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[Request for Relief for Army Officer]

Number: B-215226

Date: 1985-04-16

B-215226 April 16, 1985

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

Dear Mr. Jeffcoat:

This responds to your request that we grant relief under 31 U.S.C. Sec. 3527(c) for an improper payment of $4,339, chargeable to the account of Captain (CPT) J.J. Ogle, symbol number 6329, Finance Officer, 17th Finance Section, APO New York, 09326. For the reasons stated below, relief is granted.

The record indicates that the loss occurred on October 1, 1982, when a cashier under CPT Ogle's command cashed a fraudulent voucher for a special reenlistment bonus in the amount of $4,339 for an individual indentifying himself as Specialist Five (SP5) Michael T. Thomas. It was later discovered that the signatures of the certifying officer and the payee were forgeries. This discovery led to a full investigation of the payment and its circumstances.

The investigation report concluded that the cashier was negligent in that she had failed to verify the Personnel Officer's signature and/or required an ID card by the payee. The cashier claimed that she was only required to verify the Personnel Officer's signature if it looked questionable and that she had requested an ID card from the fictitious payee to verify his signature. A legal review of the investigation report by VII Corps Staff Judge Advocate recommended that the report be amended to find that the cashier not be held pecuniarily liable. This was based on their finding of insufficient proof of any negligence on the part of the cashier. However, in your initial request to our Office you determined that the cashier was liable and indicated that collection action was being undertaken by your designated collection representative.

Based on the information contained in your original submission, we did not think there was sufficient independent evidence for us to concur in your determination that CPT Ogle did not bear some responsibility for the loss. It appeared from the original submission that the failures of the clerk that were said to be the proximate cause of the loss were not clearly the result of supervisory shortcomings. In view of the contradictory evidence in the record, we requested additional information. Your subsequent response again reiterated your finding that the cashier was at fault for failing to verify both the signatures of the Personnel Officer and the payee. In addition you stated that she had failed to obtain prior approval of the voucher from the chief of disbursing or the finance officer as the money amount was over $1,000. Therefore, you explain you did not request relief on the cashier's behalf but have requested that we relieve her

superior, CPT Ogle.

Where a subordinate rather than the officer himself makes the erroneous payment, relief may be granted upon a showing that the officer properly supervised his subordinates by maintaining an adequate system of procedures and controls to avoid errors and that appropriate steps were taken to ensure its implementation and effectiveness. 62 Comp.Gen. 476 (1983).

It appears that at the time of the loss, the cashiers under CPT Ogle's command were operating without any formal written standard operating procedures (SOP's). While the absence of a formal SOP does not necessarily indicate that the procedures in the office were inadequate, it does make our determination more difficult. We must be able to conclude from the record that the informal procedures were known to the staff and that these policies were properly implemented and enforced.

CPT Ogle submitted for the record a statement listing the office procedures in effect when the incident occurred. Among the procedures he enumerates was the policy that vouchers in excess of $1,000 must be approved by the Chief of Disbursing or the finance and accounting office prior to being paid in cash. CPT Ogle further states that the cashier who paid the fraudulent voucher was aware of this office practice. Although we are concerned that the investigation made no mention of this procedure, in your supplemental response you included a statement from CPT J.R. Nolan, Jr., Chief of Disbursing, in support of CPT Ogle's statement of this policy. According to CPT Nolan, the disbursing officer when the loss occurred, if a voucher was for an amount in excess of $1,000 either he or the finance officer would have to approve the disbursement prior to it being paid in cash. This approval was evidenced by the initials of the approving officer. Although the voucher here exceeded $1,000, the cashier apparently failed to note that the proper initials were lacking. Had she followed the proper procedures, no payment would have been made on the voucher. Under these circumstances, we conclude that CPT Ogle was not responsible for the loss since procedures were in place that, if followed, would have prevented the loss. Accordingly, we grant relief.

Sincerely yours,

(Mrs.) Rollee H. Efros Associate General Counsel