The Office of Real Property, Public Building Service (PBS), which has responsibility for the disposal of surplus real property, has advised that your information concerning the lack of funds to reimburse other agencies for protection and maintenance costs is correct. Accordingly, although the regulations contemplate that at the end of the fifteen month period such costs be assumed by GSA, reimbursement in some instances have not been made."

We are advised that the practice of reimbursing holding agencies for the cost of protection and maintenance, pursuant to the above-cited regulations, have been in effect for several years. Until fiscal year 1976, appropriations to GSA for protection and maintenance were adequate to cover all reimbursements required under the regulation. However, since that time, because of the large number of surplus properties held and inadequate resources, GSA has not been able to fund completely the requirements for the care and handling of all surplus property.

With respect to those instances where written agreements were executed by GSA and the holding agencies, the purpose of such agreements was not to expand GSA's fiscal responsibility, but to provide a ceiling on the amount of protection and maintenance costs which GSA would assume in order to control costs. We have been advised that the fixed or maximum amounts stated in the agreements were not recorded as obligations at the time the agreements were entered into. Neither were obligations recorded at the end of the fifteen month period, in cases where no formal agreements were executed. In all instances, GSA would reimburse the costs provided funds were available."

The letter further states that:

"\* \* \* 31 U.S.C 665 prohibits expenditures or contract obligations in excess of funds. If the agreements are considered binding, with respect to the commitment of funds, obviously the amount of the agreements should have been obligated. A determination as to whether a violation of 31 U.S.C. 655 occurred will be made following receipt of your report, and an independent review within GSA by the Office of Administration."

We believe that the agreements into which GSA entered with holding agencies were legally binding because they represent formal bilateral contracts between Federal agencies. Therefore, to the extent funding was unavailable to meet those formal agreements, we believe that a violation of the Antideficiency Act occurred. For these cases GSA should determine the specific instances in which the violations occurred and prepare those reports required by 31 U.S.C. 665(i).

Conclusions and Recommendations

GSA is financially responsible to reimburse holding agencies for providing protection and maintenance for surplus Federal property after a specified time. However, GSA has not taken actions necessary to reimburse the military services for their protection and maintenance expenditures. The Army and the Air Force have or apparently will provide the necessary protection and maintenance to preserve the property from deterioration. The Navy has provided protection and maintenance only to the extent that GSA has provided funding. This has resulted in vandalism and deterioration of Government property.

Although the services have provided protection and maintenance at their own expense, sometimes beyond the 12- to 15-month requirement, GSA is responsible for reimbursing them for expenses incurred after the initial holding period. Since GSA has 12 to 15 months to provide for this expense in its budget, it should take steps to ensure that money is available to reimburse the services for their protection and maintenance expenditures.

During fiscal years 1975 through 1977, GSA entered into 13 formal written protection and maintenance agreements with other executive agencies. GSA did not record these agreements as obligations against applicable appropriation accounts and subsequently defaulted in payments amounting to \$21,610 for fiscal year 1976 and for the transition quarter, and \$89,500 in fiscal year 1977 on these agreements. We believe that incurring obligations without sufficient financial resources to meet the obligations agreed upon constitutes a violation of the Antideficiency Act.

We notified appropriate GSA officials of this and they agreed that GSA had not recorded the agreements at the time of execution and did not have sufficient funds to meet its financial responsibilities. They stated that procedures would be established where the agreed-to amount of protection and maintenance would be recorded against appropriations at the time of execution. They also stated that a determination as to whether a violation of 31 U.S.C. 665 occurred will be made following receipt of this report.

We recommend that the Administrator require that:

--GSA's budgetary process for acquiring protection and maintenance funds be reviewed, and that procedures be

established to request sufficient funds to reimburse holding agencies for such expenditures.

--Procedures to be initiated are monitored to ensure that obligations are recorded against appropriation accounts at the time the agreements are entered.

--A review is made to determine where violations of 31 U.S.C. 665 have occurred and to make the reports required by 31 U.S.C. 665(i).



UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON, D.C. 20548

IN REPLY  
REFER TO: E-101646

OFFICE OF GENERAL COUNSEL

MAR 14 1978

Allie E. Latimer, Esquire  
General Counsel  
General Services Administration  
Washington, D.C. 20405

Dear Ms. Latimer:

This Office is presently reviewing the General Services Administration's (GSA) conduct of its responsibilities under section 203(b) of the Federal Property and Administrative Services Act of 1949, 40 U.S.C. 484(b), and implementing regulations.

Section 203(b) gives to GSA the responsibility for the care and handling of surplus Federal property pending its disposal by GSA. Under this law, GSA is authorized to delegate its responsibilities to the executive agency in possession of the surplus property (the so-called "holding agency").

In the course of our review, several questions have arisen in the light of section 203(b). These questions derive, in large part, from GSA's current policy for the administration of its responsibilities, as expressed in existing regulations--the Federal Property Management Regulations (FPMR). The current FPMR makes the holding agency responsible for:

"the expense of physical care, handling, protection, maintenance, and repair of such property pending transfer or disposal for not more than 12 months, plus the period to the first day of the succeeding quarter of the fiscal year after the date that the property is available for immediate disposition. If the holding agency requests deferral of the disposal, continues to occupy the property beyond the excess date to the detriment of orderly disposal, or otherwise takes actions which result in a delay in the disposition, the period for which that agency is responsible for such expenses shall be extended by the period of delay." 41 C.F.R. 101-47.402-2(a) (1977).

If the property at issue is not transferred to another Federal agency or disposed of during the above-mentioned period (12 months plus the period to the first day of the next fiscal quarter, etc.), the regulations provide that:

"the expense of physical care, handling, protection, maintenance, and repairs of such property from and after the expiration date of said period shall be reimbursed to the holding agency by the disposal agency [GSA is the 'disposal agency']". 41 C.F.R. 101-47.402-2(b) (1977).

We have determined that GSA has entered into written agreements with Federal agencies under which the agencies are to protect and maintain surplus Federal buildings pending their disposal by GSA. In return, GSA is to reimburse the holding agencies for the costs of protection and maintenance incurred. We understand that these agreements have been negotiated in order to keep to a minimum the protection and maintenance costs on the surplus Federal property.

In reviewing these agreements in the context of GSA's financial activities, our preliminary information is that GSA may not have sufficient budgetary resources available to reimburse fully the holding agencies for their costs in protecting and maintaining surplus property. To the extent that GSA's written agreements can be viewed as contractually obligating GSA to reimburse the holding agencies, the question arises whether certain provisions of the Antideficiency Act are applicable. Specifically, 31 U.S.C. 665(a) states:

"No officer or employee of the United States shall make or authorize an expenditure from or create or authorize an obligation under any appropriation or fund in excess of the amount available therein; nor shall any such officer or employee involve the Government in any contract or other obligation, for the payment of money for any purpose, in advance of appropriations made for such purpose, unless such contract or obligation is authorized by law."

In view of the above, members of this Office recently met with GSA representatives for the purpose of obtaining GSA's views of the scope and operation of section 203(b), the interagency agreements entered pursuant thereto, and the impact, if any, of the Antideficiency Act on these agreements.\*/

As a follow-on to our meeting, we would appreciate your formal responses to the following questions:

1. Are the contracts that are entered into between GSA and a holding agency considered legally binding agreements?
2. If the agreements are considered binding contracts, are the financial obligations incurred thereunder recorded pursuant to 31 U.S.C. 200? If so, when?
3. Pursuant to Federal Property Management Regulations, subpart 101-47.402-2, are holding agencies required to provide protection and maintenance for properties regardless of whether they have been reimbursed by GSA?
4. If holding agencies incur liabilities that GSA has agreed to reimburse, but has not, does GSA record the transaction as an obligation? (See OMB Circular A-34, Section 61.3.)
5. Where no formal contracts exist with holding agencies for the protection and maintenance of surplus property, does GSA still have a liability to reimburse the agency by virtue of the express commitment to do so under its regulations?
6. Do the provisions of 31 U.S.C. 665 apply to agreements between Federal agencies? Why? Do the provisions apply to the subject GSA activities?
7. Does GSA have a legal responsibility to honor the interagency contracts even without sufficient funding?

---

\*/ GSA representatives: Mr. James Pitts, Director, Special Programs Division; Mr. Norman Miller, Assistant Director, Special Programs Division; Ms. Carol Nimmer, Acting Director, Administration Support Staff; and Mr. Minton Folland, Chief Counsel for Real Property, Public Building Division.

ENCLOSURE II

ENCLOSURE II

Your prompt response to these questions will be appreciated. Should you have any questions or wish to discuss the matter, Mr. Ralph Lotkin of this Office will be pleased to meet with you. Mr. Lotkin can be reached at 275-3144.

Sincerely yours,

HENRY R. WRAY

Henry R. Wray  
Assistant General Counsel

MAY 10 1978

Henry R. Wray, Esquire  
Assistant General Counsel  
General Accounting Office  
Washington, DC 20548

Dear Mr. Wray:

Reference is made to your letter of March 14, 1978, concerning a General Accounting Office (GAO) review of the General Services Administration's (GSA) conduct of its responsibilities under section 203(b) of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 484(b)) (the Property Act), and implementing regulations.

Section 203(b) gives to GSA the discretion to determine whether the agency in possession of surplus property (the holding agency) or GSA (the disposing agency) will assume the responsibility of protection and maintenance of such property. Regulations implementing section 203(b) require the holding agency to fund the expense of the physical care of surplus property for a period up to fifteen months after the date the property is available for immediate disposition. 41 C.F.R. 101-47.402-2(a). Thereafter, the regulations provide that GSA will reimburse the holding agency for such costs. 41 C.F.R. 101-47.402-2(b).

Your letter states that, pursuant to the above authority, GSA has entered into written agreements with Federal agencies under which the agencies are to protect and maintain surplus property pending their disposal with the costs thereof to be reimbursed by GSA. Although not stated in your letter, in most cases involving surplus property in possession of a holding agency after fifteen months following the date the property is available for disposal, no formal agreement is executed although agencies by practice, submit invoices to GSA for reimbursement of appropriate costs. You state that your preliminary information is that GSA may not have sufficient budgetary resources to fully reimburse the holding agencies.

The Office of Real Property, Public Building Service (PBS), which has responsibility for the disposal of surplus real property, has advised that your information concerning the lack of funds to reimburse other agencies for protection and maintenance costs is correct. Accordingly, although the regulations contemplate that at the end of the fifteen month period such costs be assumed by GSA, reimbursement in some instances have not been made.

We are advised that the practice of reimbursing holding agencies for the cost of protection and maintenance, pursuant to the above-cited regulations, have been in effect for several years. Until fiscal year 1976, appropriations to GSA for protection and maintenance were adequate to cover all reimbursements required under the regulation. However, since that time, because of the large number of surplus properties held and inadequate resources, GSA has not been able to fund completely the requirements for the care and handling of all surplus property.

With respect to those instances where written agreements were executed by GSA and the holding agencies, the purpose of such agreements was not to expand GSA's fiscal responsibility, but to provide a ceiling on the amount of protection and maintenance costs which GSA would assume in order to control costs. We have been advised that the fixed or maximum amounts stated in the agreements were not recorded as obligations at the time the agreements were entered into. Neither were obligations recorded at the end of the fifteen month period, in cases where no formal agreements were executed. In all instances, GSA would reimburse the costs provided funds were available.

We understand that funds were not obligated since the responsible officials were of the opinion that implicit in the regulations was the understanding that GSA would not be responsible for protection and maintenance beyond available resources. In fact, some agreements specifically conditioned GSA's responsibility to reimburse on the availability of funds. In this regard, since the purpose of the written agreements was to restrict the expenditure of funds rather than to expand GSA's fiscal responsibility, written agreements were not regarded as different than reimbursement made pursuant only to the regulations.

As a result of GAO's review of the matter and an internal review within PBS, the long standing existing procedures will be modified. GSA will not accept any fiscal responsibility for physical care of surplus property, prior to a formal agreement with the holding agency which fixes maximum costs to be assumed by GSA. Such amount will be recorded as an obligation at the time of execution. The agreements will provide for renewal each fiscal year at GSA's option. Obligation of the fixed or maximum amount for the fiscal year covered by the renewal will be recorded at the time the option is exercised. We believe that the above changes will clarify GSA's existing policy and more firmly establish the financial obligations of the agencies involved.

Your letter also requests formal responses to several questions relating to the applicability of 31 U.S.C. 665 to the agreements referred to above. We believe that the answers to questions 1 and 4 are discussed above. With respect to question 2, if the agreements referred to above are considered as binding, obligations should be recorded as required by 31 U.S.C. 200 at the time of execution. Question 3 asks whether holding agencies are required to provide protection and maintenance for surplus properties regardless of

whether they have been reimbursed by GSA. Section 203(b) of the Federal Property and Administrative Services Act obviously contemplates that responsibility for physical care of property be vested in either GSA or another agency. If GSA lacks funds, and if the holding agencies appropriations are legally available, we believe that such agencies have a responsibility to provide minimum protection and maintenance in order to preserve the Government's value in the property.

With respect to question 5, it is the view of the Office of Real Property that in the absence of a formal agreement with the holding agency, to the extent funds are available, GSA has a responsibility to reimburse the agency for protection and maintenance by virtue of the regulation. We have some reservation concerning this; however, the proposed revision to the regulations will make it clear that GSA will not assume fiscal responsibility absent a written agreement.

In answer to question 6, 31 U.S.C. 655 prohibit expenditures or contract obligations in excess of funds. If the agreements are considered binding, with respect to the commitment of funds, obviously the amount of the agreements should have been obligated. A determination as to whether a violation of 31 U.S.C. 655 occurred will be made following receipt of your report, and an independent review within GSA by the Office of Administration.

Your final question asks whether GSA has a legal responsibility to honor the "interagency contracts" even without sufficient funding. We have advised the Office of Real Property that no authority exists to pay claims in the absence of the availability of funds.

If we can be of any further assistance to your office, please advise.

Sincerely,



ALLIE B. LATIMER  
General Counsel