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B-213824, Jul 13, 1987, Office of General Counsel

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APPROPRIATIONS/FINANCIAL MANAGEMENT - Accountable Officers - Disbursing officers - Relief - Illegal/improper payments - Travel allowances DIGEST: Relief is granted to accountable officer and her subordinate upon reconsideration where the record shows that proper procedures and controls were in place at the time the loss occurred, the accountable officer took steps to ensure that those procedures were being followed and the cashier followed them. The loss resulted from a combination of skillfully executed criminal activity, an inoperative telephone system and the failure on the part of certifying personnel to properly verify accounting data on a bogus travel voucher.

The Honorable Chase Untermeyer:

This responds to your letter of March 23, 1987, requesting reconsideration of our decision B-213824, July 2, 1984, in which we declined to relieve Mrs. Esther T. Schultz, Disbursing Officer, Personnel Support Activity, Jacksonville, Florida, for an improper payment of a fraudulent travel claim in the amount of $1,118.88. In addition, your letter requests that relief be granted to Master Chief Disbursing Clerk (DKCM) Hernando R. Andone, the Deputy Disbursing Officer, Personnel Support Activity Detachment, Cecil Field, Florida, who made the actual payment. Upon reconsideration, we conclude that relief may now be properly granted to Mrs. Esther T. Schultz. We also grant relief to DKCM Andone.

In our earlier decision we denied relief to Mrs. Schultz on grounds that the record at that time did not provide us with sufficient evidence to determine whether adequate procedures and controls were in place at the time of the loss, nor were we provided sufficient evidence regarding whether such procedures were enforced by Mrs. Schultz. We were also unable to determine what discrepancy led to the detection of the improper payment. Finally, there was no evidence in the record to indicate that diligent collection efforts were being pursued.

On December 22, 1981, Seaman Apprentice Personnelman (PNSA) Toris E. Louie, using the name LTJG Dan R. Moening, presented an apparently valid travel voucher along with a military identification card (ID) at the Naval Personnel Support Activity Detachment (PSD), Jacksonville. Because there was some question as to the accuracy of the accounting data on the travel voucher, PNSA Louie was refused payment at the Jacksonville installation pending verification of the travel orders with the issuing activity. Apparently, the telephone system in Jacksonville was inoperative during the time in question. The following morning, PNSA Louie appeared at the Naval PSD at Cecil Field rather than returning to the Jacksonville unit. Upon presenting the voucher at Cecil Field, there was also some question as to the propriety of the accounting data on the voucher.

However, since the telephone system was still inoperative, the voucher examiners resolved to certify the voucher. Thereafter, the certified voucher was presented to DKCM Andone, who, after checking Mr. Louie's ID, paid the voucher.

DKCM Andone was acting in the capacity of cashier at the time in question. We note that he paid the voucher despite the fact that PNSA Louie was not in uniform as required by local regulation. According to DKCM Andone's statement in the record, he paid the voucher because the regulation requiring that all payees be in uniform was a local regulation, and someone traveling from another location might well be unaware of the requirement. Shortly afterward, the telephone system became operative. The Jacksonville PSD then phoned the alleged issuing authority and discovered the voucher to be fraudulent. A call was immediately placed from PSD Jacksonville to PSD Cecil Field, but the voucher had already been paid.

Subsequently, PNSA Louie was apprehended, court martialed and sentenced to a year's imprisonment. Upon his being released from prison, Mrs. Schultz pursued, albeit unsuccessfully, collection efforts against PNSA Louie.

The record now contains a detailed narration of Standard Operating Procedures (SOP). According to that narration, the proximate cause of the improper payment was the exercise of bad judgment on the part of the personnel who certified the voucher despite the questionable accounting data. DKCM Andone was unaware of the voucher examiner's suspicions at the time the voucher was paid.

An accountable officer is liable for erroneous payments made by subordinates. Relief can be granted, however, when the improper payment is not the result of bad faith or lack of due care attributable to him or her personally. Where the erroneously paid funds are handled exclusively by a subordinate, relief will be granted where the disbursing officer properly supervised his subordinates by maintaining and policing an adequate system of procedures and controls to avoid errors. 62 Comp.Gen. 476, 480 (1983).

In this case, these conditions are met. The erroneous payment was due solely to the voucher examiner's failure to follow instructions. The instructions provided to the voucher examiners, if followed, would have avoided the error. There is, furthermore, no indication in the record of inadequate supervision. See B-215737, November 5, 1984. uncontrollable factor that contributed to the loss was the failure of telephone lines at a crucial time. Accordingly, we now conclude that Mrs. Schultz did not act in bad faith or without due care.

As to DKCM Andone, we believe that he may properly be granted relief. have consistently held that relief may be granted cashiers where the loss in their accounts was not the result of bad faith or lack of due care on their part. The good faith and reasonable care of a cashier may be established by evidence that the individual complied with established procedures and nothing occurred which should have made that person suspicious. B-223285, August 28, 1986.

The record in this case shows that DKCM Andone complied with established procedures in paying the voucher. There was nothing on the face of the document which should have aroused DKCM Andone's suspicions; it was properly certified and he was unaware of the concerns of the certifying officials. Moreover, PNSA Louie presented what appeared to be a valid ID card. As to the fact that PNSA Louie was not in uniform, this was not the proximate cause of the improper payment. The uniform regulation was not designed as part of the procedures for

cashing travel vouchers. The requirement is a sub-area dress code that did not affect the status of the travel voucher and this regulation would not appear to be DKCM Andone's responsibility to enforce.

We note that collection action by the Navy was not well coordinated. The accountable officers were not aware of Toris Louis's real identity until after he was incarcerated by the Navy. At that time, they assumed that others would pursue the total amount he had fraudulently obtained from the Navy. The record shows an unsuccessful attempt to locate Mr. Louie in 1986 after his release. This is not diligent collection efforts, but nothing would be gained by denying relief to these accountable officers at this time.

For the reasons stated above, we now grant relief to Mrs. Schultz and DKCM Andone.