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B-214372, Oct 9, 1987, Office of General Counsel

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APPROPRIATIONS/FINANCIAL MANAGEMENT - Accountable Officers - Disbursing Officers - Relief - Illegal/Improper Payments - Substitute Checks DIGEST: The Secretary of the Army or his designee is delegated authority to administratively grant relief in the amounts of $750.00 or less to present or former Army disbursing officials financially liable for the issuing or certifying of substitute or recertified checks drawn for pay and allowances of civilian and military personnel when the payee presents and receives payment for both checks. These cases must be determined in accordance with the statutory standards of 31 U.S.C. Secs. 3527(c) and 3528(b) and applicable Comptroller General decisions.

Mr. Secretary:

On September 16, 1987, we received a letter from Mr. Clyde E. Jeffcoat, Director of Finance and Accounting, Office of the Assistant Secretary of the Army (Financial Management) requesting that we delegate to you or your designee authority to administratively grant relief in accordance with 31 U.S.C. Sec. 3527(c) to present or former Army disbursing officials responsible for deficiencies in their accounts because of erroneous or improper payments in duplicate check cases, not to exceed $750.00. Mr. Jeffcoat indicates that the Army would be bound by Comptroller General decisions establishing standards for granting relief in duplicate check cases under 31 U.S.C. Sec. 3527(c), including the requirement of diligent collection effort. According to Mr. Jeffcoat, the delegation would greatly reduce the processing time for Army cases and result in substantial cost saving for the government. We have given Mr. Jeffcoat's request careful consideration and agree that a limited delegation is in order.

As you are aware, duplicate check payment cases involve the negotiation by a payee of an original check and a subsequently issued substitute or recertified payment. The second check is issued and/or certified on the basis of the payee's signed statement that the original check had not been received. The overpayment results when the payee wrongfully presents both checks and is paid twice.

The presentment and payment are events outside the control of the finance officer. In such cases, relief is granted to disbursing officers under 31 U.S.C. Sec. 3527(c) when the record indicates that the disbursing officer acted within the bounds of due care, there is no evidence of bad faith, and a diligent effort was made to collect the overpayment. If the second check was issued by the Treasury and the disbursing officer's role was that of a certifying official, relief is granted under 31 U.S.C. Sec. 3528(b). Under this standard, relief is granted if the certification was based on official records, the official did not know and by reasonable diligence and inquiry could not have discovered the

correct information, and a diligent effort was made to collect the overpayment.

Since 1982 when the General Accounting Office determined that we would consider relief requests involving duplicate payments under 31 U.S.C. Sec. 3527(c), the majority of our duplicate check cases have come from the Army. Through the efforts of both the Army and GAO, we have, over the last several years, been able to standardize the granting of relief in these cases. Since the presentment and payment of duplicate checks are usually outside the control of the disbursing officer, our major area of concern in these cases has been to emphasize the need for diligent collection activity after the loss has occurred. The Army has been receptive to our concerns and has greatly improved its collection process. In view of this cooperation, we agree with Mr. Jeffcoat that the regular submission of relief requests in duplicate check payment cases constitutes an unnecessary burden for both the Army and our Office. Accordingly, the Army is hereby delegated the authority to grant relief to accountable officers in duplicate check payment cases involving the issuing or certifying of a substitute or recertified check drawn for pay and allowances of civilian and military personnel in the amounts of $750.00 or less. This should encompass the majority of such cases of this type. These cases may be administratively determined by you or your designee in accordance with the statutory standards of 31 U.S.C. Secs. 3527(c) and 3528(b) and applicable Comptroller General decisions. The Army should, however, document relief request cases and have them available for GAO review on a site audit basis. In addition, the Army should send cases where relief is not appropriate to our Office within 2 years after the irregularity occurs to give us time to raise an exception to the officer's account within the 3-year period after which the account must be considered to be conclusively settled. 31 U.S.C. Sec. 3526(c).