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[Request for Relief for Army Finance Officer and Cashier]

Number: B-221471

Date: 1986-01-07

B-221471, JAN 7, 1986, OFFICE OF GENERAL COUNSEL

DIGEST: RELIEF IS GRANTED ARMY CASHIER AND HER SUPERVISOR UNDER 31 U.S.C. SEC. 3527(C) FROM LIABILITY FOR IMPROPER PAYMENT. ADEQUATE PROCEDURES WERE IN PLACE AND WERE FOLLOWED, THERE ARE NO INDICATIONS OF BAD FAITH ON THE PART OF EITHER THE CASHIER OR HER SUPERVISOR, AND SUBSEQUENT COLLECTION ATTEMPTS ARE BEING PURSUED.

MR. CLYDE E. JEFFCOAT:

ACTING ASSISTANT COMPTROLLER FOR

FINANCE AND ACCOUNTING

U.S. ARMY FINANCE AND ACCOUNTING CENTER

DEPARTMENT OF THE ARMY

INDIANAPOLIS, INDIANA 46249

THIS RESPONDS TO YOUR REQUEST OF DECEMBER 10, 1985, THAT WE RELIEVE LIEUTENANT COLONEL (LTC) W. H. HILL, FINANCE CORPS, FINANCE AND ACCOUNTING OFFICER, III CORPS AND FORT HOOD, FORT HOOD, TEXAS, AND A CASHIER UNDER HIS COMMAND, MS. JULIA HARRIS, UNDER 31 U.S.C. SEC. 3527(C) FOR AN IMPROPER PAYMENT OF $700 MADE TO MR. MICHAEL S. MURPHY. BECAUSE YOUR SUBMISSION DEMONSTRATES THAT LTC HILL ADEQUATELY SUPERVISED HIS SUBORDINATES BY MAINTAINING AN ADEQUATE SYSTEM OF PROCEDURES AND CONTROLS AND THAT MS. HARRIS EXERCISED REASONABLE CARE IN FOLLOWING THESE PROCEDURES, RELIEF IS GRANTED.

THE IMPROPER PAYMENT OCCURRED ON MAY 8, 1985, WHEN MR. MURPHY WAS ERRONEOUSLY PAID $1,106.61 ON HIS FINAL-SEPARATION VOUCHER INSTEAD OF THE CORRECT AMOUNT OF 406.61. THE CASHIER, IN ACCORDANCE WITH STANDARD OPERATING PROCEDURES PAID MR. MURPHY THE AMOUNT SHOWN IN BLOCK 44 OF THE FINAL-SEPARATION VOUCHER WHICH APPEARED TO BE $1,106.61. IT SEEMS, HOWEVER, THAT WHEN THE VOUCHER WAS PREPARED BY THE SUPERVISOR OF THE FINANCIAL SERVICE DIVISION, THE BALL POINT PEN SHE USED MUST HAVE SKIPPED WHEN IT MADE THE HORIZONTAL LINE OF THE FIGURE 4, MAKING IT APPEAR ON THE ORIGINAL VOUCHER TO BE THE FIGURE 11. THE CARBON COPIES OF THE VOUCHER RECORDED THE FIGURE 4 WHICH IS HOW THE LOSS WAS DETECTED.

THE INVESTIGATION OF THIS MATTER ESTABLISHED THAT THE CASHIER FOLLOWED ALL STANDARD OPERATING PROCEDURES IN EFFECT AT THE TIME AND THAT THESE PROCEDURES CONSTITUTED AN ADEQUATE SYSTEM OF CONTROLS TO SAFEGUARD THE FUNDS FOR WHICH LTC HILL WAS ACCOUNTABLE.

UPON DISCOVERY OF THE LOSS LTC HILL IMMEDIATELY BEGAN COLLECTION EFFORTS. TWO COLLECTION LETTERS WERE SENT TO MR. MURPHY ON MAY 13, 1985 AND JUNE 4, 1985. THIS MATTER WAS REFERRED TO THE ARMY COLLECTION DIVISION FOR ACTION ON DECEMBER 3, 1985.

THE CASHIER, AS THE ONE WHO ACTUALLY CASHED THE CHECK, AND LTC HILL, AS A SUPERVISORY ACCOUNTABLE OFFICER, ARE LIABLE FOR THE IMPROPER PAYMENT. THIS OFFICE HAS AUTHORITY UNDER 31 U.S.C. SEC. 3527(C) TO RELIEVE AN ACCOUNTABLE OFFICER FROM LIABILITY WHEN THE RECORD INDICATED THAT THE OFFICER ACTED WITHIN THE BOUNDS OF DUE CARE AS ESTABLISHED BY APPLICABLE REGULATIONS, THAT THERE IS NOT EVIDENCE OF BAD FAITH ON THE PART OF THE ACCOUNTABLE OFFICER; AND THAT A DILIGENT EFFORT WAS MADE TO COLLECT THE OVERPAYMENT.

GENERALLY, FOR THE SUBORDINATE WHO ACTUALLY DISBURSED THE FUNDS WE FIND THIS STANDARD IS MET UPON THE DETERMINATION THAT THE CASHIER WAS EXERCISING DUE CARE IN COMPLYING WITH ESTABLISHED DISBURSING PROCEDURES. 62 COMP.GEN. 476 (1983). FOR THE SUPERVISING ACCOUNTABLE OFFICER, WE FIND THIS STANDARD IS MET UPON A SHOWING THAT THE FINANCE OFFICER PROPERLY SUPERVISED HIS SUBORDINATED BY MAINTAINING AN ADEQUATE SYSTEM OF PROCEDURES AND CONTROLS TO AVOID ERRORS AND THAT APPROPRIATE STEPS WERE TAKEN TO ENSURE ITS IMPLEMENTATION AND EFFECTIVENESS. ID.

FROM THE RECORD, IT APPEARS THAT LTC HILL HAD ESTABLISHED AND MAINTAINED ADEQUATE OFFICE PROCEDURES TO SAFEGUARD THE FUNDS HE WAS ACCOUNTABLE FOR. IT ALSO SEEMS CLEAR THAT MS. HARRIS FOLLOWED THE PROCEDURES PRESCRIBED FOR CASHING A FINAL-SEPARATION VOUCHER. IN VIEW OF THESE FINDINGS, RELIEF IS GRANTED TO BOTH LTC HILL AND MS. HARRIS.

WHILE WE CONCUR IN YOUR CONCLUSION THAT THE PROCEDURES FOR CASHING VOUCHERS WERE ADEQUATE, WE NOTE WITH APPROVAL THAT LTC HILL HAS TIGHTENED HIS CONTROLS BY IMPLEMENTING PROCEDURES THAT REQUIRE THE CASHIER TO MORE THOROUGHLY VERIFY THE AMOUNT TO BE PAID PRIOR TO ACTUALLY MAKING PAYMENT.

ALTHOUGH WE HAVE GRANTED RELIEF IN THIS CASE, WE DO NOT THINK THAT THE ARMY'S COLLECTION PROCEDURES TAKEN TOGETHER MEET THE DILIGENT CLAIMS COLLECTION REQUIREMENT OF 31 U.S.C. SEC. 3527. DESPITE THE FACT THAT LTC HILL TOOK IMMEDIATE COLLECTION ACTION, THE MATTER WAS NOT REFERRED TO YOUR COLLECTION DIVISION FOR 7 MONTHS. WE THINK THAT THE STANDARDS WE SUGGESTED IN OUR LETTER TO YOU, B-220836, NOVEMBER 29, 1985, ARE APPLICABLE HERE. YOUR COLLECTION DIVISION SHOULD BE INFORMED OF A LOSS WITHIN 3 MONTHS OF ITS OCCURRENCE. AS WE STATED IN OUR LETTER, WE WILL NO LONGER GRANT RELIEF IF ARMY DELAYS MORE THAN 3 MONTHS IN REFERRING LOSSES (ONCE THEY HAVE NOTICE OF SUCH OCCURRENCES) TO YOUR COLLECTION DIVISION WITHOUT SUFFICIENT JUSTIFICATION. HOWEVER, SINCE THIS CASE OCCURRED PRIOR TO THE TIME SPECIFIED IN OUR NOTICE TO YOU, WE WILL NOT DENY RELIEF HERE. WE UNDERSTAND THAT YOU ARE PRESENTLY TAKING ACTION TO IMPLEMENT OUR RECOMMENDATIONS SO THAT IT WILL NOT BE NECESSARY TO DENY RELIEF BECAUSE OF LACK OF DILIGENT COLLECTION ACTION IN THE FUTURE.