Text as published on gao.gov, https://www.gao.gov/products/b-223372, archived 2026-07-11. GAO published no original file for this decision. Rendered by Comptroller Desk.

[Request for Relief for Former Director of Army Centralized Pay Operations]

Number: B-223372

Date: 1986-11-12

B-223372, NOV 12, 1986, OFFICE OF GENERAL COUNSEL

APPROPRIATIONS/FINANCIAL MANAGEMENT - ACCOUNTABLE OFFICERS - CERTIFYING OFFICERS - CRITERIA - DETERMINATION DIGEST: 1. ARMY CERTIFYING OFFICIAL WHO MISTAKENLY ASSUMED THAT TREASURY WOULD USE OTHER INFORMATION TO ISSUE SUBSTITUTE CHECK WAS RESPONSIBLE FOR LOSS RESULTING FROM ISSUANCE OF SUBSTITUTE CHECK BASED ON HER SF 1180 CERTIFICATION THAT CHECKS NOS. $53,000 RATHER THAN $551, THE AMOUNT OF THE ORIGINAL CHECK. THIS OFFICE IS NOT AUTHORIZED TO GRANT RELIEF WHERE AS HERE CERTIFYING OFFICIAL KNEW CERTIFICATE WAS ERRONEOUS. APPROPRIATIONS/FINANCIAL MANAGEMENT - ACCOUNTABLE OFFICERS - DISBURSING OFFICERS - RELIEF - ILLEGAL/IMPROPER PAYMENTS - SUBSTITUTE CHECKS 2. ARMY OFFICIAL WHO SIGNS HER NAME TO AN SF 1180 AS DEPUTY TO FINANCE OFFICER IS CERTIFYING OFFICIAL ON THAT DOCUMENT WHICH IS USED TO INITIATE SUBSTITUTE CHECK FROM TREASURY. FINANCE OFFICER WHO DID NOT SIGN NAME IS NOT CERTIFYING OFFICIAL.

MR. CLYDE E. JEFFCOAT:

THIS RESPONDS TO YOUR JUNE 6, 1986 REQUEST THAT WE GRANT RELIEF UNDER 31 U.S.C. SEC. 3528(B) (1982), TO COLONEL (COL) H. H. GASSIE, THE FORMER DIRECTOR OF CENTRALIZED PAY OPERATIONS, UNITED STATES ARMY FINANCE AND ACCOUNTING CENTER, FOR AN IMPROPER PAYMENT OF $54,450, REDUCED BY COLLECTION TO $43,312.93. FOR THE REASONS STATED BELOW, WE CONCLUDE THAT COL GASSIE IS NOT ACCOUNTABLE IN THIS CASE AS A CERTIFYING OFFICER. MS. BEVERLY EBERT, COL GASSIE'S DEPUTY, ACTUALLY SIGNED THE SF 1180, REQUEST FOR STOP PAYMENT, AND ACCORDINGLY, IS LIABLE FOR THE LOSS RESULTING FROM THE INCORRECT PAYMENT. ON THE BASIS OF THE PRESENT RECORD, WE DENY RELIEF TO HER.

THE LOSS IN THIS CASE OCCURRED WHEN THE DISBURSING DIVISION OF U.S. ARMY FINANCE AND ACCOUNTING CENTER CENTRALIZED PAY OPERATIONS, RECEIVED FROM AMERICAN EXPRESS INTERNATIONAL BANKING CORPORATION (AMERICAN EXPRESS) NOTIFICATION THAT CHECK NUMBER 99,428,088 DATED SEPTEMBER 17, 1982, HAD NOT BEEN RECEIVED. THE CHECK IN THE AMOUNT OF $550 WAS MADE PAYABLE TO AMERICAN EXPRESS AND WAS TO BE CREDITED TO THE ACCOUNT OF SERGEANT (SGT) CHRISTOPHER PICKETT IN FULDA, GERMANY. SGT PICKETT, BEING STATIONED OVERSEAS, HAD EVIDENTLY ARRANGED FOR HIS CHECKS FROM THE DISBURSING DIVISION TO BE DIRECTLY DEPOSITED WITH AMERICAN EXPRESS IN NEW YORK. AMERICAN EXPRESS WOULD THEN CREDIT SGT PICKETT'S ACCOUNT IN ITS FULDA, GERMANY BRANCH BY MEANS OF A WIRE TRANSFER.

BASED ON THE CLAIMED NONRECEIPT, ON DECEMBER 9, 1982, THE DISBURSING DIVISION REQUESTED TREASURY TO STOP PAYMENT OF THE ORIGINAL CHECK AND TO ISSUE A SUBSTITUTE CHECK BY FORWARDING A SF 1180, REQUEST FOR STOP PAYMENT, TO THE TREASURY. IN B-215380, ET AL., JULY 23, 1984, WE SAID THAT THE ARMY OFFICIAL WHO SIGNS A SF 1180 IS A CERTIFYING OFFICER.

THE ORIGINAL $550 CHECK WAS ISSUED BY THE DISBURSING DIVISION, USING A COMPUTER PROGRAM KNOWN AS THE CENTRALIZED PAY DAILY CHECKWRITING SYSTEM. THIS SYSTEM WAS USED TO WRITE CHECKS OTHER THAN REGULAR ALLOTMENT CHECKS. THESE CHECKS, KNOWN AS "SPECIAL PAY CHECKS," WERE PRODUCED BY THE DAILY CHECKWRITING SYSTEM PROGRAM. BOTH SMALL DOLLAR AMOUNT TRAVEL EXPENSE REIMBURSEMENTS AND MULTI-MILLION DOLLAR INCOME TAX WITHHOLDING PAYMENTS TO STATES, AMONG OTHERS, WERE ISSUED AS SPECIAL PAY CHECKS.

ON AUGUST 19, 1982, THE DAILY CHECKWRITING SYSTEM WAS INTEGRATED WITHIN THE CONSOLIDATED RETURN ITEM STOP PAYMENT SYSTEM (CRISPS). CRISPS IS A SYSTEM DESIGNED TO COLLECT DATA FROM DISBURSING DIVISION CHECK WRITING PROGRAMS AND USE THAT DATA TO PREPARE REQUESTS FOR STOP PAYMENT (SF 1180S) TO BE SENT TO THE DEPARTMENT OF THE TREASURY. REQUESTS FOR STOP PAYMENT ARE DOCUMENTS USED BY AGENCIES TO REQUEST TREASURY TO STOP ON LOST OR DESTROYED CHECKS AND TO ISSUE SUBSTITUTE CHECKS. WHEN CRISPS FIRST BEGAN ACCEPTING DATA FROM DAILY CHECKWRITING SYSTEM, THE POSITION OF THE DECIMAL POINTS IN THE AMOUNTS OF THE CHECKS WAS ERRONEOUSLY MOVED TWO DIGITS TO THE RIGHT. IN OTHER WORDS, CRISPS RECORDED THE AMOUNTS OF CHECKS WRITTEN BY THE DAILY CHECKWRITER SYSTEM AS EXACTLY 100 TIMES THEIR PROPER AMOUNT. THIS ERROR WAS DISCOVERED AND CORRECTED BY OCTOBER 4, 1982. HOWEVER, ALL OF THE CHECK AMOUNT DATA TRANSFERRED TO CRISPS FROM DAILY CHECKWRITER BETWEEN AUGUST 19 AND OCTOBER 4, 1982, WERE INCORRECT.

MS. EBERT, AS A DEPUTY TO COL GASSIE, WAS DELEGATED THE DUTY TO SIGN HER NAME TO SFS 1180. IN DOING SO, MS. EBERT WAS PERIODICALLY PRESENTED WITH A STACK OF FORMS PRODUCED BY THE CRISPS PROGRAM. NEARLY 4,000 SF 1180S PER MONTH WERE PRESENTED TO MS. EBERT AND ANOTHER DEPUTY OF COL GASSIE. BY SHEER FORCE OF THE VOLUME OF THIS TASK, MS. EBERT WOULD RELY ON THE INTEGRITY OF THE CRISPS PROGRAM AND SIGN HER NAME WITHOUT REVIEWING THE INDIVIDUAL FORMS. IN THIS MANNER, THE SF 1180 WHICH ULTIMATELY CAUSED THE $54,450 LOSS TO THE UNITED STATES WAS APPROVED AND FORWARDED TO TREASURY.

HOWEVER, THE RESPONSIBLE PERSONNEL IN THE DISBURSING DIVISION, INCLUDING MS. EBERT, WERE AWARE THAT THIS ERROR WOULD PRODUCE STOP PAYMENT ORDERS ON SF 1180S WITH ERRONEOUS CHECK AMOUNTS. THERE IS SOME EVIDENCE IN THE FILE ALSO TO THE EFFECT THAT MS. EBERT WAS AWARE THAT THE SF 1180 WHICH RESULTED IN THE OVERPAYMENT AT ISSUE HERE WAS IN ERROR BEFORE IT WAS SENT TO TREASURY. NEVERTHELESS, UPON CONSIDERING SEVERAL FACTORS, A GROUP DECISION WAS MADE NOT TO ATTEMPT TO CORRECT THE DATA WITHIN CRISPS. CORRECTING THE DATA WOULD HAVE REQUIRED RETURNING THE DAILY CHECKWRITING SYSTEM TO CRISPS DATA TRANSFER FOR EACH DAY THAT THE ERROR OCCURED. THIS WAS VIEWED AS TOO TIME-CONSUMING IN LIGHT OF THE FACT THAT STOP PAYMENTS ARE ONLY REQUIRED ON LESS THAN ONE-QUARTER OF ONE PERCENT OF THE CHECKS ISSUED BY THE DISBURSING DIVISION. /1/ THIS TIME FACTOR WAS CONSIDERED SUFFICIENTLY IMPORTANT TO OVERCOME THE OBVIOUS ERRORS ON THE SF 1180S BECAUSE IT WAS ASSUMED THAT THE ORIGINAL INFORMATION ON CHECKS WRITTEN BY DAILY CHECKWRITING SYSTEM WAS, LIKE THE OTHER CHECKS ISSUED BY THE DISBURSING DIVISION, SENT TO THE DEPARTMENT OF TREASURY ON MAGNETIC COMPUTER TAPES THAT CONTAINED THE CORRECT FIGURES. TREASURY, WHICH USE SF 1180 STOP PAYMENT ORDERS TO PREPARE REPLACEMENT CHECKS, VERIFIES THE CORRECT AMOUNT OF THE REPLACEMENT CHECK AGAINST THE ORIGINAL ISSUE DATA ON MAGNETIC TAPE WHEN IT IS AVAILABLE. THIS, THE DISBURSING DIVISION PERSONNEL ASSUMED THAT ANY INCORRECT STOP PAYMENT ORDERS ISSUED BY CRISPS WOULD BE DISCOVERED BY TREASURY AND TREASURY WOULD ISSUE A REPLACEMENT CHECK IN THE CORRECT AMOUNT.

THE ASSUMPTION, HOWEVER, WAS INCORRECT. IN FACT, THE INFORMATION ON THESE CHECKS WAS SENT TO TREASURY ON PRINTED FORMS. WHEN TREASURY RECEIVED THE STOP PAYMENT

ON SGT PICKETT'S $550 CHECK, THE PROGRAMMING ERROR RESULTED IN THE AMOUNT ON THE STOP PAYMENT FORM BEING PRINTED AS $55,000. TREASURY, WITHOUT A MAGNETIC TAPE AGAINST WHICH TO VERIFY THIS AMOUNT, ISSUED THE REPLACEMENT CHECK FOR $55,000. THE CHECK (A $54,450 OVERPAYMENT) WAS DEPOSITED IN SGT PICKETT'S ACCOUNT IN FULDA, GERMANY AND WAS DEPLETED BEFORE IT COULD BE FULLY RECOVERED BY THE ARMY.

A CERTIFYING OFFICER IS RESPONSIBLE FOR INFORMATION STATED ON THE CERTIFICATE, VOUCHER, AND SUPPORTING RECORDS AND FOR REPAYING ANY PAYMENT THAT IS ILLEGAL, IMPROPER OR INCORRECT BECAUSE OF AN INACCURATE OR MISLEADING CERTIFICATE. 31 U.S.C. SEC. 3528(A) (1982).

IN THIS CASE YOU HAVE ASKED THAT WE RELIEVE COL GASSIE AS A CERTIFYING OFFICER. HOWEVER, WE DO NOT THINK COL GASSIE IS THE CERTIFYING OFFICIAL HERE. THE FORM OF THE CERTIFICATION ON THE SF 1180 THAT WAS THE BASIS FOR THE INCORRECT PAYMENT HAS COL GASSIE'S NAME PRINTED IN THE SIGNATURE BLOCK FOLLOWED BY THE WORDS "BY DEPUTY" AND THE SIGNATURE OF BEVERLY EBERT. COL GASSIE'S DEPUTY, MS. EBERT WAS AUTHORIZED TO SIGN IN HIS PLACE. PARAGRAPH 90707(B)(8). JUMPS-AA/RC MANUAL (1979). THE NATURE OF CERTIFICATION IS FOCUSED ON THE INDIVIDUAL WHO SIGNS HIS OR HER NAME TO A VOUCHER. WE DO NOT THINK THAT A PERSON WHOSE NAME IS PRINTED ON A VOUCHER, BUT HAS NOT SIGNED IT, CAN BE SAID TO HAVE CERTIFIED THE VOUCHER. CLEARLY, HAD THE SF 1180 BEEN SUBMITTED WITH ONLY COL GASSIE'S PRINTED NAME THERE WOULD HAVE BEEN NO CERTIFICATION. ALTHOUGH COL GASSIE MAY HAVE BEEN AWARE OF THE CIRCUMSTANCES THAT GAVE RISE TO THE LOSS THAT RESULTED FROM THE SUBSTITUTE CHECK, THIS KNOWLEDGE WOULD NOT CARRY WITH IT FINANCIAL LIABILITY FOR MAKING GOOD THE LOSS. ACCORDINGLY, WE CONCLUDE THAT MS. EBERT IS THE CERTIFYING OFFICIAL WHO IS RESPONSIBLE FOR THE OVERPAYMENT TO SGT PICKETT BASED ON HER AUTHORITY TO CERTIFY AND HER ACTUAL SIGNATURE ON THE DOCUMENT. TO THE EXTENT OUR DECISION IN B-214782, NOVEMBER 26, 1984, SUGGESTS OTHERWISE, THAT DECISION IS MODIFIED.

YOU HAVE REQUESTED RELIEF FOR THE CERTIFYING OFFICER UNDER 31 U.S.C. SEC. 3528(B). THAT SUBSECTION AUTHORIZES THIS OFFICE TO RELIEVE A CERTIFYING OFFICIAL FROM LIABILITY IF HIS "CERTIFICATION WAS BASED ON OFFICIAL RECORDS AND THE OFFICIAL DID NOT KNOW, AND BY REASONABLE DILIGENCE AND INQUIRY COULD NOT HAVE DISCOVERED, THE CORRECT INFORMATION." HOWEVER, THE LOSS HERE OCCURED BECAUSE A CERTIFYING OFFICER CERTIFIED ON A SF 1180 AN AMOUNT THAT WAS KNOWN TO BE ERRONEOUS. THE OVERPAYMENT WAS THE RESULT OF THE ERROR THAT RESULTED IN THE SECOND CHECK BEING $54,450 MORE THAN THE ORIGINAL CHECK FOR WHICH IT WAS SUPPOSED TO BE A SUBSTITUTE. AS NOTED ABOVE, THE STANDARD UNDER WHICH WE MAY GRANT RELIEF TO CERTIFYING OFFICIALS WHEN A LOSS OCCURS IS LIMITED TO CIRCUMSTANCES WHERE THE OFFICIAL DID NOT KNOW OR BY REASONABLE DILIGENCE COULD NOT HAVE KNOWN THAT THE CERTIFICATE WAS WRONG. IN THIS CASE IT IS CLEAR THAT THE CERTIFYING OFFICIAL AS WELL AS MANY OTHERS IN THE OFFICE KNEW THAT THE SF 1180 THAT SHE CERTIFIED STATED AN AMOUNT THAT WAS 100 TIMES THE CORRECT AMOUNT OF THE CHECK.

ACCORDING TO THE CERTIFYING OFFICIAL'S OWN STATEMENT, IT WAS A CONSCIOUS DECISION WITHIN THE OFFICE NOT TO DELAY THE SUBMISSION OF A NUMBER OF SF 1180S THAT WERE KNOWN TO BE WRONG. THE OFFICE DECISION WAS BASED ON A BELIEF THAT TREASURY USED ANOTHER SOURCE THAN THE SF 1180 TO ESTABLISH THE CORRECT AMOUNT FOR REISSUANCE OF A SUBSTITUTE CHECK. UNLIKE THE RELIEF STANDARD FOR ERRONEOUS PAYMENTS WHERE WE CAN MAKE JUDGMENTS ABOUT GOOD FAITH AND REASONABLE CARE (SEE 31 U.S.C. SEC. 3527(C)), WE ARE NOT GIVEN SUCH A STANDARD UNDER 31 U.S.C. SEC. 3528(B). UNDER THAT RELIEF AUTHORITY WE ARE PRECLUDED FROM GRANTING RELIEF TO A CERTIFYING OFFICER WHO KNOWS HER CERTIFICATE IS NOT CORRECT EVEN IF WE MIGHT

AGREE THAT IT WAS REASONABLE TO MAKE SUCH A CERTIFICATE.

ACCORDINGLY, ON THE BASIS OF THE PRESENT RECORD, WE MUST DENY RELIEF. NOTE THAT THE FILE CONTAINS A RECOMMENDATION THAT IN ADDITION TO CONTINUED COLLECTION ACTION AGAINST SGT AND MRS. PICKETT, APPROPRIATE LEGAL ACTION SHOULD BE TAKEN AGAINST AMERICAN EXPRESS IN VIEW OF THE COMPANY'S APPARENT KNOWLEDGE THAT THE CHECK IN QUESTION WAS FOR AN INCORRECT AMOUNT BEFORE IT WAS DEPOSITED TO SGT PICKETT'S CREDIT. WE CONCUR IN THAT RECOMMENDATION.

/1/ CRISPS IS ESSENTIALLY A SYSTEM WHICH HOLDS DATA FOR USE ONLY WHEN A STOP PAYMENT IS NEEDED. ALTHOUGH DATA ON ALL CHECKS MUST BE RETAINED BECAUSE EVERY CHECK MAY POTENTIALLY REQUIRE A STOP PAYMENT ORDER, IN FACT LESS THAN ONE-QUARTER OF ONE PERCENT OF THE DATA IN CRISPS IS EVER USED TO PRINT OUT A STOP PAYMENT REQUEST FORM TO BE SENT TO TREASURY.