Text as published on gao.gov, https://www.gao.gov/products/b-212602, archived 2026-09-19. GAO published no original file for this decision. Rendered by Comptroller Desk.

B-212602 April 5, 1984

Number: B-212602

Date: 1984-04-05

B-212602 April 5, 1984

Relief is granted under 31 U.S.C. Sec. 3527 to an Army accountable officer for an erroneous payment made by a cashier under the command of the officer relieved. Although the cashier has admitted responsibility for the error and is being held liable for the payment made, the Army should continue to attempt to collect the erroneous payment from the debtor to whom it was made. The cashier is only liable for those amounts that cannot be recovered from the debtor.

Mr. Clyde E. Jeffcoat Principal Deputy Commander U.S. Army Finance and Accounting Center Indianapolis, Indiana 46249

Dear Mr. Jeffcoat

You have requested that this Office grant Lieutenant Colonel B. E. Braswell relief from liability, pursuant to 31 U.S.C. Sec. 3527(c) (formerly 31 U.S.C. Sec. 82a-2), for an erroneous payment made by a cashier under his command. For the reasons given below, we grant relief in this case as requested.

On December 14, 1982, at Fort Bragg, North Carolina, a cashier working under the command of Lieutenant Colonel (LTC) B. E. Braswell erroneously made payments totaling $1,145.45 on two vouchers to Specialist John T. O'Keefe. The error in this transaction stemmed from the fact that the those vouchers did not support payment to John T. O'Keefe, but rather to Private First Class John Oskolkoff. Both O'Keefe and Oskolkoff were to receive payments on or about that date. O'Keefe, however, was to receive a far smaller payment--his vouchers totaled only $526.09. Later that day, when Oskolkoff appeared and requested payment, the cashier realized his mistake and informed his superiors.

According to the cashier, his disbursing office was seriously under- staffed and extremely busy on that day. Therefore, the cashier was forced to assume other responsibilities in addition to his normal duties. These additional duties required him to work simultaneously at his window as cashier and elsewhere in the office, in place of the absent support and supervisory staff. In his hurry, the cashier pulled Oskolkoff's vouchers from the files for O'Keefe by mistake. The cashier maintains that this mistake was based upon the similarity in the spelling of the two names. (Both begin with an "O and contain a "K".) The cashier also admitted that while he did compare O'Keefe's signature with that on O'Keefe's identification card, he did not compare the name that was on O'Keefe's identification card (which was the name that O'Keefe signed) with the name on the voucher. Had he done so, this erroneous payment would have been prevented. The cashier agrees that his failure to make this latter comparison was wrong and he has accepted responsibility for it.

After the mistake was discovered, new vouchers were prepared to pay Oskolkoff and efforts were begun to recover the erroneous payments made to O'Keefe. Attempts were made to contact O'Keefe, but it was found that he had already completed his separation processing and had left the base to travel to his permanent home in Denver, Colorado. Consequently, the Army processed the two vouchers which were payable to O'Keefe and offset the amount owed on them as partial recovery of the erroneous payments. This left a total of $619.36 still owed by O'Keefe.

On December 23 (9 days later), O'Keefe was contacted by telephone at his home in Colorado. O'Keefe stated that he had not known that he had been erroneously paid. He said that he had already spent most of the money that he received on travel expenses and holiday presents. However, he did say that he would repay the excess amount as soon as he could gather the necessary funds. On January 14, 1983, a registered letter was sent to O'Keefe by LTC Braswell. The letter advised O'Keefe in writing of the erroneous payment and the offset taken to recover part of the excess. In addition, the letter demanded payment for the balance due.

Since that letter was sent, aside from a referral to an Army collection division, made on July 22, 1983 (i.e., 7 months later), no further collection action appears to have been taken against O'Keefe; nor have any payments been received from him. The Army has, however, advised the cashier that he must pay at least one-half of the balance still owed. This determination was founded upon a theory of joint and several liability.

Subsequent to the discovery of these erroneous payments, an investigating officer, LTC Jose Martinez, was appointed to review the matter. In his report, dated February 28, 1983, LTC Martinez concluded that the loss in this case was an improper or erroneous payment which occurred due to the fault of the cashier. LTC Martinez found that there were established fished procedures which, when followed, "would preclude" erroneous payments of the kind made in this case. At the same time, however, according to Martinez's report, the procedures to be followed "do not specifically state that the name on the identification card is to be matched against the name of the payee on the voucher. [Nevertheless, i]t is understood by the cashiers and tellers that this is a requirement. (Emphasis added.) For this reason, Martinez recommended that "corrective action. should be taken to require and remind the cashiers to compare the name on the payee's identification card with that on the voucher. Martinez recommended that the cashier be held pecuniarily liable for the loss resulting from this erroneous payment, but not subject to any other disciplinary action. Martinez also recommended that LTC Braswell be relieved of any pecuniary responsibility in the matter and not subject to any other disciplinary action. In this regard, Martinez found that the loss "was not the result of bad faith or lack of due care on the part of [LTC Braswell]," and that LTC Braswell "has diligently pursued collection against the recipient of the improper payment." Martinez's findings and recommendation have not been challenged by the cashier. Consequently, the Army, pursuant to 31 U.S.C. Sec. 3527(c), asks us to relieve. LTC Braswell from liability as the Accounting and Financial Officer in whose name these accounts were held.

Relief is granted by this Office under 31 U.S.C. Sec. 3527(c) when the record indicates that a supervisory accountable officer acted within the bounds of due care as established by applicable regulations, that there is no evidence of bad faith on the part of this officer for whom relief is requested, and that a

diligent effort has been made to collect the overpayment. 62 Comp.Gen. 91 (1982). In this case, a cashier has admitted that he did not follow procedures that he was expected to perform when he made the erroneous payment and that this was the cause of the loss. Based on this circumstance and your statement that collection, action will be diligently pursued, we grant relief as requested.

We note that according to your file, you are holding the cashier who made the erroneous payments and the recipient of the erroneous payments jointly and severably liable for the overpayment. We agree that this is proper. We do not agree, however, with the consequence that you find to flow from this conclusion since you have divided the total claim and seeking half from each. The recipient of an erroneous payment is in debt to the Government for the total amount of the overpayment. See B-21111 et al., December 2, 1983. The cashier who made the erroneous payment is an insurer of the correctness of payments he makes and must pay for whatever is not recovered from the recipient of erroneously paid money. 54 Comp.Gen. 112 (1974). Even if you collect from the cashier, you should continue to pursue the recovery from the debtor and restore any amounts received to the cashier to the extent that he has made payment. 31 U.S.C. Sec. 3527(d)(2); see id. at 114.

Sincerely yours,

Harry R. Van Cleve Acting General Counsel