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[Request for Relief for Army Finance and Accounting Officer and His Deputy]

Number: B-224832

Date: 1987-07-02

B-224832, Jul 2, 1987, Office of General Counsel

APPROPRIATIONS/FINANCIAL MANAGEMENT - Accountable Officers - Cashiers - Relief - Illegal/improper payments - Fraud APPROPRIATIONS/FINANCIAL MANAGEMENT - Accountable Officers - Disbursing officers - Relief - Illegal/improper payments - Fraud DIGEST: U.S. Army Finance and Accounting Officer and his Deputy are relieved of liability for improper payments actually certified and disbursed by subordinates because they both maintained and supervised an adequate system of procedures to prevent improper payments. The improper payments in this case were the result of an officer making fraudulent travel vouchers. The cashiers responsible for making payment are accountable officers as well and are relieved because there is nothing in the record which suggests the cashiers should have been suspicious of the fraudulent nature of the transaction. A cashier who is presented a properly certified document may rely on that certification.

Brigadier General B. W. Hall:

This responds to your request of September 22, 1986 that relief be granted under 31 U.S.C. Sec. 3527(c) for improper payments totaling $1,120.18 chargeable to the account of Major (MAJ) P. L. Capestany, Finance and Accounting Officer, (DSSN 6388) Fort Eustis, Virginia. Relief is also requested for his Deputy, Captain (CPT) Virdette Woodford, Chief of Finance Services Division, Fort Monroe Finance Liaison Office, Virginia. For the reasons stated below, we grant the requested relief. In addition, we also relieve the cashiers, although not identified in the submission, who actually made the improper payments.

BACKGROUND

The improper payments in this case resulted from payments made by the Disbursing Center of the Fort Monroe Finance Liaison Office on fraudulent travel claims of Lieutenant (LT) George Parker. The fraudulent travel vouchers were certified for payment by the Voucher Examiner Supervisor of the Travel Section and sent to the Disbursing Center where cashiers paid Parker on the basis of these certified vouchers. The first payment was on a travel voucher for TDY at Ft. Leonard Wood from July 28 to August 1, 1985. The other payment was on a travel voucher for housing and subsistence while on tour at Ft. Monroe from July 8 to September 20, 1985. A criminal investigation into these payments was prompted by a call from Lt. Michael, who accompanied LT Parker on TDY to Ft. Wood. Michael expressed concern over comments LT Parker had made which indicated that he was falsifying his lodging expenses at Ft. Monroe. LT Michael was permitted to examine LT Parker's paid travel voucher for the Ft. Wood TDY and identified specific expenses that LT Parker claimed but which either were not incurred or were, in fact, paid by LT Michael. It was concluded that fraudulent claims were made on 4

days, and as such, all other aspects of the entitlement for those days were tainted by such fraud and thus not properly payable. This first payment, therefore, results in an improper payment of $182.66. The second payment was similarly discovered to contain false claims in the amount of $1,584.24 in excess lodging expenses.

Lt Parker was apprehended on October 8, 1985 and charged with the offenses of larceny and making and presenting a false claim. LT Parker was administered nonjudicial punishment and discharged from the U.S. Army Reserve Corps. LT Parker's final pay of $646.72 was used to offset his initial indebtedness of $1,766.90.

REQUEST FOR RELIEF

Relief is requested for MAJ Capestany, in whose name the account is held, and CPT Woodford, CPT Capestany's deputy, who was responsible for all Finance and Accounting activities at the Liaison Office in Ft. Monroe, where these improper payments were actually made. A disbursing official who is responsible for an account is liable for payments on fraudulent vouchers made out of his or her account. 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 record shows that the payment was not the result of bad faith or lack of reasonable care. B-217114, 65 Comp.Gen. *** (1986).

CPT Woodford noted that as a practical matter, because of the large volume of travel claims which must be processed daily by Ft. Monroe, she does not personally examine the travel vouchers, which are certified for payment by the voucher examiner supervisor. A certifying officer delegated this responsibility is not an accountable officer according to AR 37-107.1-7F. This regulation provides that while certifying officers are administratively liable, pecuniary liability remains with the Finance and Accounting Officer.

In cases where subordinates rather than the Finance Officer are actually responsible for the certification and disbursement, we have granted relief upon a showing that the finance officer properly supervised these subordinates by maintaining an adequate system of procedures and controls and took steps to ensure the system's implementation and effectiveness. Cf. B-221395, March 26, 1986.

According to your initial and subsequent supporting documents, MAJ Capestany, through his Deputy, CPT Woodford, had established and maintained an adequate system of controls to safeguard the funds for which he was responsible. CPT Woodford provided copies of the Standard Operating Procedures in effect at the Ft. Monroe office and in addition stated that her office conducts training on travel fraud awareness. Through a reasonable inspection of both vouchers, there was nothing which would have put the examiners on notice of any possible fraud. The improper payments in this case were largely the result of criminal activity that even a carefully established and effectively supervised system cannot reasonably prevent. Although you did not mention the cashiers responsible for making payments on the fraudulent vouchers to Parker, these individuals are accountable officers as well. The record indicates that proper procedures existed for redeeming vouchers and there is nothing in the record which suggests the cashiers should have been suspicious of the fraudulent nature of the transaction. A cashier who is presented a properly certified document is under no obligation to investigate the circumstances which led to the certification,

but may properly rely on that certification. See, B-221395, supra. Since there is no indication that the improper payments were the proximate result of bad faith or lack of reasonable care on their parts, relief is granted to MAJ Capestany, CPT Woodford, and the cashiers.

Finally, we note that collection action initiated by the finance officer to recover the outstanding balance has not been successful. The matter has been referred to the Collections Division and we acknowledge the Army's pledge to aggressively pursue collection action against LT Parker.