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B-222685, Jun 20, 1986

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B-222685, JUN 20, 1986

DISBURSING OFFICERS - RELIEF - ERRONEOUS PAYMENTS - NOT RESULT OF BAD FAITH OR NEGLIGENCE DIGEST: A SUPERVISORY DISBURSING OFFICIAL IS RELIEVED FROM LIABILITY UNDER 31 U.S.C. SEC. 3527(C) FOR AN IMPROPER PAYMENT MADE BY A SUBORDINATE. THE IMPROPER PAYMENT OCCURRED WHEN THE SUBORDINATE PAID A VOUCHER WHICH SHOWED X'S IN THE AMOUNT DUE COLUMN TO INDICATE THAT THE VOUCHER WAS NOT FOR PAYMENT. THE VOUCHER WAS USED TO CALCULATE THE AMOUNT CARRIED OVER TO A VOUCHER THAT WAS FOR PAYMENT. THE SUPERVISORY DISBURSING OFFICIAL IS RELIEVED BECAUSE HE MAINTAINED AND ENFORCED ADEQUATE PROCEDURES AND CONTROLS OVER FUNDS. ALTHOUGH THE LOSS WAS NOT TURNED OVER TO THE AGENCY'S COLLECTION ACTIVITY WITHIN THE 3 MONTHS, RELIEF IS GRANTED BECAUSE THE LOSS OCCURRED BEFORE THE 3-MONTH REQUIREMENT WAS IN EFFECT.

MR. CLYDE E. JEFFCOAT:

PRINCIPAL DEPUTY COMMANDER

DEPARTMENT OF THE ARMY

U.S. ARMY FINANCE AND ACCOUNTING CENTER

INDIANAPOLIS, INDIANA 46249

THIS REPLIES TO YOUR MARCH 25, 1986, REQUEST THAT WE GRANT RELIEF UNDER 31 U.S.C. SEC. 3527(C) TO MAJOR (MAJ) G. R. ROSE, FINANCE AND ACCOUNTING OFFICER, 1ST CAVALRY DIVISION, 15TH FINANCE SECTION, FORT HOOD, TEXAS, FOR AN IMPROPER PAYMENT OF $953.55. WE GRANT RELIEF TO MAJ ROSE BECAUSE HE MAINTAINED AND ENFORCED ADEQUATE PROCEDURES AND CONTROLS TO AVOID ERRORS IN MAKING CASH PAYMENTS.

THE IMPROPER PAYMENT OCCURRED ON OCTOBER 1, 1985, WHEN PRIVATE FIRST CLASS (PFC) GLEN SHORE, A CASHIER IN THE 15TH FINANCE SECTION, WAS PRESENTED WITH TWO SEPARATION VOUCHERS FOR HARVEY E. MCDOUGALD. THE FIRST VOUCHER WAS A STATEMENT OF ACCOUNT SHOWING MR. MCDOUGALD'S PAY ENTITLEMENT FOR SEPTEMBER 1985. THE $953.55 AMOUNT DUE MR. MCDOUGALD WAS SHOWN AS "AMOUNT UNPAID, CARRIED FORWARD." THIS AMOUNT WAS CONSOLIDATED ON A SECOND VOUCHER SHOWING MR. MCDOUGALD'S ENTITLEMENTS FOR THE MONTH OF OCTOBER 1985. THE SEPTEMBER 1985 VOUCHER WAS NOT ANNOTATED WITH THE WORDS "STATEMENT OF ACCOUNT" AS WAS REQUIRED, BUT THE BLOCK SHOWING THE AMOUNT TO BE PAID WAS ANNOTATED WITH "X"'S TO SHOW THAT THE VOUCHER WAS NOT FOR PAYMENT. PFC SHORE INCORRECTLY PAID BOTH VOUCHERS RESULTING IN THE OVER PAYMENT OF $953.55. THE LOSS WAS REFLECTED ON THE STATEMENT OF ACCOUNTABILITY SUBMITTED BY MAJ ROSE FOR OCTOBER 1985.

IMMEDIATELY AFTER DISCOVERING THE LOSS MAJ ROSE BEGAN COLLECTION EFFORTS. BY JANUARY 23, 1986, MR. MCDOUGALD HAD RETURNED $641.53 OF THE OVERPAYMENT BY OFFSET FROM OTHER AMOUNTS DUE LEAVING A LOSS OF $312.02. HOWEVER, AS OF THE DATE OF YOUR SUBMISSION THE MATTER HAD NOT BEEN FORWARDED TO THE U.S. ARMY FINANCE AND ACCOUNTING CENTER CLAIMS COLLECTION DIVISION.

GENERALLY A DISBURSING OFFICIAL WHO IS RESPONSIBLE FOR AN ACCOUNT IS LIABLE FOR HIS SUBORDINATE'S IMPROPER PAYMENTS OUT OF THAT ACCOUNT. COMP.GEN. 476, 480 (1983). UNDER 31 U.S.C. SEC. 3127(C) (1982) THIS OFFICE HAS THE AUTHORITY TO RELIEVE A DISBURSING OFFICIAL FROM LIABILITY FOR AN IMPROPER PAYMENT WHEN THE PAYMENT WAS NOT THE RESULT OF BAD FAITH OR LACK OF REASONABLE CARE BY THE OFFICIAL. HOWEVER, WE MAY DENY RELIEF UNLESS THE AGENCY HAS CARRIED OUT DILIGENT COLLECTION ACTION. THE GOOD FAITH AND REASONABLE CARE OF A SUPERVISORY DISBURSING OFFICIAL IS SHOWN BY EVIDENCE THAT THE SUPERVISOR MAINTAINED ADEQUATE PROCEDURES AND CONTROLS TO AVOID ERRORS AND TOOK STEPS TO ENSURE IMPLEMENTATION OF THOSE CONTROLS. 62 COMP.GEN. 476, 480 (1983).

YOUR SUBMISSION SHOWN THAT MAJ ROSE ESTABLISHED AND MAINTAINED ADEQUATE PROCEDURES AND CONTROLS OVER THE FUNDS HE WAS ACCOUNTABLE FOR AND THAT HE ENFORCED THOSE PROCEDURES. MAJ ROSE ALSO TOOK ADDITIONAL PRECAUTIONS IMMEDIATELY FOLLOWING THIS LOSS TO PREVENT ANY SIMILAR IMPROPER PAYMENTS.

ALTHOUGH MAJ ROSE BEGAN COLLECTION ACTIONS AGAINST MR. MCDOUGALD, WE NOTE THAT MORE THAN 6 MONTHS AFTER THE LOSS OCCURRED, THIS MATTER HAD NOT YET BEEN TURNED OVER TO YOUR COLLECTION DIVISION. IN B-220836, NOV. 29, 1985, WE SAID THAT CASES SHOULD BE TURNED OVER TO THE COLLECTION DIVISION WITHIN 3 MONTHS OF THEIR DISCOVERY. HOWEVER, SINCE THIS LOSS OCCURRED PRIOR TO JUNE 1, 1986, WHEN WE CONSIDER THE 3-MONTH REQUIREMENT TO GO INTO EFFECT, WE GRANT THE REQUESTED RELIEF TO MAJ ROSE.

YOUR SUBMISSION ALSO SHOWS THAT PFC SHORE, THE CASHIER WHO MADE THE IMPROPER PAYMENT, IS LIABLE FOR THE IMPROPER PAYMENT. SEE B-212293, NOV. 21, 1983. IF FURTHER COLLECTION ACTION AGAINST MR. MCDOUGALD DOES NOT RESULT IN FULL PAYMENT OF THE $312.02 REMAINING, ANY OUTSTANDING AMOUNT SHOULD BE COLLECTED FROM PFC SHORE.