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[Request for Relief From Liability]

Number: B-217741

Date: 1985-10-15

B-217741, Oct 15, 1985

Honorable W. M. Gregg Commissioner, Bureau of the Public Debt:

This is in response to your request for us to relieve Mr. Martin French, Assistant Commissioner, Bureau of the Public Debt (Parkersburg, West Virginia Office) and his subordinates of liability of $791.90 in erroneous payments representing interest on a savings bond that was paid to the wrong individual over a period of time from April 1, 1967, through April 1, 1981. Since the request for relief was not received by our Office until February 1985, the accounts of Mr. French and his subordinates must be regarded as settled under 31 U.S.C. Sec. 3526(c) and there is no need for our Office to consider your request for relief.

The erroneous payments in question were made after a $1,000 Series H Savings bond registered to "Mrs. Dorothy Carpenter or Mrs. Carol Olson" was inadvertently credited to the account of Mrs. Bertha Louise Leege due to a clerical error. As a result of the error, interest checks for the period April 1, 1967, through April 1, 1981, totaling $791.90, were mistakenly issued and mailed to Mrs. Leege. The error was discovered in September 1981, when Mrs. Leege's son wrote the Bureau following the death of his mother on July 10, 1981. While the Bureau did request reimbursement from Mrs. Leege's son, further attempts at collection are not feasible since there are no assets in Mrs. Leege's estate.

Although your request for relief, which was addressed to the Associate Director, Accounting and Financial Management Division, General Accounting Office, was dated January 6, 1984, our Office apparently did not receive the letter until February 19, 1985. Under 31 U.S.C. Sec. 3526(c), our Office is authorized to settle accounts of accountable officers, and hence to grant or to deny relief, "within 3 years after the date the Comptroller General receives the account," except when the loss is due to fraud or criminality by the accountable officer (or during wartime). As a result of changes in audit methods, accounts are now retained by the various agencies where they are subject to audit and settlement by our Office. reflect this procedural change, our Office now considers "the date of receipt by the agency of substantially complete accounts, or where accounts are retained at the site, the end of the period covered by the account, as the point from which the 3-year period" provided for in 31 U.S.C. Sec. 3526(c) begins to run. B-205587, June 1, 1982. See, also 62 Comp.Gen. 476, 480 (1983); and B-206591, Apr. 27, 1982. In these and other cases our Office has consistently held that once the 3-year statutory period has expired, the accounts in question must be considered to be settled and the accountable officer involved cannot be held liable for any erroneous payments.

In the present case the erroneous payments were made between April 1, 1967, and April 1, 1981, were discovered by the Bureau in September 1981. Since there is no evidence of fraud or other criminality on the part of the accountable officer (or officers) involved, the 3-year period within which our Office is required to settle these accounts could have expired no later than September 1984. /1/ See B-206591, Apr. 22, 1982. This was prior to the date on which our Office received your request for relief. Therefore, all of the accounts for the period involved must be regarded as settled. Accordingly, since the accountable officer (or officers) can no longer bear any financial liability with respect to these erroneous payments, there is no need for our Office to consider whether or not to grant relief.

To avoid this kind of problem in the future, we note that the GAO Policy and Procedures Manual for the Guidance of Federal Agencies requires prompt reports of financial irregularities, both to avoid the expiration of the 3 -year limitation period and to allow our Office an adequate opportunity to determine whether relief should be granted or denied. Thus, agencies are required to report irregularities not more than 2 years after the date the accounts are made available to GAO for audit (that is, the date the agency has substantially complete accounts). 7 GAO Policy and Procedures Manual Sec. 28.14. See, also 62 Comp.Gen. 476, 480 (1983); and B-205587, June 1, 1982.

/1/ Obviously, the 3-year period for the majority of these erroneous payments, which were initiated in 1967, had expired long before September 1984.