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[Request for Relief for Army Finance and Accounting Officer and Cashier]

Number: B-222915

Date: 1987-09-16

B-222915 September 16, 1987

1. Relief is granted to an Army finance and accounting officer for improper payments because he maintained an adequate system of procedures and controls to safeguard his account and supervised his subordinates to insure that the system was followed. The loss was due solely to the payee's fraud. 2. Relief is granted to an Army cashier for improper payments because she followed the payment procedures set out by her supervisor. A cashier can be granted relief when there is a showing that before paying the vouchers she verified that the voucher was certified or audited, the guineness of the auditor's initials, and that the payee was properly identified by a picture ID. 3. In improper payment cases the GAO has the discretion under 31 U.S.C. 3527(c) to deny relief unless the finance and accounting officer can show "aggressive agency collection" actions as defined by 4 C.F.R. Sec.(s) 102.1-102.2.

Mr. Clyde E. Jeffcoat Principal Deputy Commander U.S. Army Finance and Accounting Center Indianapolis, IN 46249-0160

Dear Mr. Jeffcoat:

This responds to your request of April 16, 1986, that we relieve Major (Maj.) P.L. Capestany, Finance and Accounting Officer, U.S. Army Transportation Center, Fort Eustis, Virginia, under 31 U.S.C. Sec. 3527(c) (1982) for improper payments in the total amount of $1,403.95. Your submission also included a request that we relieve cashier Ms. Della L. Humphrey under 31 U.S.C. Sec. 3527(c) (1982) for an improper payment in the amount of $400.00. For the reasons stated below, both of your requests for relief are granted.

Your submission states that the improper payments occurred when former soldier Charles Keiger submitted fraudulent travel vouchers for a Do-It-Yourself (DITY) move that he never in fact made. The individual vouchers were for: (l) an advance member and dependent separation travel allowance (limited to Statesville, N.C.) of $82.00 paid in cash to Mr. Keiger on August 24, 1984, DOV 853924 (2) an advance DITY move operating allowance of $400.00 paid in cash to Mr. Keiger on August 29, 1984, DOV 853983; (3) a final settlement payment of $14.13 for dependent travel allowance to Statesville, N.C. , paid by check mailed to Mr. Keiger on October 1, 1984, DOV 830013; (4) a final settlement payment of $49.95 for member's per diem and travel allowance to Statesville, N.C., paid by check mailed to Mr. Keiger on October 1, 1984, DOV 830012; and (5) a DITY move truck rental fee of $857. 87 paid by check mailed to Jartran Truck Rental on October 17, 1984, DOV 830140.

A CID investigation concluded on November 19, 1984 that Mr. Keiger had falsely

submitted all of the above vouchers and that no move ever occurred. Thus, the alleged fraud Mr. Keiger has resulted in a loss to the U.S. Government $1,403.95.

As the finance and accounting officer officially responsible for the account, Maj. Capestany is personally liable for deficiencies in his account caused by any improper payment made by his subordinates. This Office has authority under 31 U.S.C. Sec. 3527(c) (1982) to relieve a disbursing officer from liability when the record indicates that the disbursing officer acted within the bounds of due care as establish by applicable regulations; that there is no evidence of faith on the part of the disbursing officer; and that a diligent effort was made to collect the improper payment B-216246, May 22, 1985. In cases where subordinates of official actually disbursed the funds, we have granted relief upon a showing that the finance officer properly supervised his subordinates by maintaining an adequate system of procedures and controls to safeguard the funds took steps to ensure the implementation and effectiveness the system. B-224079 October 28, 1986; 62 Comp.Gen. 4 (1983).

Your letter and supporting documents establish that Maj. Capestany had in place and maintained an adequate system to safeguard the funds for which he was responsible A copy of the Standard Operating Procedures (SOP), as we as the faces of all the vouchers, indicate that the vouchers were audited/certified by a voucher examiner who certified that the vouchers were correct and properly payable. All the cashier SOP, and Ms. Humphrey's statement, show the before paying the vouchers she verified that the voucher certified or audited, the genuineness of the auditor's initials, and that the payee was properly identified by picture ID.

We conclude that the improper payments occurred solely because Mr. Keiger never made his DITY move. No avoidable errors were made by Maj. Capestany or by Ms. Humphrey in paying the vouchers. Of the four vouchers originating in the Travel Section (nos. 1-4 above), three clearly show they were payments for authorized travel either to Statesville, N.C. or limited to Statesville, N.C. Statesville the member's home of record as indicated on his travel orders.

However, the voucher for the advance DITY move operating allowance (#2 above) does not show a travel limitation. Your submission asks that we relieve both Maj. Capestany and Ms. Humphrey for this payment. The question arises as to whether Mr. Keiger was entitled to a $400.00 advance on a total DITY move constructive/authorized allowance of $1,760.00 when there is no indication on the voucher that this amount was computed in accordance with the travel order's home of record authorized travel limitation. It appears from your submission and supporting documents that Ms. Phyllis Burns, Travel Specialist in the Transportation Office at Ft. Eustis -- an entity not under the control of Maj. Capestany--computed this amount and that Ms. Jean Hodgson in the Travel Section of the Finance and Accounting Division certified it as correct even though there was no Statesville, N.C. limitation on the voucher. Relying on this certification, Ms. Humphrey then paid the voucher. We find that the certification was proper because the supporting documents and the statement of Ms. Burns' supervisor reveals that all moving cost computations were computed on the government's cost to ship the member's estimated 8,000 pounds of household goods from Ft. Eustis/Newport News, Virginia to Statesville, N.C. See Joint Travel Regulations (JTR) para. M8400 (JFTR U5320E). There was no express Statesville, N.C. limitation but the disbursing office could readily determine the correctness of the figures from the documents accompanying the voucher. As

with the other disbursements previously discussed, there was no way for the finance and accounting officer or his cashier to determine that Mr. Keiger was claiming his authorized advance operating allowance with a fraudulent intent.

The fifth and final improper payment was made to Jartran for the DITY move truck rental fee. As with the advance operating allowance, the issue is whether this amount was within the amount authorized for the member's DITY move constructively limited to Statesville, N.C. We conclude that the Transportation Office could contract for up to $1,408.00 in moving services for Mr. Keiger under JTR M8400 (JFTR U5320E). If the truck rental was less than $1,408.00, Mr. Keiger was entitled to receive the balance, less any advance operating allowance, as a DITY move incentive. As long as Mr. Keiger actually moved a distance equal to or greater than the distance to Statesville, N.C., all of the cost computations were computed correctly. There was no way to predict that Mr. Keiger wouldn't move.

Therefore, we relieve Maj. Capestany for this payment of $857.87 because he maintained an adequate system of procedures and controls to safeguard his account and supervised his subordinates to ensure that the system was followed. 62 Comp.Gen. 476. (1983).

If Mr. Keiger's fraud had not been discovered when he submitted his receipts and final settlement voucher, the Finance and Accounting Office would have paid $112.59 to Mr. Keiger as his DITY move cost incentive. However, the record shows that this voucher was submitted by Mr. Keiger but never paid because the rental truck's mileage was suspiciously low. Therefore, there is no need for our Office to consider a grant of relief for this amount.

For the above reasons, relief is granted to Maj. Capestany and to Ms. Humphrey.

Sincerely yours,

(Mrs.) Rollee H. Efros Associate General Counsel

1. APPROPRIATIONS/FINANCIAL MANAGEMENT Accountable Officers Disbursing officers Relief Illegal/improper payments Fraud

2. APPROPRIATIONS/FINANCIAL MANAGEMENT Accountable Officers Cashiers Relief Illegal/improper payments Fraud

3. APPROPRIATIONS/FINANCIAL MANAGEMENT Accountable Officers Liability GAO authority